



***University of Missouri
KCUR-FM Radio***

*Financial Statements as of and for the Years Ended
June 30, 2021 and 2020, Supplemental Schedule for
the Year Ended June 30, 2021, and Independent
Auditor's Report*

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MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

This management's discussion and analysis (MD&A) of *KCUR-89.3 FM Radio* (the Station or KCUR) provides an overview of the Station's financial performance for the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the audited financial statements for the period and the Annual Financial Report (AFR) to the Corporation for Public Broadcasting (CPB).

OVERVIEW OF THE OPERATIONS

The Station is a department of the Kansas City campus of the University of Missouri (the University) and operates under an FCC license issued to the Curators of the University of Missouri. An additional FCC license was purchased by the Station during the year ended December 31, 2020, for the purposes of creating a classical music Station, operating as KWJC 91.9 FM Classical KC. The University provides on-going, line-item funding, as well as, indirect institutional support (e.g., studio and office space, custodial services, and human resources support). The University's indirect institutional support to the Station is significant to the Station's financial activities and is fully described in the annual report to CPB.

The University is classified by the Internal Revenue Service (IRS) as an instrumentality of the State of Missouri and is chartered under Missouri state law. The Station's financial activities are managed under policies and procedures of the University and are subject to internal audit and control by the University. The University and the Station both receive annual external audits. For the Station, the external audit is a condition of annual grant funding from CPB. CPB is a private, non-profit corporation created by Congress in 1967. CPB is not a governing agency. It promotes public telecommunications services (television, radio and on-line) for the American people.

KCUR ACCOUNTING AND FINANCIAL REPORTING

This report includes three financial statements: The Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, and the Statements of Cash Flows. The financial statements of the Station are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The notes to the financial statements provide required disclosures and other information that are essential to full understanding of the material data provided in the statements. The notes present information about the Station's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

The Station's annual audited financial statements and reports to CPB are available on KCUR's website www.kcur.org and for public inspection during business hours in the Station located at 4825 Troost, Suite 202, Kansas City, Missouri.

UNFUNDED PENSION AND OTHER POSTEMPLOYMENT BENEFITS LIABILITIES

Starting in FY 2015, KCUR was required to accrue for and add disclosures related to unfunded pension liability. This was done to implement Statements #67 and #68 issued by the GASB. For CPB filing purposes, all adjustments related to unfunded pension liability are eliminated from the Station's financial information. For more information on pension related liabilities see Note 11 to the financial statements.

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
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KCUR has been contributing to the retirement plan for all of its employees in accordance with the direction of the University. KCUR will continue to make contributions. Any increased contributions will be current expenses of any future year and will be funded by KCUR in the same year. The obligation of the unfunded pension liability will be paid by the University and any payments by the University are included in the indirect institutional support of the Station on the Statements of Revenue, Expenses, and Changes in Net Position.

Similar to unfunded pension liability noted above, in the financial statements starting in FY2018, KCUR implemented GASB Statement #75. KCUR has been contributing to the benefit plans for all of its employees in accordance with the direction of the University. For CPB filing purposes, all adjustments related to other postemployment benefits (OPEB) are eliminated from the Station's financial information. For more information on other postemployment benefit related liabilities see Note 12 to the financial statements.

KCUR will continue to make contributions. Any increased contributions will be current expenses of any future year and will be funded by KCUR in the same year. The obligation of the OPEB liability will be paid by the University and any payments by the University are included in the indirect institutional support of the Station on the Statements of Revenue, Expenses, and Changes in Net Position.

The following shows KCUR's fund balances before adjustments for unfunded pension and postemployment benefits liabilities.

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Fund balances before adjustments for unfunded pension liability and postemployment benefits	\$ 6,148,890	\$ 4,918,259	\$ 5,637,035
Capital Assets	2,133,435	1,643,475	55,553
Net adjustments for unfunded pension and other postemployment benefit liabilities	<u>(1,491,012)</u>	<u>(1,692,766)</u>	<u>(1,423,968)</u>
Total net position on the statements of net position	<u>\$ 6,791,313</u>	<u>\$ 4,868,968</u>	<u>\$ 4,268,620</u>

STATEMENTS OF NET POSITION

The Statements of Net Position present the financial position of the Station at the end of the fiscal year and include all assets and deferred outflow of resources and all liabilities and deferred inflow of resources of the Station. The Net Position presents the current financial condition of the Station. Assets and liabilities are generally measured using current values, with certain exceptions, such as capital assets, which are stated at cost, less accumulated depreciation.

University of Missouri
KCUR-FM RADIO

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

A summary of the Station's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2021 and 2020, is as follows:

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Assets and Deferred Outflows of Resources			
Current Assets	\$ 4,621,207	\$ 3,334,098	\$ 3,877,559
Long-Term Investments	3,179,514	2,455,432	2,532,270
Intangible Asset	2,100,000	2,100,000	-
Capital Assets, Depreciable, Net	<u>33,435</u>	<u>43,475</u>	<u>55,553</u>
Total Assets	<u>9,934,156</u>	<u>7,933,005</u>	<u>6,465,382</u>
Deferred Outflows of Resources	<u>188,547</u>	<u>895,474</u>	<u>497,280</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,122,703</u>	<u>\$ 8,828,479</u>	<u>\$ 6,962,662</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities	\$ 1,530,715	\$ 1,245,786	\$ 727,329
Noncurrent Liabilities	<u>521,279</u>	<u>2,578,099</u>	<u>1,913,813</u>
Total Liabilities	<u>2,051,994</u>	<u>3,823,885</u>	<u>2,641,142</u>
Deferred Inflows of Resources	<u>1,279,396</u>	<u>135,626</u>	<u>52,900</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 3,331,390</u>	<u>\$ 3,959,511</u>	<u>\$ 2,694,042</u>
Net Position			
Invested in Capital Assets	\$ 2,133,435	\$ 1,643,475	55,553
Unrestricted	1,478,364	770,061	1,060,798
Unrestricted Board Designated Quasi-Endowment	2,252,545	1,702,375	1,749,159
Restricted Expendable-Endowment	926,969	753,057	783,110
Other	<u>-</u>	<u>-</u>	<u>620,000</u>
Total Net Position	<u>6,791,313</u>	<u>4,868,968</u>	<u>4,268,620</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 10,122,703</u>	<u>\$ 8,828,479</u>	<u>\$ 6,962,662</u>

Fiscal Year 2021 Compared to Fiscal Year 2020

Total assets and deferred outflows of resources increased by \$1,294,224 or 14.7%, to \$10,122,703 due to increases in cash and investments primarily related to favorable market returns during the year. The cash and investment increases were partly offset by reductions in deferred outflows related to pensions.

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

Total liabilities and deferred inflows of resources decreased \$628,121, from the prior year, due to 1) Final payment of \$500,000 being made during the current fiscal year related to the acquisition of the Classical KC. 2) Favorable market returns resulting in decreased pension and OPEB liabilities partially offset by increases in deferred inflows related to pension.

Fiscal Year 2020 Compared to Fiscal Year 2019

Total assets and deferred outflows of resources increased by \$1,865,817 or 26.8%, to \$8,828,479 largely due to 1) Timing of cash received from donors for purchase of FCC license and start-up of Classical KC. 2) Purchase of the FCC license intangible asset, \$2,100,000. 3) Increase in deferred outflows, such amounts based upon complex calculations for Pension and OPEB Liabilities.

Total liabilities and deferred inflows of resources increased \$1,265,469, from the prior year, due to 1) Timing of cash payments for purchase of FCC license. 2) Net increase in Pension Liability, OPEB Liability, and deferred inflows, such amounts based upon complex calculations.

University of Missouri
KCUR-FM RADIO

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)

As of and for the Years Ended June 30, 2021 and 2020

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the Station's results of operations. The Statements distinguish revenues and expenses between operating and non-operating categories, and provide a view of the Station's operating margin for the years ended June 30, 2021 and 2020.

	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
Operating Revenues:			
Membership Contributions and Contributed Support, Net	\$ 3,627,465	\$ 3,421,769	\$ 3,128,237
Contributed Support to Classical KC	873,517	1,080,495	620,000
Grants from Corporation for Public Broadcasting	1,550,427	1,492,657	723,551
Grants from State Government	44,736	31,059	39,044
Underwriting Income, Net	1,297,864	1,331,793	1,538,679
Grants from Foundations	581,850	389,406	482,806
Fundraising Event	267,122	288,474	496,652
Other Income	146,144	138,238	115,812
Total Operating Revenues	<u>8,389,125</u>	<u>8,173,891</u>	<u>7,144,781</u>
Operating Expenses:			
Program Services –			
Broadcasting	530,928	321,289	311,455
Programming and Production	5,429,636	5,737,349	5,592,067
Program Information	7,247	24,859	36,210
Total Program Services	<u>5,967,811</u>	<u>6,083,497</u>	<u>5,939,732</u>
Support Services –			
Management and General	552,490	534,156	559,282
Depreciation Expense	10,040	12,078	12,076
Fund Raising and Membership Development	1,358,728	1,369,671	1,555,695
Total Support Services	<u>1,921,258</u>	<u>1,915,905</u>	<u>2,127,053</u>
Total Operating Expenses	<u>7,889,069</u>	<u>7,999,402</u>	<u>8,066,785</u>
Operating Income Before Non-Operating Revenues (Expenses)	<u>500,056</u>	<u>174,489</u>	<u>(922,004)</u>
Non-Operating Revenues (Expenses):			
Support from the University of Missouri	59,575	78,114	104,083
Donated Facilities and Administrative Support			
from the University of Missouri	417,187	568,191	1,528,882
Net Other Postemployment Benefits	52,993	26,569	7,545
Net Pension	148,761	(295,367)	(253,337)
Investment and Endowment Income	743,773	48,352	153,642
Total Non-Operating Revenues (Expenses)	<u>1,422,289</u>	<u>425,859</u>	<u>1,540,815</u>
Increase in Net Position	1,922,345	600,348	618,811
Net Position, Beginning of Year	4,868,968	4,268,620	3,649,809
Net Position, End of Year	<u><u>\$ 6,791,313</u></u>	<u><u>\$ 4,868,968</u></u>	<u><u>\$ 4,268,620</u></u>

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

Fiscal Year 2021 Compared to Fiscal Year 2020

Total **Operating Revenues** for fiscal year 2021 increased by \$215,234 to \$8,389,125. KCUR's operating revenues are generated from: 1) Audience-driven income in the form of memberships and donations; 2) Major gifts from individuals and private and community foundations; 3) Operating grants from the CPB, the Missouri Arts Council, and private foundations; 4) Underwriting of programs by organizations in all sectors in exchange for on-air recognition; and 5) Revenues from a major fundraising event, RadioActive. This was primarily due to the following:

- Membership Contributions & Contributed Support increased by \$205,696. Continued growth in membership, donations and major gifts are the result of ongoing strategies for focused engagement with audience and donors, events and marketing.
- Total CPB grants increased \$57,770. In 2020, the CPB awarded a grant for a multi-station collaboration for the 2020 elections and community engagement with KCUR as the lead station and fiscal agent. KCUR recognized \$998,017 and \$905,054 in revenue during fiscal years 2021 and 2020, respectively, with a portion being passed on to other stations for their work on the grant.
- Private foundation grants increased by \$192,444 due to the completion of several grants.
- Underwriting income decreased \$33,929 primarily due to the negative impact of the pandemic on the economy, especially performing arts, museums and small businesses, many of which do underwriting with KCUR.
- Fundraising revenue was down \$21,352 related to the impact of the pandemic on the RadioActive fundraising event, the Station's marquee annual event.

Total **Non-Operating Revenues (Expenses)** for the fiscal year 2021 increased by \$996,430 or 234.0% from fiscal year 2020. Certain significant revenue streams relied upon for operations are defined as non-exchange transactions by GASB Statement No. 35 and recorded as non-operating revenues.

Included are:

- Donated Facilities and Administrative (F&A) Support from the University decreased from 2020 to 2021 by \$151,004 or 26.5%. F&A support includes treasury and financial management and systems, human resources, risk management, general counsel, and building maintenance. The amount of Donated F&A Support is calculated using a set of definitions and formulas set by the CPB. The amount of Non-Operating Revenue is also allocated across the categories of Operating Expenses, resulting in no net effect on the Increase in Net Position. The decrease in F&A will be a factor in the amount of the CPB Community Service Grant for 2022.
- Net Pension (discussed above) is based upon complex calculations and fluctuations from year-to-year which are to be expected. During the fiscal year 2021 resulted in non-operating revenues of \$148,761 compared to non operating expenses of \$295,367 in fiscal year 2020, a \$444,128 increase in net position year over year.
- Fluctuations in return on investments. Investment and endowment income increased \$695,421 in fiscal year 2021 due to favorable market conditions.

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

Total **Operating Expenses** decreased by \$110,333 or 1.4% from 2020 to 2021. Decreases are due to:

- Donated Facilities and Administrative (F&A) Support from the University as described above in Non-Operating Revenues decreased \$151,004, and since it is allocated across all types of Operating Expenses, same decrease in expense.
- All types of Operating Expense before F&A increased by \$40,671. This increase is primarily related to Classical KC which was operated under KCUR for the full fiscal year in 2021 for the first time as the license was acquired at the end of fiscal year 2020. The increase from Classical KC was partially offset by decreases in programming and production as the Station attempted to limit expenses in response to unfavorable market conditions associated with the pandemic.

Total Program Services are 75.6% of **Total Operating Expenses** in FY2021 compared to 76.0% in fiscal year 2020. **Total Support Services** are 24.4%, compared with 24.0% in fiscal year 2020.

Fiscal Year 2020 Compared to Fiscal Year 2019

Total **Operating Revenues** for fiscal year 2020 increased by \$1,029,110 to \$8,173,891. KCUR's operating revenues are generated from: 1) Audience-driven income in the form of memberships and donations; 2) Major gifts from individuals and private and community foundations; 3) Operating grants from the CPB, the Missouri Arts Council, and private foundations; 4) Underwriting of programs by organizations in all sectors in exchange for on-air recognition; and 5) Revenues from a major fundraising event, RadioActive. This was primarily due to the following:

- Membership & Support increased by \$293,532. Continued growth in membership, donations and major gifts are the result of ongoing strategies for focused engagement with audience and donors, events and marketing. Despite the economic impact of the pandemic March – June 2020, KCUR's donors continued their support.
- Private foundations and major donors gave \$1,080,495 to KCUR for the purchase of the license and start-up of a new station, Classical KC. In 2019, KCUR received \$620,000 for Classical KC.
- Total CPB grants increased \$769,106. In 2020, the CPB awarded a grant for a multi-station collaboration for the 2020 elections and community engagement with KCUR as the lead station and fiscal agent. KCUR recognized \$905,054 in revenue, with a portion being passed on to other stations for their work on the grant. Offsetting this increase: the annual Community Service Grant from the CPB was basically flat year-to-year; the grant for the Regional Journalism Center in Kansas stepped-down in amount; and two other CPB grants were completed.
- Private foundation grants decreased by \$93,400 due to the completion of several grants.
- Underwriting income decreased \$206,886 primarily due to the rapid impact of the pandemic on the economy, especially performing arts, museums and small businesses, many of which do underwriting with KCUR.
- RadioActive was reimagined as a virtual event, which was well-attended; however, revenue was down by \$208,178. This was offset by lower expenses, so that the net profit from the event was only \$42,000 less than in 2019.

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

Total **Non-Operating Revenues (Expenses)** for the fiscal year 2020 decreased by \$1,114,956 or 72.4% from fiscal year 2019. Certain significant revenue streams relied upon for operations are defined as non-exchange transactions by GASB Statement No. 35 and recorded as non-operating revenues.

Included are:

- Donated Facilities and Administrative (F&A) Support from the University decreased from 2019 to 2020 by \$960,691 or 62.8%. F&A support includes treasury and financial management and systems, human resources, risk management, general counsel, and building maintenance. The amount of Donated F&A Support is calculated using a set of definitions and formulas set by the CPB. For 2020, the CPB significantly changed the calculation, primarily to simplify how it is done by university-owned public media stations across the country. In prior years, the calculation captured KCUR's size relative to UMKC; the new method captures KCUR as a part of the University of Missouri System. The amount of Non-Operating Revenue is also allocated across the categories of Operating Expenses, resulting in no net effect on the Increase in Net Position. The decrease in F&A will be a factor in the amount of the CPB Community Service Grant for 2022.
- Net Pension (discussed above) is based upon complex calculations and fluctuations from year-to-year which are to be expected.
- Fluctuations in return on investments.

Total **Operating Expenses** decreased by \$67,383 or 0.8% from 2019 to 2020. Decreases are due to:

- Donated Facilities and Administrative (F&A) Support from the University as described above in Non-Operating Revenues decreased \$960,691, and since it is allocated across all types of Operating Expenses, same decrease in expense.
- All types of Operating Expense before F&A increased by \$893,297. This increase is due to overall Station growth (increase in salaries and benefits, equipment, journalist outreach, etc.).
- Specifically, Programming and Production increased due to the CPB – Election 2020 grant described above in Operating Revenues. Due to grant accounting, all revenue from the grant was recognized as expense, either incurred directly by KCUR or paid to other stations for their work on the grant
- Fund Raising increased due to 1) Decrease in expenses related to major fundraising event, RadioActive as described in Operating Revenue above; offset by 2) Increase in membership-driven expenses such as credit card fees, member benefits, printing and postage. 3) Salary & benefits for new position, director of institutional giving.

Total Program Services are 76.0% of **Total Operating Expenses** in FY2020 compared to 73.6% in FY2019. **Total Support Services** are 24.0%, compared with 26.4% last year.

MANAGEMENT'S DISCUSSION & ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2021 and 2020

ECONOMIC OUTLOOK

The economic outlook for the Station is dependent on various influences of the Station's funding sources.

- Corporation for Public Broadcasting: In December 2020 Congress approved and the President signed into law a \$1.4 trillion government funding package for federal fiscal year 21 that includes \$475 million in fiscal year 23 advance appropriation for public broadcasting through CPB – a \$10 million increase over fiscal year 22 advance funding and the second increase in a row after a decade with no increase in federal support for public media. In addition to the appropriations package, a \$900 billion COVID-relief bill approved by Congress was signed into law expanding the Payroll Protection Program (PPP) loan program to university licensee radio and tv stations.
- The ongoing impact of COVID-19 pandemic and related economic crisis remains uncertain. Throughout the pandemic, KCUR has maintained full operations, with most employees teleworking. The extent and impact of COVID-19 on the Station's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Station's sponsors, employees, and vendors, all of which are uncertain and cannot be predicted.
- Investment income: The Station's investments are directed by the University. Investment income is dependent on current market conditions.

INDEPENDENT AUDITOR'S REPORT

To the Board of Curators
University of Missouri

We have audited the accompanying financial statements of the *University of Missouri KCUR-FM Radio* (the Station), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 2021 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2021, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Station and do not purport to, and do not present fairly the financial position of the University of Missouri, as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements as of June 30, 2020 were audited by Mueller Prost LC, who merged with Wipfli, LLP as of June 1, 2021, and whose report dated January 13, 2021, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and yearly comparison information on pages 1-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's basic financial statements. The Supplemental Schedule of Non-Federal Financial Support for the year ended June 30, 2021, required by the Public Telecommunication Financing Act of 1978, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplemental Schedule of Non-Federal Financial Support is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wipfli LLP

February 10, 2022
St. Louis, Missouri

University of Missouri
KCUR-FM RADIO

STATEMENTS OF NET POSITION
As of June 30, 2021 and 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	\$ 938,331	\$ 464,224
Short-Term Investments	2,484,963	1,191,408
Accounts Receivable, Net	265,322	500,125
Pledges Receivable, Net	755,259	1,001,945
Prepaid Expense	177,332	176,396
Total Current Assets	4,621,207	3,334,098
Noncurrent Assets:		
Long-Term Investments	3,179,514	2,455,432
Intangible Asset	2,100,000	2,100,000
Capital Assets, Depreciable, Net	33,435	43,475
Total Noncurrent Assets	5,312,949	4,598,907
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	-	866,269
Deferred Outflows Related to Other Postemployment Benefits	24,937	29,205
Total Deferred Outflows of Resources	24,937	895,474
Total Assets and Deferred Outflows of Resources	\$ 9,959,093	\$ 8,828,479
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	\$ 189,028	\$ 94,339
Payable for Purchase of Intangible Asset	-	500,000
Accrued Vacation	236,265	244,787
Unearned Revenue	80,236	213,640
Unexpended Grants	1,025,186	193,020
Total Current Liabilities	1,530,715	1,245,786
Noncurrent Liabilities:		
Accrued Vacation	121,116	125,485
Net Pension Liability	146,452	2,044,297
Net Other Postemployment Benefits Liability	253,711	408,317
Total Noncurrent Liabilities	521,279	2,578,099
Deferred Inflows of Resources:		
Deferred Inflows Related to Pensions	882,815	-
Deferred Inflows Related to Other Postemployment Benefits	232,971	135,626
Total Deferred Inflows of Resources	1,115,786	135,626
Total Liabilities and Deferred Inflows of Resources	3,167,780	3,959,511
Net Position:		
Invested in Capital Assets	2,133,435	1,643,475
Restricted - Expendable		
Endowment	926,969	753,057
Unrestricted		
Other	1,478,364	770,061
Board Designated Quasi - Endowment	2,252,545	1,702,375
Total Net Position	6,791,313	4,868,968
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 9,959,093	\$ 8,828,479

The notes to financial statements are an integral part of these statements.

University of Missouri
KCUR-FM RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Membership Contributions and Contributed Support, Net	\$ 3,627,465	\$ 3,421,769
Contributed Support to Classical KC	873,517	1,080,495
Grants from Corporation for Public Broadcasting	1,550,427	1,492,657
Grants from State Government	44,736	31,059
Underwriting Income, Net	1,297,864	1,331,793
Grants from Foundations	581,850	389,406
Fundraising Event	267,122	288,474
Other Income	146,144	138,238
Total Operating Revenues	<u>8,389,125</u>	<u>8,173,891</u>
Operating Expenses:		
Program Services -		
Broadcasting	530,928	321,289
Programming and Production	5,429,636	5,737,349
Program Information	7,247	24,859
Total Program Services	<u>5,967,811</u>	<u>6,083,497</u>
Support Services -		
Management and General	552,490	534,156
Depreciation Expense	10,040	12,078
Fundraising and Membership Development	1,358,728	1,369,671
Total Support Services	<u>1,921,258</u>	<u>1,915,905</u>
Total Operating Expenses	<u>7,889,069</u>	<u>7,999,402</u>
Operating Income Before Non-Operating Revenues (Expenses)	<u>500,056</u>	<u>174,489</u>
Non-Operating Revenues (Expenses):		
Support from the University of Missouri	59,575	78,114
Donated Facilities and Administrative Support from University of Missouri	417,187	568,191
Net Other Postemployment Benefits	52,993	26,569
Net Pension	148,761	(295,367)
Investment and Endowment Income	743,773	48,352
Total Non-Operating Revenues (Expenses)	<u>1,422,289</u>	<u>425,859</u>
Increase in Net Position	<u>1,922,345</u>	<u>600,348</u>
Net Position, Beginning of Year	<u>4,868,968</u>	<u>4,268,620</u>
Net Position, End of Year	<u>\$ 6,791,313</u>	<u>\$ 4,868,968</u>

The notes to financial statements are an integral part of these statements.

University of Missouri
KCUR-FM RADIO

STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Membership Contributions and Contributed Support, Net	\$ 3,874,151	\$ 3,161,462
Contributed Support to Classical KC	873,517	1,080,495
Grants from Corporation for Public Broadcasting	2,382,593	1,568,889
Grants from State Government	44,736	31,059
Grants from Foundations	581,850	389,406
Fundraising Event	267,122	288,474
Underwriting Income, Net	1,399,263	1,277,915
Payments to Suppliers and Employees	(7,380,980)	(7,394,497)
Other Receipts	146,144	138,238
Net Cash Provided by Operating Activities	2,188,396	541,441
Cash Flows from Non-Capital Financing Activities:		
Payments and Contributions from University of Missouri	59,575	78,114
Net Cash Provided by Non-Capital Financing Activities	59,575	78,114
Cash Flows from Investing Activities:		
Purchase of Intangible Asset	(500,000)	(1,600,000)
Purchase of Investments	(18,803,381)	(15,422,265)
Sale of Investments	16,785,744	16,206,326
Investment and Endowment Income	743,773	48,352
Net Cash Used by Investing Activities	(1,773,864)	(767,587)
Net Increase (Decrease) in Cash and Cash Equivalents	474,107	(148,032)
Cash and Cash Equivalents, Beginning of Year	464,224	612,256
Cash and Cash Equivalents, End of Year	\$ 938,331	\$ 464,224
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 500,056	\$ 174,489
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities -		
Depreciation Expense	10,040	12,078
Donated Facilities and Administrative Support from the University	417,187	568,191
Changes in Assets and Liabilities:		
Accounts Receivable, Net	234,803	(28,772)
Pledges Receivable, Net	246,686	(260,307)
Prepaid Expense	(936)	(22,715)
Accounts Payable and Other Accrued Expenses	94,689	(42,979)
Accrued Vacation	(12,891)	90,330
Unexpended Grants and Unearned Revenue	698,762	51,126
Net Cash Provided by Operating Activities	\$ 2,188,396	\$ 541,441
Non-cash Activity:		
Donated Facilities and Administrative Support from the University	\$ 417,187	\$ 568,191
Change in Other Post Employment Benefits Liability Expected to be Received by the University	\$ 52,993	\$ 26,569
Change in Pension Liability Expected to be Received by the University	\$ 148,761	\$ (295,367)

The notes to financial statements are an integral part of these statements.

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major policies followed by KCUR-FM Radio (the Station) are presented below to assist the reader and to enhance the usefulness of the financial statements.

Organization – The Station is a non-profit, non-commercial radio station operated by the University of Missouri (the University) on its Kansas City campus in Kansas City, Missouri. The Station operates with a power of 100,000 watts, reaching a potential audience of 2.02 million in an 80-mile radius. During the year ended June 30, 2020 the Station purchased an additional Federal Communications Commission (FCC) license to create a classical radio station, operating as KWJC. The financial activity of the Station is included in the financial statements of the University. The accompanying basic financial statements were prepared based on the combination of various accounts associated with the Station and its related operations and do not present the financial position or changes in financial position or cash flows of the University. The Station is dependent upon support from the Corporation for Public Broadcasting, the University, and the public.

Financial Statement Presentation – In accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements, the Station is required to follow all applicable GASB pronouncements. In addition, the Station applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with a GASB pronouncement.

The Station has adopted GASB Statement No. 35, *Basic Financial Statement—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities. The basic financial statement presentation provides a comprehensive entity-wide perspective of the Station's net position, revenues, expenses, changes in net position, and cash flows, replacing the fund-group perspective previously required.

Basis of Accounting – The Station's basic financial statements have been prepared using the economic resource focus and the accrual basis. The Station reports as a Business Type Activity, as defined by GASB Statement No. 34. Business Type Activities are those that are financed in whole or in part by funds received from external parties for goods or services.

The Station's policy for defining operating activities as reported on the Statements of Revenues, Expenses and Changes in Net Position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Membership contributions and contributed support are deemed program revenue and therefore operating revenue as prescribed by the Corporation for Public Broadcasting. Certain significant revenue streams relied upon for operations are recorded as non-operating revenue as defined by GASB Statement No. 34. Non-operating revenues include revenues from activities that have the characteristics of non-exchange transactions, such as support from the University, permanent endowment contributions, and investment income.

Cash, Cash Equivalents and Investments – The Station participated in the University's pooled cash accounts for fiscal years 2021 and 2020 and pooled investment accounts for fiscal years 2021 and 2020. For fiscal years 2021 and 2020, cash and cash equivalents are held as cash by the University on behalf of the Station. For purposes of the basic financial statements for fiscal years 2021 and 2020, cash and cash equivalents consist of the University's bank deposits, repurchase agreements, money market funds, and other investments with original maturities of three months or less. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in investment and endowment income in the Statement of Revenues, Expenses and Changes in Net Position.

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

Non-marketable alternative investments and certain commingled funds are recorded based on valuations provided by the general partners of the respective partnerships. The University believes that the carrying value of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ materially from the value that would have been used had a ready market for investments existed.

Derivative instruments such as forward foreign currency contracts are recorded at fair value. The University enters into forward foreign currency contracts to reduce the foreign exchange rate exposure of its international investments. These contracts are marked to market, with the changes in market value being reported in investment and endowment income on the Statement of Revenues, Expenses, and Changes in Net Position.

Accounts Receivable – Accounts receivable are presented at the net amount. Accounts receivable consists of amounts due to the Station for underwriting contracts and other miscellaneous revenue sources. An allowance of \$7,600 and \$4,039 as of June 30, 2021 and 2020, respectively, has been made for uncollectible accounts receivable based on management's expectations regarding the collection of accounts and the Station's historical collection experience.

Pledges Receivable – The Station receives unconditional promises to give (pledges) through private donations from corporations, alumni, and various other supporters of the Station. These pledges have been recorded as pledges receivable on the Statements of Net Position and as a portion of Membership Contributions and Contributed Support on the Statements of Revenues, Expenses, and Changes in Net Position, at the present value of the estimated future cash flows. An allowance of \$52,870 and \$44,269 as of June 30, 2021 and 2020, respectively, was made for uncollectible pledges based upon management's expectations regarding the collection of the pledges and the Station's historical collection experience.

Capital Assets – Capital assets represent building improvements and equipment acquired primarily for the use of the Station. Title of the building improvements and equipment rests in the name of the University, and therefore, such assets can be transferred to or from the Station at the discretion of the University. These assets are carried, if purchased, at cost, or if donated, at fair value at date of gift. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets – generally ten to forty years for building improvements and seven to fifteen years for transmission, antenna, tower, studio and broadcast equipment, and furniture and fixtures. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Intangible Asset – The Station's intangible asset consists of an FCC license, which is an identifiable intangible asset, and is not amortized. The Station will evaluate the recoverability of the intangible asset whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. There have been no impairment losses recorded during the years ended June 30, 2021 and 2020.

Unearned Revenue and Unexpended Grants – Amounts reflected in the Statements of Net Position as of June 30, 2021 and 2020, represent cash the Station has received under contracts that have services to be performed by the Station in future years. Grant revenues are recognized as eligibility requirements are met.

Pension and Other Postemployment Benefits – Pension and Other Postemployment Benefits (OPEB) related items, including: net pension and net OPEB liability, deferred outflow of resources, deferred inflow of resources, net pension expense and net OPEB expense, fiduciary net assets, and additions to and deductions from fiduciary net assets have been determined on the same basis as they are reported by the University of Missouri. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The obligation of the pension and OPEB will be paid by the University and any payments are included in the support of the Station. Likewise, net pension and net OPEB expense and income are reported as non-operating items.

Deferred Outflows of Resources – The Station reports the consumption of net position that relates to future reporting periods as deferred outflows of resources in a separate section of the Statements of Net Position.

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

Deferred Inflows of Resources – The Station reports the acquisition of net position that relates to future reporting periods as deferred inflows of resources in a separate section of the Statements of Net Position.

Net Position – For financial reporting, the Station’s net position is classified in the following categories:

- **Invested in Capital Assets:** Intangible and capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction or improvement of those assets.
- **Restricted - Expendable:** Net position is subject to externally imposed stipulations on the Stations’ use of the resources.
- **Unrestricted:** Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specified purposes by action of the Board of Curators (the Board) or may otherwise be limited by contractual agreements with outside parties.

Underwriting Income – Underwriting income consists of advertising spots purchased by sponsors and are recognized when the spots are aired by the Station. Included in underwriting revenue for the years ended June 30, 2021 and 2020, was \$22,407 and \$15,604 respectively, in underwriting revenue from the University.

In-Kind Contributions – In-kind contributions are recorded as revenue and expense in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. In-kind contributions consist of donated property and professional services. These donations are recorded at fair value at the time of the gift.

Donated Facilities and Administrative Support – Donated facilities from the University consist of office and studio space. The cost of these facilities, together with the related occupancy cost, is recorded in revenues and expenses at depreciable value in accordance with valuation guidelines established by the Corporation for Public Broadcasting. Indirect administrative support from the University is included in revenues under donated facilities and administrative support. Support from the University consists of allocated general and administrative expenses incurred by the institution on behalf of the Station. These expenses are allocated by Station management pro rata amongst broadcasting, program and production, program information, management and general, and fundraising and membership development.

Use of Estimates – The preparation of financial statements, in conformity with generally accepted accounting principles in the United States (U.S. GAAP), requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements – Effective for the fiscal year 2021, the Station adopted, GASB issued GASB statement no. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires interest cost before the end of the construction period to be recognized as an expense in the period in which the cost is incurred and thereby not capitalized as a part of the historical cost of a capital asset. The adoption of this statement had no impact on the Station’s financial statements.

Effective for the fiscal year 2021, the Station adopted, GASB issued GASB Statement. No. 90, *Majority Equity Interests*, which modifies guidance for reporting a legally separate organization in which the government has a majority equity interest to be reported as either an investment or component unit. The adoption of this statement had no impact on the Station’s financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

Effective for fiscal year 2020, the Station adopted GASB statement No. 84, *Fiduciary Activities*. GASB No. 84 intends to enhance consistency and comparability on how fiduciary activities are reported by providing additional guidance on what qualifies as a fiduciary activity. The adoption of this statement had no effect on the Station's financial statements.

Effective Fiscal year 2020, the Station adopted paragraphs 11 and 13 of GASB Statement No. 92, *Omnibus*, which had effective dates that were due immediately upon issuance. Paragraph 11 allows for insurance recoveries for risk financing and insurance-related activities of public entity risk pools that are recoverable from reinsurers or excess insurers to be reported as a reduction of expense. The adoption of this statement had no effect on the Station's financials. Paragraph 13, changes the term "derivative" to "derivative instruments" throughout GASB pronouncements. The Station has made the same change in terminology within its statements.

In June 2017, GASB issued GASB Statement No. 87, *Leases*, which requires recognition of certain lease assets and liabilities that were previously classified as operating leases. The Station will adopt this statement in fiscal year 2022 and has not fully determined the effect of implementing GASB Statement No. 87 will have on its financial statements.

In May 2019, GASB issued GASB Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers. The Station will adopt this statement in fiscal year 2023 and has not fully determined the impact of implementing GASB Statement No. 91 will have on its financial statements.

In January 2020, GASB issued GASB No. 92, *Omnibus 2020*, which provides clarifying guidance for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The Station adopted paragraphs 11 and 13 in fiscal year 2020 and will adopt the rest of the statement in fiscal year 2022. The Station has not fully determined the impact of implementing GASB Statement No. 92 will have on its financial statements.

In March 2020, GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which removes LIBOR as a benchmark for interest rates. This statement is in response to the global reference rate reform that is expected to cause LIBOR to cease to exist. The Station will adopt this statement in fiscal year 2024 and has not fully determined the impact of implementing GASB Statement No. 93 will have on its financial statements.

In March 2020, GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which addresses issues with public-private and public-public (PPP) arrangements. The Station will adopt this statement in fiscal year 2023 and has not fully determined the impact of implementing GASB Statement No. 94 will have on its financial statements.

In May 2020, GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which delayed the effective days of several GASB pronouncements with future effective dates. The Station will adopt the impacted pronouncements in accordance with the new effective dates, with the exception of GASB Statement 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, which was in fiscal year 2021 as well as GASB Statement No. 84, *Fiduciary Activities*, and paragraphs 11 and 13 of GASB Statement No. 92, *Omnibus*, that were implemented in fiscal year 2020.

In May 2020, GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides accounting and financial reporting guidance for subscription-based information technology arrangements. These arrangements would require the recognition of a right-to-use asset and corresponding subscription liability, which would be amortized as interest expense over the term of the arrangement. The Station will adopt this statement in fiscal year 2023 and has not fully determined the impact of implementing GASB Statement No. 96 will have on its financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

In June 2020, GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which provides additional criteria for determining whether 457 plans without a governing board are component units. The Station will adopt this statement in fiscal year 2022 and has not fully determined the impact of implementing GASB Statement No. 97 will have on its financial statements.

2. CASH AND CASH EQUIVALENTS RISK

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that in the event of bank failure, the University’s deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the State of Missouri; bonds of any city, county, school district or special road district of the State of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. All the station’s Cash deposits were fully insured or collateralized at June 30, 2021 and 2020, respectively.

3. INVESTMENTS

Investments – The Station participates in the University’s pooled investment accounts, which are stated at fair value, and holds an equity investment in the pool. The investment policies of the University are established by the Board of Curators (the Board). The policies ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statutes of Missouri and prudent investment practices. The University’s investment general pool contains short-term University funds, including but not limited to cash and reserves, operating funds, bond funds, and plant funds. Subject to various limitations contained within the corresponding investments policy, the University’s internally managed component of the General Pool may be invested in the following instruments: U.S. Government securities; U.S. Government Agency securities; U.S. Government guaranteed securities; money market funds; certificates of deposit; repurchase agreements; commercial paper; and other similar short-term investment instruments of like or better quality. The externally managed component of the General Pool is allowed to invest in the following asset sectors: fixed income, private debt, absolute return, and risk balanced strategies. The General Pool’s, managed by the University, total return, including unrealized gains and losses, was 7.9% and .02% for the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, the Station held the following types of investments within the University’s pooled investment accounts:

	Carrying Value As of <u>June 30, 2021</u>	Carrying Value As of <u>June 30, 2020</u>
Debt Securities	\$ 1,969,764	\$ 1,405,810
Corporate Stocks	1,993,482	1,095,110
Real Estate	229,597	205,127
Risk Parity	721,754	384,181
Money Market Funds	858,369	433,679
Commercial Paper	749,880	556,612
Other Cash Equivalents	<u>79,962</u>	<u>30,545</u>
Total Investments and Cash and Cash Equivalents	<u>\$ 6,602,808</u>	<u>\$ 4,111,064</u>

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

Custodial Credit Risk – For investments, custodial credit risk is the risk that in the event of failure of the counterparty to a transaction, the University will not be able to recover the value of the investments held by an outside party. In accordance with its policy, the University minimizes custodial credit risk by establishing limitations on the types of instruments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. All University and Pension Trust Fund investments are insured or registered and are held by the University, the Pension Trust Funds or an agent in its name.

Concentration of Credit Risk – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments. The investment policies for the General Pool, Endowment Funds, and Retirement Trust all specify diversification requirements across asset sectors. Investments issued or guaranteed by the U.S. government, as well as investments in mutual funds and other pooled investments are excluded from consideration when evaluating concentration risk.

Credit Risk – Debt securities are subject to credit risk, which is the chance that an issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments. Certain Debt securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

Nationally recognized statistical rating organization such as Moody's and Standard & Poor's (S&P) assign credit ratings to security issues and issuers that indicate a measure of potential credit risk to investors. Debt securities considered investment grade are those rated at least Baa by Moody's and BBB by S&P. For General Pool investments, the following minimum credit ratings have been established to manage credit risk with minimum rating of A-1/P-1 for commercial paper and other short-term securities. For Endowment Funds and Retirement Trust investments, guidelines for respective investment managers allow for a blend of different credit ratings, subject to certain restrictions by asset sector. In all cases, disposition of securities whose ratings have been downgraded after purchase is generally left to the discretion of the investment manager after consideration of individual facts and circumstances.

All holdings of money market funds were rated AAA at June 30, 2021 and 2020.

Based on investment ratings provided by Moody's or S&P, the Station's portion of the University's credit risk exposure as of June 30, 2021 and 2020, is as follows:

	As of June 30, 2021						
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	Total
U.S. Treasury Obligations	\$ 667,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 667,953
U.S. Agency Obligations	-	-	-	-	-	-	-
Mortgage-Backed Securities							
Guaranteed by U.S. Agencies	-	207,842	-	-	-	-	207,842
Debt Securities in Commingled Funds	-	-	-	-	-	338,932	338,932
Aaa/AAA	-	84,607	-	-	-	-	84,607
Aa/AA	-	17,335	6,618	3	924	-	24,880
A/A	-	16,518	8,351	7,169	7,801	-	39,839
Baa/BBB	-	29,765	1,975	51,803	67,796	-	151,339
Less than Baa/BBB	-	164,612	23,622	90,890	46,481	-	325,605
Unrated	-	99,539	12,935	10,035	6,258	-	128,767
Total	<u>\$ 667,953</u>	<u>\$ 620,218</u>	<u>\$ 53,501</u>	<u>\$ 159,900</u>	<u>\$ 129,260</u>	<u>\$ 338,932</u>	<u>\$ 1,969,764</u>

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

	As of June 30, 2020						
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	Total
U.S. Agency Obligations	\$ 588,537	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 588,537
U.S. Agency Obligations	-	11	-	-	-	-	11
Mortgage-Backed Securities							
Guaranteed by U.S. Agencies	-	266,567	-	-	-	-	266,567
Debt Securities in Commingled Funds	-	-	-	-	-	134,042	134,042
Aaa/AAA	-	47,613	-	-	-	-	47,613
Aa/AA	-	13,076	3,956	61	268	-	17,361
A/A	-	6,085	12,855	8,734	13,312	-	40,986
Baa/BBB	-	11,202	1,586	36,486	47,675	-	96,949
Less than Baa/BBB	-	98,969	7,382	32,257	19,947	-	158,555
Unrated	-	42,716	1,787	6,995	3,691	-	55,189
Total	<u>\$ 588,537</u>	<u>\$ 486,239</u>	<u>\$ 27,566</u>	<u>\$ 84,533</u>	<u>\$ 84,893</u>	<u>\$ 134,042</u>	<u>\$ 1,405,810</u>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect the fair value of an investment. Debt securities with longer maturities are likely to be subject to more variability in their fair values as a result of future changes in interest rates. Neither the University nor the Pension Trust Funds have a formal policy that addresses interest rate risk; rather, such risk is managed by each individual investment manager, as applicable. The University and Pension Trust Funds have investments in asset-backed securities, which consist primarily of mortgage-backed securities, guaranteed U.S. agencies and corporate collateralized mortgage obligations. These securities are based on cash flows from principal and interest payments on the underlying securities. An asset-backed security may have repayments that vary significantly with changes in market interest rates.

At June 30, 2021 and 2020, the Station's portion of the University's debt securities matures as follows:

	As of June 30, 2021					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Carrying Value
U.S. Treasury Obligations	\$ -	\$ -	\$ -	\$ 667,953	\$ -	\$ 667,953
U.S. Agency Obligations	-	-	-	-	-	-
Commingled Debt Securities	-	-	-	-	338,932	338,932
Asset-Backed Securities	-	620,218	-	-	-	620,218
Foreign Government Obligations	-	-	53,501	-	-	53,501
U.S. Corporate Bonds & Notes	-	159,900	-	-	-	159,900
Foreign Corporate Bonds and Notes	-	129,260	-	-	-	129,260
Total	<u>\$ -</u>	<u>\$ 909,378</u>	<u>\$ 53,501</u>	<u>\$ 667,953</u>	<u>\$ 338,932</u>	<u>\$ 1,969,764</u>

University of Missouri
KCUR-FM RADIO

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

	As of June 30, 2020					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Carrying Value
U.S. Treasury Obligations	\$ -	\$ 588,537	\$ -	\$ -	\$ -	\$ 588,537
U.S. Agency Obligations	11	-	-	-	-	11
Commingled Debt Securities	-	-	-	-	134,042	134,042
Asset-Backed Securities	-	486,228	-	-	-	486,228
Foreign Government Obligations	-	-	27,566	-	-	27,566
U.S. Corporate Bonds & Notes	-	84,533	-	-	-	84,533
Foreign Corporate Bonds and Notes	-	84,893	-	-	-	84,893
Total	\$ 11	\$ 1,244,191	\$ 27,566	\$ -	\$ 134,042	\$ 1,405,810

Foreign Exchange Risk – Foreign exchange risk is the risk that investment denominated in foreign currencies may lose value due to adverse fluctuation in the value of the U.S. dollar relative to foreign currencies. The University's investment policy allows for exposure to non-U.S. dollar denominated equities and fixed income securities, which may be fully or partially hedged using forward foreign currency exchange contracts.

At June 30, 2021 and 2020, 11.5% and 10.8%, respectively, of the Station's total investments and cash and cash equivalents were denominated in foreign currencies.

The Station's portion of the University's exposure to foreign currency risk is as follows:

Currency	Foreign Exchange Risk International Investment Securities at Fair Value				
	Debt Securities	Equity Securities	Cash and Cash Equivalents	2021 Total	2020 Total
Euro	\$ 44,171	\$ 15,417	\$ 2,698	\$ 62,286	\$ 9,062
Japanese Yen	1,164	16,808	1,524	19,496	20,083
British Pound Sterling	58,933	17,641	1,832	78,406	11,148
Australian Dollar	4,103	1,697	292	6,092	(335)
Canada Dollar	(269)	3,408	357	3,496	(124)
Danish Krone	-	1,969	-	1,969	1,460
Brazil Real	7,111	1,773	(521)	8,363	2,060
Russian Ruble	897	-	95	992	-
Swiss Franc	-	2,635	112	2,747	1,633
Hong Kong Dollar	-	12,884	-	12,884	10,154
Swedish Krona	-	4,956	(3)	4,953	3,249
Mexican New Peso	29	-	413	442	2,982
Other	26,770	527,061	3,774	557,605	382,205
Total	<u>\$ 142,909</u>	<u>\$606,249</u>	<u>\$ 10,573</u>	<u>\$759,731</u>	<u>\$ 443,577</u>

NOTES TO BASIC FINANCIAL STATEMENTS
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4. FAIR VALUE OF ASSETS AND LIABILITIES

The Station categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurements and Application*. The three-tiered hierarchy for fair value is as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that are available at the measurement date.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the Station's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumption about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Station's own data.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The Station's Level 1 investments primarily consist of investments in U.S. Treasury obligations, equity securities, and mutual funds. When quoted prices in active markets are not available, fair values are based on evaluated prices received from the Station's custodian of investments in conjunction with a third-party service provider and are reported within Level 2 of the fair value hierarchy. The inputs for Level 2 include, but are not limited to, pricing models such as benchmarking yields, reported trades, broker-dealer quotes, issuer spreads and benchmarking securities, among others. The Station's Level 2 investments primarily consist of investments in U.S. government and agency obligations, asset backed securities, and corporate debt securities that did not trade on the Station's fiscal year end date.

The Station's Level 3 investments primarily consist of land held as investments. Certain investments are valued using the net asset value (NAV) per share (or its equivalent) and are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The Station values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

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At June 30, 2021 and 2020, the Station had the following recurring fair value measurements:

	2021	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	2020	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level								
Debt Securities								
U.S. Treasury	\$ 667,953	\$ 667,953	\$ -	\$ -	\$ 588,537	\$ 588,537	\$ -	\$ -
U.S. Agency	-	-	-	-	11	-	11	-
Asset Backed	620,218	-	620,218	-	486,228	-	486,228	-
Government	53,502	-	52,338	1,164	27,566	-	27,566	-
Corporate	289,160	-	289,160	-	169,426	-	169,426	-
Equity Securities								
Domestic	328,369	124,090	6,121	198,158	74,525	74,525	-	-
Foreign	155,674	140,137	15,537	-	125,384	125,384	-	-
Investments Measured at the net asset value (NAV)								
Comingled Funds:								
Absolute Return	749,880	-	-	-	556,612	-	-	-
Risk Parity	721,754	-	-	-	384,181	-	-	-
Debt Securities	338,931	-	-	-	134,042	-	-	-
Equity Securities	641,845	-	-	-	386,972	-	-	-
Real Estate	36,194	-	-	-	33,155	-	-	-
Non-marketable Alternative Methods:								
Real Estate	193,403	-	-	-	171,972	-	-	-
Private Equity	867,594	-	-	-	508,229	-	-	-
Total Investments by Fair Value Level	\$ 5,664,477	\$ 932,180	\$ 983,374	\$ 199,322	\$ 3,646,840	\$ 788,446	\$ 683,231	\$ -

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

The following table presents investments as of June 30, 2021, that have been valued using the NAV as a practical expedient, classified by major investment category:

	Fair Value	Investment Strategy and Structure	Unfunded Commitments	Fund Term	Redemption Terms
Commingled Funds:					
Absolute Return	749,880	Broadly diversified, traditional hedge fund and risk premia exposures obtained through long/short positions across global liquid markets, structured to achieve minimal equity beta with a lower level of volatility relative to the rest of the portfolio.	-	Open Ended	Semi-Monthly, Monthly, and Quarterly redemption with 1-45 days notice
Risk Parity	721,754	An asset allocation strategy which seeks to provide higher risk-adjusted returns by allocating risk, not capital, equally across a broadly diversified portfolio of global equities, global nominal bonds and inflation-sensitive assets.	-	Open Ended	Weekly, Monthly, and Quarterly redemption with 1-90 days notice
Debt Securities	338,931	Global fixed income exposures focused primarily on high yield, emerging markets debt and other unconstrained / opportunistic strategies.	-	Open Ended	Daily and Monthly redemption with 1-2 days notice
Equity Securities	641,845	Global equity exposures achieved through a combination of traditional active, passive, systematic and factor-based strategies.	-	Open Ended	Daily, Semi-Monthly, and Monthly redemption with 1-15 days notice
Real Estate	36,194	Core real estate holdings in open-ended fund.	-	Open Ended	Quarterly redemption with 1-30 days notice
Non-marketable Alternative Funds:					
Real Estate	193,403	Diversified portfolio of longer-term private market funds focused on value-added and opportunistic real estate and/or real estate debt.	104,781	10 -12 years	Not applicable - no redemption ability
Private Equity	867,594	Investments in hedge funds, global equity, credit, real assets, natural resources, and other investments through private partnerships and holding companies.	387,310	8 -15 years	Not applicable - no redemption ability

5. CHANGES IN UNEXPENDED GRANTS

The balance of unexpended grants at June 30, 2021 and 2020, is as follows:

	Fiscal Year	
	2021	2020
Balance, Beginning of Year	\$ 193,020	\$ 116,788
Grants	3,009,179	1,989,354
Deductions, Amount Expended	(2,177,013)	(1,913,122)
Balance, End of Year	<u>\$ 1,025,186</u>	<u>\$ 193,020</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
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6. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2021 and 2020, is summarized as follows:

<u>2021</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets:				
Building Improvements	\$ 335,533	\$ -	\$ -	\$ 335,533
Transmission, Antenna and Tower	248,665	-	-	248,665
Studio and Other Broadcast Equipment	99,296	-	-	99,296
Furniture and Fixtures	<u>58,970</u>	<u>-</u>	<u>-</u>	<u>58,970</u>
Total Capital Assets, Depreciable	<u>742,464</u>	<u>-</u>	<u>-</u>	<u>742,464</u>
Accumulated Depreciation:				
Building Improvements	335,533	-	-	335,533
Transmissions, Antenna and Tower	245,519	1,574	-	247,093
Studio and Other Broadcast Equipment	67,649	7,995	-	75,644
Furniture and Fixtures	<u>50,288</u>	<u>471</u>	<u>-</u>	<u>50,759</u>
Total Accumulated Depreciation	<u>698,989</u>	<u>10,040</u>	<u>-</u>	<u>709,029</u>
Total Capital Assets, Net	<u>\$ 43,475</u>	<u>\$ (10,040)</u>	<u>\$ -</u>	<u>\$ 33,435</u>
<u>2020</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, Depreciable:				
Building Improvements	\$ 335,533	\$ -	\$ -	\$ 335,533
Transmission, Antenna and Tower	248,665	-	-	248,665
Studio and Other Broadcast Equipment	99,296	-	-	99,296
Furniture and Fixtures	<u>58,970</u>	<u>-</u>	<u>-</u>	<u>58,970</u>
Total Capital Assets, Depreciable	<u>742,464</u>	<u>-</u>	<u>-</u>	<u>742,464</u>
Accumulated Depreciation:				
Building Improvements	335,533	-	-	335,533
Transmission, Antenna and Tower	243,945	1,574	-	245,519
Studio and Other Broadcast Equipment	59,654	7,995	-	67,649
Furniture and Fixtures	<u>47,779</u>	<u>2,509</u>	<u>-</u>	<u>50,288</u>
Total Accumulated Depreciation	<u>686,911</u>	<u>12,078</u>	<u>-</u>	<u>698,989</u>
Total Capital Assets, Net	<u>\$ 55,553</u>	<u>\$ (12,078)</u>	<u>\$ -</u>	<u>\$ 43,475</u>

7. OPERATING LEASE OBLIGATIONS

The Station leases an above-ground, multi-unit broadcast tower from Public Television 19, Inc. Annually, the initial base rent is adjusted for the Consumer Price Index – Kansas City, all Items published by the Bureau of Labor Statistics. Such adjustment is limited to 0% to 5% from the preceding period. The lease expires in August 2023.

The Station also leases a broadcast tower from Packet Layer Consulting, LLC for broadcasting the KWJC Classical Radio Station. The lease expires in June 2025.

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The future minimum payments for both leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021	\$ 62,334
2022	63,659
2023	33,706
2024	<u>28,363</u>
Total Future Minimum Payments	<u>\$ 188,062</u>

Total lease payments for the years ended June 30, 2021 and 2020, were \$66,257 and \$34,200 respectively.

8. BOARD-DESIGNATED QUASI-ENDOWMENT

The Station's quasi-endowment was established on March 29, 2000, by the University of Missouri – Kansas City as the UMKC KCUR Unrestricted Endowment Fund to provide unrestricted support to the Station. As of June 30, 2021 and 2020, the balance of the quasi-endowment was \$2,252,545 and \$1,702,375, respectively.

9. RESTRICTED-EXPENDABLE ENDOWMENT

The Station's restricted-expendable endowment consists of six donor-named endowments at June 30, 2021 and 2020. Distributions from the endowments shall be made at such times and in such amounts as are in accordance with the policy of The Curators of the University of Missouri.

The balance of the endowments at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 753,057	\$ 783,110
Gifts to Endowments	-	500
Distributions from Endowments	(30,798)	(30,788)
Net Appreciation	<u>204,710</u>	<u>235</u>
Balance, End of Year	<u>\$ 926,969</u>	<u>\$ 753,057</u>

10. RISK MANAGEMENT

The Station is a part of the University's overall risk management program. The cost is part of the donated facilities and administrative support from the University. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and various medically related benefit programs for employees. The University funds these losses through a combination of self-insured retentions and commercially purchased insurance. The amount of self-insurance funds and commercial insurance maintained are based upon analysis of historical information and actuarial estimates. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. The University does not maintain a separate liability reserve for claims relating to the Station.

11. RETIREMENT, DISABILITY, AND DEATH BENEFIT PLAN

Plan Description – The Station participates in a plan (Retirement Plan) operated by the University. The Retirement Plan is a single-employer, defined benefit plan for all qualified employees. As authorized by Section 172.300, Revised Statutes of Missouri, the University's Board of Curators administers the Retirement Plan and establishes its terms.

NOTES TO BASIC FINANCIAL STATEMENTS
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Benefits Provided – Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average compensation for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012.

Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases.

	Retirement Plan Membership	
	2021	2020
Active Vested Members	15,883	18,352
Inactive Vested members	5,417	5,046
Pensioners and Beneficiaries	11,015	10,836
Total Members	<u>32,315</u>	<u>34,234</u>

Vested employees who are at least age 55 and have ten years or more of credited service or age 60 with at least five years of service may choose early retirement with a reduced benefit. However, if the employee retires at age 62 and has at least 25 years of credited service, the benefit is not reduced. Up to 30% of the retirement annuity can be taken in a lump sum payment. In addition, the standard annuity can be exchanged for an actuarially equivalent annuity selected from an array of options with joint and survivor, period certain, and guaranteed annual increase features.

Vested employees who terminate prior to retirement eligibility may elect to transfer the actuarial equivalent of their benefit to an Individual Retirement Account or into another employer's qualified plan that accepts such rollovers. The actuarial equivalent may also be taken in the form of a lump sum payment.

In addition, the Retirement Plan allows vested employees who become disabled to continue accruing service credit until they retire. It also provides a pre-retirement death benefit for vested employees.

The Retirement Plan provides a minimum value feature for vested employees who terminate or retire. The minimum value is calculated as the actuarial equivalent of 5% of the employee's eligible compensation invested at 7.5% per credited service year or the regular calculated benefit.

Plan Change in Fiscal Year 2020 – In April 2019, the University's Board of Curators approved a new retirement plan for newly hired or rehired employees starting October 1, 2019. Employees starting on or after that date, will be enrolled in a defined contribution plan and the defined benefit plan of the University will be closed to new entrants. Rehires on or after October 1, 2019, will also be enrolled into the new defined contribution plan regardless of their vested status in the defined benefit plan. Vested defined benefit employees that are rehired on or after October 1, 2019, will no longer receive creditable service credit within the defined benefit plan.

Basis of Accounting – The Retirement Plan's accounting records are prepared using the accrual basis of accounting. Employer contributions to the Retirement Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Retirement Plan. The Retirement Plan does not issue a separate financial report.

Investment Valuation – Investments are reported at fair value.

NOTES TO BASIC FINANCIAL STATEMENTS
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Contributions – The University’s contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement (ADC). The ADC for those employees hired before October 1, 2012 averaged 12.0% and 11.4% of covered payroll for the years ending June 30, 2021 and 2020, respectively. The ADC for those employees hired after September 30, 2012 averaged 8.4% and 7.8% of covered payroll for the years ended June 30, 2021 and 2020, respectively. Employees are required to contribute 1% of their salary up to \$50,000 in a calendar year and 2% of their salary in excess of \$50,000. An actuarial valuation of the Plan is performed annually, and the University’s contribution rate is updated at the beginning of the University’s fiscal year on July 1, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year. The University contributed \$115,006,000 and \$118,234,000 during the fiscal years ended June 30, 2021 and 2020, respectively.

Net Pension Liability – the Retirement Plan’s net pension liability was measured as of June 30, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2020 and 2019, respectively. Roll-forward procedures were used to measure the Retirement Plan’s total pension liability as of June 30, 2021 and 2020.

The following table outlines the Station’s portion of the changes in net pension liability for the years ended June 30, 2021 and 2020:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at July 1, 2020	\$ 6,341,310	\$ 4,297,013	\$ 2,044,297
Changes for the year:			
Service cost	157,109	-	157,109
Interest	804,096	-	804,096
Differences between expected and actual experience	(25,843)	-	(25,843)
Contributions – employer	-	274,656	(274,656)
Contributions – employee	-	35,777	(35,777)
Net investment income	-	2,522,774	(2,522,774)
Benefit payments, including refunds of employee contributions	(678,104)	(678,104)	-
Net changes	257,258	2,155,103	(1,897,845)
Balances at June 30, 2021	\$ 6,598,568	\$ 6,452,116	\$ 146,452

NOTES TO BASIC FINANCIAL STATEMENTS
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	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at July 1, 2019	\$ 5,885,090	\$ 4,540,028	\$ 1,345,062
Changes for the year:			
Service cost	156,786	-	156,786
Interest	765,841	-	765,841
Differences between expected and actual experience	163,186	-	163,186
Contributions – employer	-	279,856	(279,856)
Contributions – employee	-	39,017	(39,017)
Net investment income	-	67,705	(67,705)
Benefit payments, including refunds of employee contributions	(629,593)	(629,593)	-
Net changes	456,220	(243,015)	699,235
Balances at June 30, 2020	\$ 6,341,310	\$ 4,297,013	\$ 2,044,297

Actuarial Methods and Assumptions – The October 1, 2020 and 2019, actuarial valuations utilized the entry age actuarial cost method.

Actuarial assumptions for October 1, 2020 and 2019, included:

Inflation	2.20%
Rate of Investment Return net of Administrative expenses (Including inflation)	7.20%
Projected salary increases (Including inflation)	3.6 – 4.5%
Cost-of-living adjustments	0%

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a 5-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 23 and 24 years from the October 1, 2020 and 2019, valuation dates, respectively. Mortality rates were based on the RP-2014 Combined Health Mortality Table projected using scale MP-2017 and RP-2000 using Combined Health Mortality Table projected to 2023 using Scale BB for October 1, 2020 and 2019, valuation dates, respectively.

The actuarial assumptions used in the October 1, 2020, and 2019 valuation were based on the results the most recent quinquennial study of the University's own experience covering 2012 to 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows the sensitivity of the Station's portion of the net liability to changes in the discount rate:

NOTES TO BASIC FINANCIAL STATEMENTS
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Sensitivity of the Net Liability to Changes in the Discount

	Rate	2021 Net Pension Liability	2020 Net Pension Liability
1% Decrease	6.20%	\$ 2,203,359	\$ 4,234,192
Current Rate	7.20%	146,452	2,044,297
1% Increase	8.20%	(452,036)	1,508,172

Annual Rate of Return – The annual money-weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments for the years ended June 30, 2021 and 2020 was 29.8% and 0.6%, respectively. The following table provides long-term expected rates of real return on a geometric basis:

Asset Class Allocation

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public equity	35%	4.3%
Private equity	12%	7.5%
Sovereign bonds	10%	-1.2%
Inflation linked bonds	10%	-0.6%
Private debt	6%	3.3%
Risk balanced	12%	4.1%
Commodities	5%	1.5%
Real estate	10%	6.3%
	<u>100%</u>	

Pension Expense – For the years ended June 30, 2021 and 2020, the Station recognized a portion of the University's pension expense in the amount of \$125,896 and \$575,224, respectively. Annual pension expense consists of service cost and interest on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five-year period.

The Station's portion of pension expense for the years ended June 30, is summarized as follows:

	2021	2020
Service cost	\$ 157,109	\$ 156,786
Interest	804,096	765,841
Recognized portion of current-period difference between expected and actual experience	(5,099)	30,645
Contributions – employee	(35,777)	(39,017)
Projected earnings on pension plan investments	(613,160)	(627,271)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	(381,921)	111,913
Recognition of deferred outflows of resources	309,000	283,717
Recognition of deferred inflows of resources	(108,352)	(107,390)
Pension expense for fiscal year ended June 30,	<u>\$ 125,896</u>	<u>\$ 575,224</u>

NOTES TO BASIC FINANCIAL STATEMENTS
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Deferred Outflows/Inflows of Resources – In accordance with GASB Statements No. 68, the University recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and the difference between actual and expected investment returns as Deferred Outflows/Inflows of Resources. At June 30, 2021 and 2020, the Retirement Plan reported the Station's portion of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30,	Deferred Outflows/ (Inflows) of Resources 2021	Deferred Outflows/ (Inflows) of Resources 2020
Differences between expected and actual experience	101,897	144,927
Changes of assumptions	158,571	276,008
Net difference between projected and actual earnings on pension plan investments	<u>(1,143,283)</u>	<u>445,334</u>
Total	<u>(882,815)</u>	<u>866,269</u>

The Station recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the University's employees. The following table summarizes the future recognition of these items:

<u>Fiscal Year Ended</u>	<u>Recognition</u>
2022	(119,613)
2023	(141,098)
2024	(241,297)
2025	(380,452)
2026	<u>(355)</u>
Total	<u>(882,815)</u>

12. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – In addition to the pension benefits described in Note 11, the University operates a single-employer, defined benefit OPEB plan. The University's Other Postemployment Benefits (OPEB) Plan provides postemployment medical, dental, and life insurance benefits to employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or after attaining age 60 with five or more years of service. As of January 1, 2018, employees must be 60 years old and have 20 years of service at the date of retirement to access the same percentage subsidy as retirees prior to January 1, 2018. Employees with age plus years of service less than 80 but with more than five years of service as of January 1, 2018 will receive a subsidy of \$100 per year of service up to a maximum of \$2,500 annually. Employees with less than five years of service as of January 1, 2018 will not receive an insurance subsidy or be eligible to participate in the University's plans.

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As of June 30, 2021, and 2020, 8,407 and 8,309 retirees, respectively, were receiving benefits, and an estimated 8,021 active University employees may become eligible to receive future benefits under the plan. Postemployment medical, dental and life insurance benefits are also provided to long-term disability claimants who were vested in the University's Retirement Plan at the date the disability began, provided the onset date of the disability was on or after September 1, 1990. As of June 30, 2021, and 2020, 136 and 119 long-term disability claimants, respectively, met those eligibility requirements.

The terms and conditions governing the postemployment benefits to which employees are entitled are at the sole authority and discretion of the University's Board of Curators.

Basis of Accounting – The OPEB Plan's financial statements are prepared using the accrual basis of accounting, in accordance with GASB Statement No. 74. Additionally, the requirements of GASB Statement No. 75 are followed by the University for reporting its OPEB obligations and related footnote and required supplementary information disclosures. The assets of the OPEB Trust Fund are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. The OPEB Plan does not issue a separate financial report.

Contributions and Reserves – Contribution requirements of employees and the University are established and may be amended by the University's Board of Curators. For employees retiring prior to September 1, 1990, the University contributes 2/3 of the medical benefits premium and 1/2 of the dental plan premium. For employees who retired on or after September 1, 1990, the University contributes toward premiums based on the employee's length of service and age at retirement.

The University makes available two group term life insurance options. Option A coverage is equal to the retiree's salary at the date of retirement, while Option B is equal to two times that amount. For each Option, graded decreases in coverage are made when the retiree attains specific age levels. The University pays the full cost of Option A and approximately 91% of the cost of Option B coverage. Coverage for group term life insurance ends on January 1 following the retiree's 70th birthday.

For the years ended June 30, 2021 and 2020, all participants, including the Stations' participants, contributed \$18,296,000 and \$17,763,000, or approximately 49.7% and 52.4%, respectively, of total premiums through their required contributions, which vary depending on the plan and coverage selection. In fiscal years 2021 and 2020, the University contributed \$18,551,000 and \$20,672,000, respectively.

The University makes available two long-term disability options to its employees. Option A coverage is equal to 60% of the employee's salary on the date the disability began, when integrated with benefits from all other sources. Option B coverage is equal to 66-2/3% of the employee's salary, integrated so that benefits from all sources will not exceed 85% of the employee's salary. Both options have a 149-day waiting period and provide benefits until age 65. The University pays the full cost of the Option A premium, while employees enrolled in Option B pay the additional cost over the Optional A premium.

Net OPEB Liability –The Station's portion of the total and net OPEB liabilities as of June 30, 2021 and 2020, were measured as of June 30, 2021 and 2020, respectively, using actuarial valuations as of those dates.

	Fiscal Year <u>2021</u>	Fiscal Year <u>2020</u>
Net OPEB Liability Components:		
Total OPEB Liability	\$ 300,569	\$ 452,042
Plan Fiduciary Net Position	(46,859)	(43,725)
Net OPEB Liability	\$ 253,710	\$ 408,317
Plan Fiduciary Net position as a percentage of Total OPEB Liability	15.59%	9.67%

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

Changes in the Net OPEB Liability

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)– (b)
Balances at July 1, 2020	\$ 452,042	\$ 43,725	\$ 408,317
Changes for the year:			
Service cost	5,682	-	5,682
Interest	9,891	-	9,891
Differences between expected and actual experience	(15,651)	-	(15,651)
Changes in assumptions	(130,914)	-	(130,914)
Contributions - employer	-	20,605	(20,605)
Contributions - employee	-	20,322	(20,322)
Net investment income	-	13	(13)
Expected/Actual benefit payments, including refunds of employee contribution	(20,480)	(37,806)	17,326
Net Changes	(151,472)	3,134	(154,606)
Balances at June 30, 2021	\$ 300,570	\$ 46,859	\$ 253,711

	Total OPEB Liability (TOL) (a)	Fiduciary Net Position (FNP) (b)	Net OPEB Liability (NOL) (a)– (b)
Balances at July 1, 2019	\$ 567,611	\$ 44,325	\$ 523,286
Changes for the year:			
Service Cost	4,636	-	4,636
Interest	19,615	-	19,615
Differences between expected and actual experience	(5,104)	-	(5,104)
Changes in assumptions	(93,473)	-	(93,473)
Contributions - employer	-	23,845	(23,845)
Contributions - employee	-	20,490	(20,490)
Net investment income	-	1,061	(1,061)
Expected/actual benefit payments, including refunds of employee contribution	(41,243)	(45,994)	4,751
Administrative expenses	-	(2)	2
Net Changes	(115,569)	(600)	(114,969)
Balances at June 30, 2020	\$ 452,042	\$ 43,725	\$ 408,317

Actuarial Methods and Assumptions - Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The entry age normal, as a level percent of pay, actuarial cost method was used in the June 30, 2021 and June 30, 2020, actuarial valuations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision of actual results, are compared to past expectations and new estimates are made about the future.

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

Benefit projections for financial reporting purposes are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and the historical pattern of cost sharing between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the University and plan members in the future.

Total OPEB liability was determined using the following actuarial assumptions for all periods presented, unless otherwise specified:

Total OPEB Liability Assumptions	
Inflation	2.20%
Total Payroll Growth	Varies based on age: 0.1% to 6.0% (including inflation) for academic and administrative; 0.1% to 3.0% (including inflation) for clerical and service
Discount Rate	2.16% for 2021 and 2.21% for 2020
Pre-65 Medical and HSP Plans trend rate	7.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Pre-65 Rx trend rate	8.75% decreasing by 0.25% per year until an ultimate trend of 4.5% is reached
Post-65 Medicare Base and Rx trend rate	(48.1%) for 2022, 3.00%, then 6.0% decreasing by 0.25% per year until an ultimate trend of 4.50% is reached
Post-65 Medicare Buyup and Rx trend rate	(12.6%) for 2022, 3.00%, then 6.0% decreasing by 0.25% per year until an ultimate trend of 4.50% is reached
Dental trend rates	0% for 2022, then 2.0% all years
Administration expenses rate	0% for two years, then 3.0% all years after
Healthy retiree mortality rates	RP-2014 Healthy Employee/Annuitant Mortality Table projected generationally using Scale MP-2017
Disabled retiree mortality rates	RP-2014 Disabled Annuitant Mortality Table projected generationally using Scale MP-2017

Development of Discount Rate – The discount rates used to measure the total OPEB liability were 2.16% and 2.21% as of fiscal year June 30, 2021 and June 30, 2020, respectively. The projection of cash flows used to determine the discount rate assumed that the University would not make additional contributions to the OPEB Trust and would continue to fund the plan on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to cover a full year of projected future benefit payments. Therefore, all future benefit payments are discounted at the current index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity to Changes in Discount Rate and Healthcare Cost Trend Rates – The following presents the net OPEB liability of the University, as well as, what the University's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, as well as, the impact to the net OPEB liability if the healthcare cost trend rates were 1- percentage-point lower or 1-percentage-point higher.

Sensitivity of the Net OPEB Liability to Changes in Discount Rate and Healthcare Cost Trend Rates

	1% Decrease in Discount Rate (1.16%)	Current Discount Rate (2.16%)	1% Increase in Discount Rate (3.16%)
Net OPEB Liability	\$296,990	\$253,711	\$218,187
	1% Decrease in Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	\$234,366	\$253,711	\$277,039

NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2021 and 2020

OPEB Expense - For the year ended June 30, 2021, the OPEB Plan recognized OPEB income of \$34,345. For the year ended June 30, 2020, the OPEB Plan recognized an OPEB expense of \$1,058. Annual OPEB expense consists of service cost, interest on the total OPEB liability and the recognition of deferred outflows/inflows.

The OPEB (income) expense for the years ended June 30, 2021 and 2020, is summarized as follows:

<u>OPEB (Income) Expense</u>	<u>2021</u>	<u>2020</u>
Service cost	\$ 5,142	\$ 5,376
Interest	8,952	22,744
Recognized portion of current-period difference between expected and actual experience	(2,653)	(1,049)
Recognized portion of current-period difference for changes to assumptions	(25,444)	(19,218)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	(3)	(246)
Recognition of deferred outflows of resources	4,268	5,679
Recognition of deferred inflows of resources	(24,607)	(12,228)
OPEB expense for fiscal year ended June 30,	\$ (34,345)	\$ 1,058

Deferred Outflows/Inflows of Resources - In accordance with GASB Statement No. 75, the Station recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and the difference between actual and expected investment returns as Deferred Outflows/Inflows of Resources. At June 30, 2021 and 2020, the OPEB Plan reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows of Resources 2021</u>	<u>Deferred Inflows of Resources 2021</u>	<u>Deferred Outflows of Resources 2020</u>	<u>Deferred Inflows of Resources 2020</u>
As of June 30,				
Changes in assumptions	-	215,103	-	128,313
Differences between expected and actual experience	24,937	16,372	29,205	4,625
Net difference between projected and actual earnings on plan investments	-	1,496	-	2,688
Total	24,937	232,971	29,205	135,626

The Station recognizes differences between actual and expected investment performance included in deferred outflows/inflows of resources on a straight-line basis over five years. Differences between expected and actual experience on actuarial assumptions are amortized over the average expected remaining service life of the Station's employees. The following table summarizes the future recognition of these items:

<u>Fiscal Year</u>	<u>Future Recognition of deferred (inflows) Recognition</u>
2022	(54,015)
2023	(53,657)
2024	(49,914)
2025	(40,620)
2026	(9,828)
Total	(208,034)

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SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT
For the Year Ended June 30, 2021

Summary of Non-Federal Financial Support

1.	Direct Revenue	\$ 6,812,946
2.	Indirect Administrative Support	417,187
3.	In-Kind Contributions:	
	a. Services and Other Assets	-
	b. Property and Equipment	-
	Total In-Kind Contributions	-
4.	Total Non-Federal Financial Support	<u>\$ 7,230,133</u>

See accompanying independent auditor's report.