

---

---

***KMOS TELEVISION - A PUBLIC  
BROADCASTING ENTITY OPERATED  
BY UNIVERSITY OF CENTRAL MISSOURI***  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2018*

---

---

## **Contents**

---

|   | <b>Page</b> |
|---|-------------|
| <b>Independent Auditors' Report</b> .....                           | 1 - 3       |
| <b>Management's Discussion And Analysis</b> .....                   | 4 - 10      |
| <b>Financial Statements</b>   |             |
| Statement Of Net Position .....                                     | 11          |
| Statement Of Revenues, Expenses And Changes<br>In Net Position..... | 12          |
| Statement Of Cash Flows.....  | 13          |
| Notes To Financial Statements.....                                  | 14 - 19     |
| <b>Supplementary Information</b>                                    |             |
| Functional Expenses.....  | 20 - 21     |



RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

1200 Main Street  
Suite 1000  
Kansas City, MO 64105

T 816.472.1122  
F 816.472.1065

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

## Independent Auditors' Report

Board of Governors  
University of Central Missouri  
Warrensburg, Missouri

### Report On The Financial Statements

We have audited the accompanying financial statements of KMOS Television, a Public Broadcasting Entity Operated by University of Central Missouri as of and for the years then ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise KMOS Television, a Public Broadcasting Entity Operated by University of Central Missouri's basic 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 of America; 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 KMOS Television, a Public Broadcasting Entity Operated by University of Central Missouri as of June 30, 2018 and 2017, and the changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters*

#### *Management's Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise KMOS Television, a Public Broadcasting Entity Operated by University of Central Missouri's financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

*RubinBrown LLP*

December 19, 2018

# **KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2018**

### *Overview*

KMOS Television (KMOS-TV or the Station) is operated by University of Central Missouri, Warrensburg, Missouri (UCM). Since first signing on in 1979, KMOS-TV's mission has been to provide Missouri citizens with commercial-free, quality, substantive programming, which enriches, enlightens, informs and entertains. KMOS-TV's programming presents the highest accomplishments of our society, permits talent to fulfill the potential of electronic media, and provides opportunities for diverse audiences to benefit from such programming unavailable from other sources. As part of UCM's commitment to prepare its students to excel as they enter the professional world, KMOS-TV provides a professional atmosphere for learning for 40-50 student employees and student volunteers annually. KMOS-TV depends heavily on its student staff, providing real life opportunities for domestic and international students by providing practical experiences in all disciplines vital to a successful broadcasting entity.

KMOS-TV supports UCM's statewide technology mission by providing technical and administrative support for the distribution of professional development resources, instructional programs and educational outreach materials for lifelong learning. The Station promotes UCM through appropriate public relations programming and activities and offers telecommunications support to other university departments.

In FY2017 KMOS-TV completed a major upgrade to its Master Control which included the ability to add a fourth channel to its broadcast lineup. The fourth channel is a 24/7 PBS Kids channel that reaches over 800,000 people in central Missouri. KMOS-TV now provides over 35,000 hours of unique PBS and UCM content to central Missouri.

In FY2014 KMOS-TV completed its USDA RUS grant of \$269,069 for improvements to KMOS-TV's studio to transmitter link, master control router upgrades, master control digital graphic editor and support monitors. During FY15, KMOS-TV underwent a significant re-examination of its local content and simultaneously conducted a branding study and strategic planning process to set in motion the underpinnings of an approach to be launched in late 2015. This resulted in an all-new slate of local programming that went into production in spring 2015 for the fall 2015 season. In 2016 KMOS-TV evaluated the success of the new channel and programming line-up and made adjustments as necessary creating an even more robust group of local programming and enhanced utilization of the national PBS schedule.

**KMOS-TELEVISION – A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Management's Discussion And Analysis

Another facet of KMOS-TV's mission is to provide quality outreach initiatives that include educational activities along with program information. KMOS continues to provide community and education outreach by identifying sponsorships and events engaging new audiences, especially under-served communities. Over 100 children, kindergarten through third grade participated in the annual 2018 local Writers Contest. We received entries from kids in 26 counties across our broadcasting area. Each contest participant receives a packet containing their story, a thank you letter, certificate, new children's book and book mark. The sixteen contest winners and their families traveled to the KMOS station to participate in the Awards Ceremony honoring their efforts. Each winning contestant was recorded reading their story by KMOS TV's production department.

During FY2018 KMOS held preview screenings of Ken Burn's Landmark Documentary series The Vietnam War. As part of the outreach for this event KMOS partnered with McClure Archives and University Museum of UCM to have students interview over a dozen veterans of the Vietnam War. These videos were made available on the KMOS website as well as through the PBS website and the PBS Wavelength Program.

KMOS distributed approximately 2,500 children's books through events, non-profits and community based organizations. The Contact programming guides were distributed to 280 schools every month, September through May and 500 of the PBS KIDS Summer Learning Program educational resources were distributed through events and community based organizations.

KMOS-TV in FY2018 experienced a significant reduction in University funding, this reduction was anticipated and KMOS initiated a program of re-organization and strategic planning in an effort to prevent this loss of funding to affect the community it serves. KMOS was successful in avoiding any loss of programming or and was able to increase its unique offerings and viewership however this loss has taken a toll on the outreach and community educational efforts with a reduction in staff creating a deficit in the available man-hours to perform community outreach.

KMOS-TV received no bids during the FCC spectrum auction and it was not assigned a new channel during the spectrum repack. KMOS-TV management will continue to monitor the status of the spectrum repack and its effects on the broadcast industry.

**KMOS-TELEVISION – A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Management's Discussion And Analysis

*Management's Discussion And Analysis*

This discussion and analysis of KMOS-TV's financial statements provides a comparative overview of the Station's financial performance during the years ended June 30, 2018, 2017 and 2016. The Management's Discussion and Analysis is designed to focus on current activities, resulting changes and current known facts. Please read it in conjunction with the Station's basic financial statements and footnotes. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

*Statement Of Net Position*

The statement of net position presents the financial position of the Station at a point in time. The statement of net position has three major components which include 1) assets, 2) liabilities and 3) net position. A description of each component is as follows:

**Assets** - Current assets are those anticipated to be liquidated within one year or less and include items such as cash and cash equivalents, accounts receivable and prepaid expenses. Noncurrent assets include that portion of accounts receivable, inventories and prepaid expenses not expected to liquidate within one year plus capital assets such as buildings, building improvements, infrastructure, equipment, etc.

**Liabilities** - Current liabilities are those anticipated to be recognized within one year or less and include items such as accounts payable and accrued liabilities, accrued compensated absences and deferred revenue. Noncurrent liabilities include that portion of accrued liabilities, accrued compensated absences and deferred revenue that are not due within one year.

**Net Position** - Net position represents Station total assets less total liabilities. Net position is classified in two major categories which include 1) net investment in capital assets and 2) unrestricted.

- 1) Net investment in capital assets represents building, building improvements, equipment, etc., that is net of accumulated depreciation.
- 2) Unrestricted net position represents balances from operational activities that have not been restricted by parties external to the Station. This includes funds that have been designated for specific purposes as well as amounts that have been contractually committed for goods and services not yet received.



**KMOS-TELEVISION – A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Management's Discussion And Analysis

A summary of the Station's assets, liabilities and net position at June 30, 2018, 2017 and 2016, is as follows:

|                          | 2018                | 2017         | 2016         |
|--------------------------|---------------------|--------------|--------------|
| <b>Assets</b>            |                     |              |              |
| Current assets           | \$ 1,342,184        | \$ 973,418   | \$ 764,375   |
| Noncurrent assets        | <b>3,306,966</b>    | 3,554,538    | 3,837,740    |
| <b>Total Assets</b>      | <b>4,649,150</b>    | 4,527,956    | 4,602,115    |
| <b>Liabilities</b>       |                     |              |              |
| Current liabilities      | 791,792             | 623,279      | 427,877      |
| Noncurrent liabilities   | <b>39,995</b>       | 38,768       | 26,933       |
| <b>Total Liabilities</b> | <b>831,787</b>      | 662,047      | 454,810      |
| <b>Net Position</b>      | <b>\$ 3,817,363</b> | \$ 3,865,909 | \$ 4,147,305 |

*Comparative Analysis*

*Assets* - Total assets at June 30, 2018, are \$4,649,150. These assets are comprised of current assets of \$1,342,184 and noncurrent capital assets of \$3,306,966. This is a \$121,194 increase from fiscal year 2017 total assets of \$4,527,956. Current assets increased \$368,766. The noncurrent capital assets decrease of \$247,572 reflects the large depreciation expense of \$294,077 in 2018 that is only offset by \$51,764 of additions.

At June 30, 2017, KMOS-TV's assets were \$4,527,956. These assets are comprised of current assets of \$973,418 and noncurrent capital assets of \$3,554,538. This is a \$74,159 decrease from June 30, 2016; assets of \$4,602,115. Current assets increased \$209,043. The noncurrent capital assets decrease of \$283,202 reflects the addition of \$28,036 of capital equipment offset by fiscal year 2017 depreciation of \$311,238.

*Liabilities* - Total liabilities as of June 30, 2018, are \$831,787. These liabilities are comprised of current liabilities of \$791,792 and noncurrent liabilities of \$39,995. This is a \$169,740 increase from fiscal year 2017 total liabilities of \$662,047. Fiscal year 2018 experienced a slight decrease in accounts payable, an increase in accrued liabilities, an increase in accrued compensated absences, and an increase in unearned revenue.

KMOS-TV's liabilities as of June 30, 2017, are \$662,047. These liabilities are comprised of current liabilities of \$623,279 and noncurrent liabilities of \$38,768. This is a \$207,237 increase from fiscal year 2017 total liabilities of \$454,810. Fiscal year 2017 experienced a slight increase in accounts payable, a decrease in accrued liabilities, an increase in accrued compensated absences, and a decrease in unearned revenue. These differences are reflected in increases in cash and accounts receivable.

**KMOS-TELEVISION – A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Management’s Discussion And Analysis

*Net Position* - As of June 30, 2018, KMOS-TV had net position totaling \$3,817,363. Net position is comprised of unrestricted assets of \$510,397 and invested in capital assets of \$3,306,966. There are no restrictions relating to net position. Net position at June 30, 2017, was \$3,865,909. The \$48,546 decrease in total net position represents a \$247,572 decrease in invested in capital assets and a \$199,026 increase in unrestricted net position.

As of June 30, 2017, KMOS-TV had net position totaling \$3,865,909. Net position is comprised of unrestricted assets of \$311,371 and invested in capital assets of \$3,554,538. There are no restrictions relating to net position. Net position at June 30, 2016, was \$4,147,305. The \$281,396 decrease in total net position represents a \$283,202 decrease in invested in capital assets and a \$ 1,806 increase in unrestricted net position.

*Operating Results*

The statements of revenues, expenses and changes in net position (SRECNP) present the operating results of the Station as a whole. The statements distinguish revenues and expenses between operating and nonoperating categories and provide a view of the Station’s changes in financial position. Comparative summary statements of revenue, expenses and changes in net position for the years ended June 30, 2018, 2017 and 2016, are as follows:

|  | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         |
|--|---------------------|---------------------|---------------------|
| <b>Revenues</b>                            |                     |                     |                     |
| Operating revenues                         | \$ 89,708           | \$ 57,630           | \$ 42,801           |
| <b>Expenses</b>                            |                     |                     |                     |
| Operating expenses                         | 3,012,272           | 3,165,243           | 3,290,950           |
| <b>Operating Loss</b>                      | <b>(2,922,564)</b>  | <b>(3,107,613)</b>  | <b>(3,248,149)</b>  |
| <b>Nonoperating Revenue</b>                | <b>2,874,018</b>    | <b>2,826,217</b>    | <b>3,507,802</b>    |
| <b>Increase (Decrease) In Net Position</b> | <b>(48,546)</b>     | <b>(281,396)</b>    | <b>259,653</b>      |
| <b>Net Position - Beginning Of Year</b>    | <b>3,865,909</b>    | <b>4,147,305</b>    | <b>3,887,652</b>    |
| <b>Net Position - End Of Year</b>          | <b>\$ 3,817,363</b> | <b>\$ 3,865,909</b> | <b>\$ 4,147,305</b> |

**KMOS-TELEVISION – A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Management's Discussion And Analysis

*Comparative Analysis*

*Revenues* - KMOS-TV's total operating and non-operating revenues for the year ended June 30, 2018, are \$2,963,726. Grants and contracts totaled \$874,710. Subscriptions and underwriting totaled \$464,806. Support from UCM was \$1,534,502. Operating revenues totaled \$89,708. This is a \$79,879 increase in revenues from the fiscal year 2017 total of \$2,883,847.

KMOS-TV's total operating and non-operating revenues for the year ended June 30, 2017, are \$2,883,847. Grants and contracts totaled \$780,138. Subscriptions and underwriting totaled \$422,134. Support from UCM was \$1,623,945. Operating revenues totaled \$57,630. This is a \$666,756 decrease in revenues from the fiscal year 2016 total of \$3,550,603.

*Expenses* - KMOS-TV operating expenses for fiscal year 2018 by natural classification are:

- Salaries, payroll taxes and employee benefits - \$1,001,765
- Supplies and other services - \$352,785
- Program costs - \$571,034
- Depreciation - \$294,077
- Other expenses - \$792,611

Expenses for fiscal year 2018 by functional classification include:

- Program services - \$1,662,942 that consist of:
  - Programming and production - \$960,871
  - Broadcasting - \$481,196
  - Program information and promotion - \$220,875
- Support services - \$1,055,253 that consist of:
  - Management and general - \$885,011
  - Fundraising and membership development - \$119,416
  - Underwriting and grant solicitation - \$50,826
- Depreciation - \$294,077

Total expenses as of June 30, 2018, were \$3,012,272. This is a \$152,971 decrease from the fiscal year 2017 operating expenses total of \$3,165,243. KMOS-TV had two open positions in fiscal year 2018 that were filled during fiscal year 2017, which accounts for the decrease in expenses.

**KMOS-TELEVISION – A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Management's Discussion And Analysis

KMOS-TV operating expenses for fiscal year 2017 by natural classification are:

- Salaries, payroll taxes and employee benefits - \$1,107,942
- Supplies and other services - \$332,538
- Program costs - \$566,092
- Depreciation - \$311,238
- Other expenses - \$847,433

Expenses for fiscal year 2017 by functional classification include:

- Program services - \$1,847,895 that consist of:
  - Programming and production - \$962,169
  - Broadcasting - \$645,188
  - Program information and promotion - \$240,538
- Support services - \$1,006,110 that consist of:
  - Management and general - \$764,475
  - Fundraising and membership development - \$144,087
  - Underwriting and grant solicitation - \$97,548
- Depreciation - \$311,238

Total expenses as of June 30, 2017, were \$3,165,243. This is a \$125,707 decrease from the fiscal year 2016 operating expenses total of \$3,290,950. KMOS-TV updated broadcasting equipment in fiscal year 2016 but not in fiscal year 2017, which accounts for the decrease in expenses.

*Net Position* – A decrease in net position of \$48,546 was recognized by KMOS-TV as of June 30, 2018, which left ending net position of \$3,817,363, including a \$247,572 decrease in net invested in capital and a \$199,026 increase in unrestricted net position.

A decrease in net position of \$281,396 was recognized by KMOS-TV as of June 30, 2017, which left ending net position of \$3,865,909, including a \$283,202 decrease in net invested in capital and a \$1,806 increase in unrestricted net position.

*Contact Information*

Question or comments about this report may be addressed to Belinda J. Bell, Ancillary Accounting, at University of Central Missouri, Administration 308B, Warrensburg, MO 64093.

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

**STATEMENT OF NET POSITION  
June 30, 2018 And 2017**

|  | 2018         | 2017         |
|--|--------------|--------------|
| <b>Assets</b>                            |              |              |
| <b>Current Assets</b>                    |              |              |
| Cash                                     | \$ 1,232,479 | \$ 968,042   |
| Accounts receivable                      | 92,743       | —            |
| Prepaid expenses                         | 16,962       | 5,376        |
| <b>Total Current Assets</b>              | 1,342,184    | 973,418      |
| <b>Noncurrent Assets</b>                 |              |              |
| Capital assets, net                      | 3,306,966    | 3,554,538    |
| <b>Total Assets</b>                      | 4,649,150    | 4,527,956    |
| <b>Liabilities</b>                       |              |              |
| <b>Current Liabilities</b>               |              |              |
| Accounts payable and accrued liabilities | 36,321       | 46,287       |
| Accrued compensated absences             | 21,189       | 17,450       |
| Unearned revenue                         | 734,282      | 559,542      |
| <b>Total Current Liabilities</b>         | 791,792      | 623,279      |
| <b>Noncurrent Liabilities</b>            |              |              |
| Accrued compensated absences             | 39,995       | 38,768       |
| <b>Total Liabilities</b>                 | 831,787      | 662,047      |
| <b>Net Position</b>                      |              |              |
| Net investment in capital assets         | 3,306,966    | 3,554,538    |
| Unrestricted                             | 510,397      | 311,371      |
| <b>Total Net Position</b>                | \$ 3,817,363 | \$ 3,865,909 |

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

**For The Years Ended June 30, 2018 And 2017**

|   | 2018                | 2017                |
|---|---------------------|---------------------|
| <b>Operating Revenues</b>               |                     |                     |
| Sales and services                      | \$ 89,708           | \$ 57,630           |
| <b>Operating Expenses</b>               |                     |                     |
| Salaries and benefits                   | 1,001,765           | 1,107,942           |
| Supplies and other services             | 352,785             | 332,538             |
| Program costs                           | 571,034             | 566,092             |
| Depreciation                            | 294,077             | 311,238             |
| Other                                   | 792,611             | 847,433             |
| <b>Total Operating Expenses</b>         | <b>3,012,272</b>    | <b>3,165,243</b>    |
| <b>Operating Loss</b>                   | <b>(2,922,564)</b>  | <b>(3,107,613)</b>  |
| <b>Nonoperating Revenues</b>            |                     |                     |
| State grants and contracts              | 91,803              | 92,822              |
| Nongovernmental grants and contracts    | 782,907             | 687,316             |
| Gifts and subscriptions                 | 360,819             | 325,658             |
| Underwriting support                    | 103,987             | 96,476              |
| University support                      | 1,534,502           | 1,623,945           |
| <b>Total Nonoperating Revenues</b>      | <b>2,874,018</b>    | <b>2,826,217</b>    |
| <b>Change In Net Position</b>           | <b>(48,546)</b>     | <b>(281,396)</b>    |
| <b>Net Position - Beginning Of Year</b> | <b>3,865,909</b>    | <b>4,147,305</b>    |
| <b>Net Position - End Of Year</b>       | <b>\$ 3,817,363</b> | <b>\$ 3,865,909</b> |

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

**STATEMENT OF CASH FLOWS  
For The Years Ended June 30, 2018 And 2017**

|  | 2018                  | 2017                  |
|--|-----------------------|-----------------------|
| <b>Operating Activities</b>  |                       |                       |
| Sales and service receipts   | \$ 89,708             | \$ 57,630             |
| Payments to suppliers  | (1,093,577)           | (1,160,010)           |
| Payments to employees  | (996,799)             | (1,095,760)           |
| <b>Net Cash Used In Operating Activities</b>   | <b>(2,000,668)</b>    | <b>(2,198,140)</b>    |
| <b>Noncapital Financing Activities</b>   |                       |                       |
| State grants and contracts   | 91,803                | 92,822                |
| Nongovernmental grants and contracts   | 864,904               | 885,896               |
| Gifts received for other than capital purpose  | 263,056               | 224,624               |
| Underwriting support   | 103,987               | 96,476                |
| University support   | 993,119               | 1,137,906             |
| <b>Net Cash Provided By Noncapital Financing Activities</b>                          | <b>2,316,869</b>      | <b>2,437,724</b>      |
| <b>Capital And Related Financing Activities</b>                                      |                       |                       |
| Purchase of capital assets   | (51,764)              | (28,036)              |
| <b>Increase In Cash</b>  | <b>264,437</b>        | <b>211,548</b>        |
| <b>Cash - Beginning Of Year</b>  | <b>968,042</b>        | <b>756,494</b>        |
| <b>Cash - End Of Year</b>  | <b>\$ 1,232,479</b>   | <b>\$ 968,042</b>     |
| <b>Reconciliation Of Operating Loss To Net Cash Used<br/>In Operating Activities</b> |                       |                       |
| Operating loss   | \$ (2,922,564)        | \$ (3,107,613)        |
| Donated facilities and administrative support  | 541,383               | 486,039               |
| In-kind contributions for rent and services  | 97,763                | 101,034               |
| Depreciation expense   | 294,077               | 311,238               |
| Loss on disposal of capital assets   | 5,259                 | —                     |
| Changes in operating assets and liabilities:   |                       |                       |
| Prepaid expenses   | (11,586)              | 821                   |
| Accounts payable and accrued expenses  | (5,000)               | 10,341                |
| <b>Net Cash Used In Operating Activities</b>   | <b>\$ (2,000,668)</b> | <b>\$ (2,198,140)</b> |

# **KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2018 And 2017**

### **1. Nature Of Operations And Summary Of Significant Accounting Policies**

#### **Nature Of Operations**

KMOS Television (KMOS-TV) is operated by University of Central Missouri, Warrensburg, Missouri (UCM). All amounts contained in this report are included in the financial statements of the University, a component unit of the State of Missouri, or the University of Central Missouri Foundation (Foundation), a component unit of the University, as of and for the years ended June 30, 2018 and 2017. As KMOS-TV is part of the University, it is exempt from federal and state income taxes.

#### **Basis Of Accounting And Presentation**

The financial statements of KMOS-TV have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated non exchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated non exchange transactions. Government mandated non exchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in non-operating revenues and expenses. KMOS-TV first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

KMOS-TV prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB) and the regulations of the Corporation for Public Broadcasting (CPB).



**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Notes To Financial Statements (*Continued*)

**Use Of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Cash**

At June 30, 2018 and 2017, cash consisted primarily of pooled cash accounts with the University and the Foundation.

**Accounts Receivable**

Accounts receivable includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to KMOS-TV's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts; however, KMOS-TV had no estimated uncollectible amounts at June 30, 2018 or 2017.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or at their estimated acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of the asset. KMOS-TV uses an estimated useful life of either 5 or 10 years for equipment, 15 years for antennas and 40 years for towers and buildings. As KMOS-TV is a part of the University, the University determines what capital assets are used by KMOS-TV and transfers of capital assets to and from KMOS-TV are at the University's discretion.

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Notes To Financial Statements (*Continued*)

**Compensated Absences**

Station policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

**Unearned Revenue**

Unearned revenue represents advances on grants for which KMOS-TV has not met all of the applicable eligibility requirements.

**Net Position**

KMOS-TV's net position is classified as follows:

*Net investment in capital assets* - This represents KMOS-TV's total investment in capital assets.

*Unrestricted net position* - Unrestricted net position represents resources derived from state appropriations, sales and services of educational services, unrestricted gifts, tower rentals and royalties. These resources are used for transactions relating to the educational and general operations of KMOS-TV and may be used to meet current expenses or for any other purpose.

**In - Kind Contributions**

Donated facilities from the University consist of office and studio space. These items, together with related occupancy costs, are recorded in revenues and expenses at estimated fair rental values. Administrative support from the University consists of allocated institutional costs and certain other expenses incurred by the University on behalf of KMOS-TV.

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Notes To Financial Statements (*Continued*)

**Foundation**

KMOS-TV is the beneficiary of a Foundation that is a separate legal entity with its own Board of Trustees. The Foundation has legal title to all of the Foundation assets.

**Risk Management**

KMOS-TV is exposed to various risks of loss to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. KMOS-TV is covered under the University's commercial insurance policy that is purchased for claims arising from such matters other than those related to workers' compensation and natural disasters. The State of Missouri self-insures workers' compensation benefits for all state employees, including University and Station employees. Claims are administered by the Missouri Office of Administration, Risk Management Section.

**Pension And OPEB Liabilities**

In accordance with GASB Statement No. 68, *Accounting for Pensions*, UCM must recognize its proportional share of the net pension liability for MOSERS. In addition, UCM must recognize a liability related to its other postemployment benefit plan in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. KMOS-TV is a department of UCM, therefore, no liabilities are reported in KMOS-TV's financial statements related to UCM's net pension liability or UCM's OPEB liability.

**2. Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. KMOS-TV's deposit policy for custodial risk must comply with the provisions of state policy which requires all deposits placed in financial institutions to be at least 100% collateralized with securities that are acceptable to the Missouri State Governor, Missouri State Treasurer and the Missouri State Auditor. All securities, which serve as collateral against the deposits of a depository institution, must be safe kept at a nonaffiliated custodial facility. Depository institutions pledging collateral against deposits must, in conjunction with the custodial agent, furnish the necessary custodial receipts.

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

Notes To Financial Statements (*Continued*)

At June 30, 2018 and 2017, KMOS-TV's share of pooled cash maintained by the University and the Foundation was \$1,232,479 and \$968,042, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2018 or 2017.

**3. Capital Assets**

Capital assets activity for the year ended June 30, 2018, was as follows:

|   | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|---------------------|--------------------|---------------------------|
| Antennas                                  | \$ 327,373                   | \$ —                | \$ —               | \$ 327,373                |
| Building                                  | 48,422                       | —                   | —                  | 48,422                    |
| Tower                                     | 265,650                      | —                   | —                  | 265,650                   |
| Tipton Tower                              | 4,732,991                    | —                   | —                  | 4,732,991                 |
| Equipment                                 | 4,374,954                    | 51,764              | (86,032)           | 4,340,686                 |
| <b>Total</b>                              | <b>9,749,390</b>             | <b>51,764</b>       | <b>(86,032)</b>    | <b>9,715,122</b>          |
| <b>Less: Accumulated<br/>Depreciation</b> | <b>6,194,852</b>             | <b>294,077</b>      | <b>(80,773)</b>    | <b>6,408,156</b>          |
| <b>Capital Assets, Net</b>                | <b>\$ 3,554,538</b>          | <b>\$ (242,313)</b> | <b>\$ (5,259)</b>  | <b>\$ 3,306,966</b>       |

Capital assets activity for the year ended June 30, 2017, was as follows:

|   | <b>Beginning<br/>Balance</b> | <b>Additions</b>    | <b>Retirements</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|---------------------|--------------------|---------------------------|
| Antennas                                  | \$ 327,373                   | \$ —                | \$ —               | \$ 327,373                |
| Building                                  | 48,422                       | —                   | —                  | 48,422                    |
| Tower                                     | 265,650                      | —                   | —                  | 265,650                   |
| Tipton Tower                              | 4,732,991                    | —                   | —                  | 4,732,991                 |
| Equipment                                 | 4,346,918                    | 28,036              | —                  | 4,374,954                 |
| <b>Total</b>                              | <b>9,721,354</b>             | <b>28,036</b>       | <b>—</b>           | <b>9,749,390</b>          |
| <b>Less: Accumulated<br/>Depreciation</b> | <b>5,883,614</b>             | <b>311,238</b>      | <b>—</b>           | <b>6,194,852</b>          |
| <b>Capital Assets, Net</b>                | <b>\$ 3,837,740</b>          | <b>\$ (283,202)</b> | <b>\$ —</b>        | <b>\$ 3,554,538</b>       |

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

---

Notes To Financial Statements (*Continued*)

**4. Contingencies**

**Grants**

KMOS-TV is currently participating in numerous grants. The expenditures of grant proceeds must be for allowable and eligible purposes. Audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

**5. Current Economic Conditions**

The current economic conditions continue to present public broadcasting entities with difficult circumstances and challenges, which in some cases may result in declines in University support, grant revenue and contributions. The financial statements have been prepared using values and information currently available to KMOS-TV.

Current economic conditions have made it difficult for many donors to continue to contribute to stations. Changes in contribution levels and grant funding could have an adverse impact on KMOS-TV's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments. KMOS-TV could experience difficulty maintaining sufficient liquidity should significant changes occur.

---

**Supplementary Information**

---

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

**FUNCTIONAL EXPENSES  
For The Year Ended June 30, 2018**

|   | Programming<br>And<br>Production | Program<br>Services<br>Broadcasting | Program<br>Information<br>And<br>Promotion | Total<br>Program<br>Services | Fundraising<br>And<br>Membership<br>Development | Support<br>Services<br>Underwriting<br>And Grant<br>Solicitation | Management<br>And General | Total<br>Support<br>Services | Depreciation | Total        |
|---|----------------------------------|-------------------------------------|--|------------------------------|---|--|---------------------------|------------------------------|--------------|--------------|
| Salaries, payroll taxes and employee benefits | \$ 305,590                       | \$ 243,192                          | \$ 71,023                                  | \$ 619,805                   | \$ 71,863                                       | \$ 36,077  | \$ 274,020                | \$ 381,960                   | \$ —         | \$ 1,001,765 |
| Supplies and other services                   |                                  |                                     |  |                              |   |  |                           |                              |              |              |
| Technical services and fees                   | 66,605                           | 74,765                              | 1,195                                      | 142,565                      | 13,760  | —  | 11,772                    | 25,532                       | —            | 168,097      |
| Office supplies                               | 323                              | 879                                 | 3,963                                      | 5,165                        | 650   | 431  | 1,318                     | 2,399                        | —            | 7,564        |
| Utilities and postage                         | 4,492                            | 122,592                             | 656  | 127,740                      | 2,834   | 693  | 15,748                    | 19,275                       | —            | 147,015      |
| Printing                                      | 156                              | —                                   | 24,739                                     | 24,895                       | 3,323   | 195  | 1,696                     | 5,214                        | —            | 30,109       |
|   | 71,576                           | 198,236                             | 30,553                                     | 300,365                      | 20,567  | 1,319  | 30,534                    | 52,420                       | —            | 352,785      |
| Program costs                                 |                                  |                                     |  |                              |   |  |                           |                              |              |              |
| Program acquisition                           | 569,804                          | —                                   | —  | 569,804                      | —   | —  | —                         | —                            | —            | 569,804      |
| Program production costs                      | 1,230                            | —                                   | —  | 1,230                        | —   | —  | —                         | —                            | —            | 1,230        |
|   | 571,034                          | —                                   | —  | 571,034                      | —   | —  | —                         | —                            | —            | 571,034      |
| Depreciation                                  | —                                | —                                   | —  | —                            | —   | —  | —                         | —                            | 294,077      | 294,077      |
| Other   |                                  |                                     |  |                              |   |  |                           |                              |              |              |
| Donated facilities and administrative support | —                                | —                                   | —  | —                            | —   | —  | 541,383                   | 541,383                      | —            | 541,383      |
| Advertising                                   | 390                              | —                                   | 4,130                                      | 4,520                        | —   | 3,276  | —                         | 3,276                        | —            | 7,796        |
| Rental and maintenance of equipment           | 1,090                            | 30,575                              | 825  | 32,490                       | 300   | 477  | 1,029                     | 1,806                        | —            | 34,296       |
| Travel and professional meetings              | 3,728                            | 2,183                               | 770  | 6,681                        | 2,906   | 2,099  | 675                       | 5,680                        | —            | 12,361       |
| Miscellaneous                                 | 7,463                            | 7,010                               | 113,574                                    | 128,047                      | 23,780  | 7,578  | 37,370                    | 68,728                       | —            | 196,775      |
|   | 12,671                           | 39,768                              | 119,299                                    | 171,738                      | 26,986  | 13,430   | 580,457                   | 620,873                      | —            | 792,611      |
|   | \$ 960,871                       | \$ 481,196                          | \$ 220,875                                 | \$ 1,662,942                 | \$ 119,416                                      | \$ 50,826  | \$ 885,011                | \$ 1,055,253                 | \$ 294,077   | \$ 3,012,272 |

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY  
OPERATED BY UNIVERSITY OF CENTRAL MISSOURI**

**FUNCTIONAL EXPENSES (Continued)**

**For The Year Ended June 30, 2017**

|   | Programming<br>And<br>Production | Program<br>Services<br>Broadcasting | Program<br>Information<br>And<br>Promotion | Total<br>Program<br>Services | Fundraising<br>And<br>Membership<br>Development | Support<br>Services<br>Underwriting<br>And Grant<br>Solicitation | Management<br>And General | Total<br>Support<br>Services | Depreciation | Total        |
|---|----------------------------------|-------------------------------------|--|------------------------------|---|--|---------------------------|------------------------------|--------------|--------------|
| Salaries, payroll taxes and employee benefits | \$ 336,846                       | \$ 338,413                          | \$ 76,157                                  | \$ 751,416                   | \$ 98,680                                       | \$ 76,283  | \$ 181,563                | \$ 356,526                   | \$ —         | \$ 1,107,942 |
| Supplies and other services                   |                                  |                                     |  |                              |   |  |                           |                              |              |              |
| Technical services and fees                   | 44,186                           | 65,355                              | 5,905                                      | 115,446                      | 2,554   | 9,873  | 16,511                    | 28,938                       | —            | 144,384      |
| Office supplies                               | 1,690                            | 40                                  | 2,080                                      | 3,810                        | 978   | 332  | 646                       | 1,956                        | —            | 5,766        |
| Utilities and postage                         | 1,656                            | 114,522                             | 1,664                                      | 117,842                      | 908   | —  | 27,957                    | 28,865                       | —            | 146,707      |
| Printing                                      | 70                               | 431                                 | 29,977                                     | 30,478                       | 921   | 1,987  | 2,295                     | 5,203                        | —            | 35,681       |
|   | 47,602                           | 180,348                             | 39,626                                     | 267,576                      | 5,361   | 12,192   | 47,409                    | 64,962                       | —            | 332,538      |
| Program costs                                 |                                  |                                     |  |                              |   |  |                           |                              |              |              |
| Program acquisition                           | 562,318                          | —                                   | —  | 562,318                      | —   | —  | —                         | —                            | —            | 562,318      |
| Program production costs                      | 830                              | 1,815                               | 243  | 2,888                        | 811   | 41   | 34                        | 886                          | —            | 3,774        |
|   | 563,148                          | 1,815                               | 243  | 565,206                      | 811   | 41   | 34                        | 886                          | —            | 566,092      |
| Depreciation                                  | —                                | —                                   | —  | —                            | —   | —  | —                         | —                            | 311,238      | 311,238      |
| Other   |                                  |                                     |  |                              |   |  |                           |                              |              |              |
| Donated facilities and administrative support | —                                | —                                   | —  | —                            | —   | —  | 486,039                   | 486,039                      | —            | 486,039      |
| Advertising                                   | —                                | 538                                 | 5,374                                      | 5,912                        | 402   | —  | 1,677                     | 2,079                        | —            | 7,991        |
| Rental and maintenance of equipment           | 5,588                            | 82,900                              | 6,418                                      | 94,906                       | 300   | 550  | 1,401                     | 2,251                        | —            | 97,157       |
| Travel and professional meetings              | 4,906                            | 1,182                               | 2,326                                      | 8,414                        | 1,464   | 1,038  | 2,142                     | 4,644                        | —            | 13,058       |
| Miscellaneous                                 | 4,079                            | 39,992                              | 110,394                                    | 154,465                      | 37,069  | 7,444  | 44,210                    | 88,723                       | —            | 243,188      |
|   | 14,573                           | 124,612                             | 124,512                                    | 263,697                      | 39,235  | 9,032  | 535,469                   | 583,736                      | —            | 847,433      |
|   | \$ 962,169                       | \$ 645,188                          | \$ 240,538                                 | \$ 1,847,895                 | \$ 144,087                                      | \$ 97,548  | \$ 764,475                | \$ 1,006,110                 | \$ 311,238   | \$ 3,165,243 |