
***KMOS TELEVISION - A PUBLIC
BROADCASTING ENTITY OPERATED
BY UNIVERSITY OF CENTRAL MISSOURI
FINANCIAL STATEMENTS
JUNE 30, 2019***

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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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of KMOS Television, a Public Broadcasting Entity Operated by University of Central Missouri, 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, 2019 and 2018, 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

November 25, 2019

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

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.

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 2019 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.

Furthering KMOS' outreach mission partnered with the non-profit Capital City Cinema in Jefferson City, MO to present the Independent Lens Pop-Up screening series. The Indie Lens Pop-Up series is an ongoing public presentation of independent documentaries presented by ITVS to PBS stations. As part of these screening KMOS and Capital City Cinema partnered with organizations and individuals within the community to provide a local context to these films. These events were well attended by the community.

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Management's Discussion And Analysis

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 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. Again in FY2019 KMOS received an additional reduction in funding from the University resulting in the loss of two significant management positions in the station, the Production Manager and the Assistant Director for Technology. The Director of Broadcasting Services assumed these duties in the interim.

Despite the financial challenges, due to reduced University funding, KMOS has not altered its primary mission of viewer/community service through its broadcast, nor has it sacrificed its mission of student success by serving as a real-world learning lab for UCM students.

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, 2019, 2018 and 2017. 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.

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Management's Discussion And Analysis

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.

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Management's Discussion And Analysis

A summary of the Station's assets, liabilities and net position at June 30, 2019, 2018 and 2017, is as follows:

	<u>2019</u>	2018	2017
Assets			
Current assets	\$ 1,467,054	\$ 1,342,184	\$ 973,418
Noncurrent assets	3,038,384	3,306,966	3,554,538
Total Assets	4,505,438	4,649,150	4,527,956
Liabilities			
Current liabilities	796,175	791,792	623,279
Noncurrent liabilities	44,771	39,995	38,768
Total Liabilities	840,946	831,787	662,047
Net Position	\$ 3,664,492	\$ 3,817,363	\$ 3,865,909

Comparative Analysis

Assets - Total assets at June 30, 2019, are \$4,505,440. These assets are comprised of current assets of \$1,467,055 and noncurrent capital assets of \$3,038,386. This is a \$143,710 decrease from fiscal year 2018 total assets of \$4,649,150. Current assets increased \$124,871. The noncurrent capital assets decrease of \$268,580 reflects the large depreciation expense of \$284,082 in 2019 that is only offset by \$15,500 of additions.

At June 30, 2018, KMOS-TV's assets were \$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 June 30, 2017; 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.

Liabilities - Total liabilities as of June 30, 2019, are \$840,943. These liabilities are comprised of current liabilities of \$796,172 and noncurrent liabilities of \$44,771. This is a \$9,156 increase from fiscal year 2018 total liabilities of \$831,787. Fiscal year 2019 experienced a slight increase in accounts payable and accrued liabilities, a decrease in accrued compensated absences, and an increase in unearned revenue.

KMOS-TV's 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.

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Management's Discussion And Analysis

Net Position - As of June 30, 2019, KMOS-TV had net position totaling \$3,664,495. Net position is comprised of unrestricted assets of \$626,108 and invested in capital assets of \$3,038,384. There are no restrictions relating to net position. Net position at June 30, 2018, was \$3,817,363. The \$152,571 decrease in total net position represents a \$268,582 decrease in invested in capital assets and a \$115,711 increase in unrestricted 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.

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, 2019, 2018 and 2017, are as follows:

	2019	2018	2017
Revenues			
Operating revenues	\$ 74,324	\$ 89,708	\$ 57,630
Expenses			
Operating expenses	2,999,021	3,012,272	3,165,243
Operating Loss	(2,924,697)	(2,922,564)	(3,107,613)
Nonoperating Revenue	2,771,826	2,874,018	2,826,217
Decrease In Net Position	(152,871)	(48,546)	(281,396)
Net Position - Beginning Of Year	3,817,363	3,865,909	4,147,305
Net Position - End Of Year	\$ 3,664,492	\$ 3,817,363	\$ 3,865,909

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Management's Discussion And Analysis

Comparative Analysis

Revenues - KMOS-TV's total operating and non-operating revenues for the year ended June 30, 2019, are \$2,846,152. Grants and contracts totaled \$883,516. Subscriptions and underwriting totaled \$531,631. Support from UCM was \$1,356,681. Operating revenues totaled \$74,324. This is a \$117,574 decrease in revenues from the fiscal year 2018 total of \$2,963,726.

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.

Expenses - KMOS-TV operating expenses for fiscal year 2019 by natural classification are:

- Salaries, payroll taxes and employee benefits - \$979,263
- Supplies and other services - \$301,806
- Program costs - \$606,098
- Depreciation - \$284,082
- Other expenses - \$827,769

Expenses for fiscal year 2019 by functional classification include:

- Program services - \$1,663,997 that consist of:
 - Programming and production - \$957,404
 - Broadcasting - \$506,639
 - Program information and promotion - \$199,954
- Support services - \$1,050,942 that consist of:
 - Management and general - \$847,258
 - Fundraising and membership development - \$140,545
 - Underwriting and grant solicitation - \$63,139
- Depreciation - \$284,082

Total expenses as of June 30, 2019, were \$2,999,017. This is a \$13,255 decrease from the fiscal year 2018 operating expenses total of \$3,012,272. KMOS-TV had two open positions in fiscal year 2019 that were filled during fiscal year 2018, which accounts for the decrease in expenses.

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Management's Discussion And Analysis

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.

Net Position – A decrease in net position of \$152,865 was recognized by KMOS-TV as of June 30, 2019, which left ending net position of \$3,664,498, including a \$268,580 decrease in net invested in capital and a \$115,715 increase in unrestricted 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.

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
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**STATEMENT OF NET POSITION
June 30, 2019 And 2018**

	2019	2018
Assets		
Current Assets		
Cash	\$ 1,464,002	\$ 1,232,479
Accounts receivable	—	92,743
Prepaid expenses	3,052	16,962
Total Current Assets	1,467,054	1,342,184
Noncurrent Assets		
Capital assets, net	3,038,384	3,306,966
Total Assets	4,505,438	4,649,150
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	44,963	36,321
Accrued compensated absences	14,096	21,189
Unearned revenue	737,116	734,282
Total Current Liabilities	796,175	791,792
Noncurrent Liabilities		
Accrued compensated absences	44,771	39,995
Total Liabilities	840,946	831,787
Net Position		
Net investment in capital assets	3,038,384	3,306,966
Unrestricted	626,108	510,397
Total Net Position	\$ 3,664,492	\$ 3,817,363

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY
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**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

	For The Years Ended June 30,	
	2019	2018
Operating Revenues		
Sales and services	\$ 74,324	\$ 89,708
Operating Expenses		
Salaries and benefits	979,264	1,001,765
Supplies and other services	301,807	352,785
Program costs	606,098	571,034
Depreciation	284,082	294,077
Other	827,770	792,611
Total Operating Expenses	2,999,021	3,012,272
Operating Loss	(2,924,697)	(2,922,564)
Nonoperating Revenues		
State grants and contracts	93,230	91,803
Nongovernmental grants and contracts	790,284	782,907
Gifts and subscriptions	449,014	360,819
Underwriting support	82,617	103,987
University support	1,356,681	1,534,502
Total Nonoperating Revenues	2,771,826	2,874,018
Change In Net Position	(152,871)	(48,546)
Net Position - Beginning Of Year	3,817,363	3,865,909
Net Position - End Of Year	\$ 3,664,492	\$ 3,817,363

**KMOS TELEVISION - A PUBLIC BROADCASTING ENTITY
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STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2019	2018
Operating Activities		
Sales and service receipts	\$ 74,324	\$ 89,708
Payments to suppliers	(1,091,590)	(1,093,577)
Payments to employees	(981,581)	(996,799)
Net Cash Used In Operating Activities	(1,998,847)	(2,000,668)
Noncapital Financing Activities		
State grants and contracts	93,230	91,803
Nongovernmental grants and contracts	885,861	864,904
Gifts received for other than capital purpose	352,640	263,056
Underwriting support	82,617	103,987
University support	831,522	993,119
Net Cash Provided By Noncapital Financing Activities	2,245,870	2,316,869
Capital And Related Financing Activities		
Purchase of capital assets	(15,500)	(51,764)
Increase In Cash	231,523	264,437
Cash - Beginning Of Year	1,232,479	968,042
Cash - End Of Year	\$ 1,464,002	\$ 1,232,479
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (2,924,697)	\$ (2,922,564)
Donated facilities and administrative support	525,159	541,383
In-kind contributions for rent and services	96,374	97,763
Depreciation expense	284,082	294,077
Loss on disposal of capital assets	—	5,259
Changes in operating assets and liabilities:		
Prepaid expenses	13,910	(11,586)
Accounts payable and accrued expenses	6,325	(5,000)
Net Cash Used In Operating Activities	\$ (1,998,847)	\$ (2,000,668)

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NOTES TO FINANCIAL STATEMENTS

June 30, 2019 And 2018

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, 2019 and 2018. 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).

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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, 2019 and 2018, 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, 2019 or 2018.

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.

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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.

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.

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Notes To Financial Statements (*Continued*)

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.

At June 30, 2019 and 2018, KMOS-TV's share of pooled cash maintained by the University and the Foundation was \$1,464,002 and \$1,232,479, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2019 or 2018.

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Notes To Financial Statements (*Continued*)

3. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Antennas	\$ 327,373	\$ —	\$ —	\$ 327,373
Building	48,422	—	—	48,422
Tower	265,650	—	—	265,650
Tipton Tower	4,732,991	—	—	4,732,991
Equipment	4,340,686	15,500	—	4,356,186
Total	9,715,122	15,500	—	9,730,622
Less: Accumulated Depreciation	6,408,156	284,082	—	6,692,238
Capital Assets, Net	\$ 3,306,966	\$ (268,582)	\$ —	\$ 3,038,384

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

	Beginning Balance	Additions	Retirements	Ending Balance
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
Total	9,749,390	51,764	(86,032)	9,715,122
Less: Accumulated Depreciation	6,194,852	294,077	(80,773)	6,408,156
Capital Assets, Net	\$ 3,554,538	\$ (242,313)	\$ (5,259)	\$ 3,306,966

**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, 2019**

	Programming And Production	Program Services Broadcasting	Program Information And Promotion	Total Program Services	Fundraising And Membership Development	Support Services Underwriting And Grant Solicitation	Management And General	Total Support Services	Depreciation	Total
Salaries, payroll taxes and employee benefits	\$ 298,342	\$ 229,033	\$ 65,117	\$ 592,492	\$ 77,760	\$ 51,355	\$ 257,657	\$ 386,772	\$ —	\$ 979,264
Supplies and other services										
Technical services and fees	48,960	49,339	—	98,299	6,472	—	12,242	18,714	—	117,013
Office supplies	1,191	1,973	29,449	32,613	4,514	115	2,063	6,692	—	39,305
Utilities and postage	3,263	120,175	692	124,130	3,261	1,275	13,548	18,084	—	142,214
Printing	—	—	3,275	3,275	—	—	—	—	—	3,275
	53,414	171,487	33,416	258,317	14,247	1,390	27,853	43,490		301,807
Program costs										
Program acquisition	598,408	—	—	598,408	7,363	—	—	7,363	—	605,771
Program production costs	327	—	—	327	—	—	—	—	—	327
	598,735	—	—	598,735	7,363	—	—	7,363		606,098
Depreciation	—	—	—	—	—	—	—	—	284,082	284,082
Other										
Donated facilities and administrative support	—	—	—	—	—	—	525,159	525,159	—	525,159
Advertising	—	1,109	(114)	995	715	673	554	1,942	—	2,937
Rental and maintenance of equipment	1,605	81,897	240	83,742	1,200	1,360	1,248	3,808	—	87,550
Travel and professional meetings	8,797	2,211	306	11,314	2,159	3,703	1,077	6,939	—	18,253
Miscellaneous	(3,488)	20,902	100,988	118,402	37,100	4,658	33,711	75,469	—	193,871
	6,914	106,119	101,420	214,453	41,174	10,394	561,749	613,317		827,770
	\$ 957,405	\$ 506,639	\$ 199,953	\$ 1,663,997	\$ 140,544	\$ 63,139	\$ 847,259	\$ 1,050,942	\$ 284,082	\$ 2,999,021

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

**FUNCTIONAL EXPENSES (Continued)
For The Year Ended June 30, 2018**

	Programming And Production	Program Services Broadcasting	Program Information And Promotion	Total Program Services	Fundraising And Membership Development	Support Services Underwriting And Grant Solicitation	Management And General	Total Support 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