
***KMOS TELEVISION - A PUBLIC
BROADCASTING ENTITY OPERATED
BY UNIVERSITY OF CENTRAL MISSOURI***
FINANCIAL STATEMENTS
JUNE 30, 2017

Contents

	Page
Independent Auditors' Report	1 - 3
Management's Discussion And Analysis	4 - 10
Financial Statements	
Statement Of Net Position	11
Statement Of Revenues, Expenses And Changes In Net Position.....	12
Statement Of Cash Flows.....	13
Notes To Financial Statements.....	14 - 19
Supplementary Information	
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
E 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, 2017 and 2016, 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, 2017 and 2016, 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 20, 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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 most recently awarded 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.

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. Nearly 200 children, kindergarten through third grade participated in the annual 2017 local Writers Contest. We received entries from kids in 26 counties across our broadcasting area.

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

Management's Discussion And Analysis

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.

Through KMOS' participation in Cyberchase Step It Up! initiative we were able to partner with two schools and two community based organizations , supplying them with over 600 pedometers, pencils, bracelets, T-shirts, books, book mark rulers and other motivational deliverables.

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, as well as 400 Bob the Builder literacy activities, and 475 PBS KIDS Free Apps.

In November/December 2016 we partnered with 'First Book' and 'Central Missouri Community Action' (CMCA) as part of our KMOS winter fundraising campaign. For every \$90 donated to KMOS-TV, First Book sent 3 brand new books to CMCA. KMOS-TV received a total of 234 donations, which in total equated to 702 brand new books for CMCA to give solely to children in need in the central Missouri area. In 2018, KMOS will be improving digital education outreach further by expanding communication avenues currently in development.

KMOS-TV is facing reductions in University support that could potentially create difficulties in serving its mission as a public media entity serving central Missouri. In anticipation of this management, has developed a plan of revenue generation and re-organization to address these issues before they have an adverse effect on the station and its mission. Currently these efforts are considered successful and have prevented the loss of University support to be felt by the viewers or the community.

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, 2017, 2016 and 2015. 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, 2017, 2016 and 2015, is as follows:

	2017	2016	2015
Assets			
Current assets	\$ 973,418	\$ 764,375	\$ 588,586
Noncurrent assets	3,554,538	3,837,740	3,781,941
Total Assets	4,527,956	4,602,115	4,370,527
Liabilities			
Current liabilities	623,279	427,877	413,301
Noncurrent liabilities	38,768	26,933	69,574
Total Liabilities	662,047	454,810	482,875
Net Position	\$ 3,865,909	\$ 4,147,305	\$ 3,887,652

Comparative Analysis

Assets - Total assets at June 30, 2017, are \$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 large depreciation expense of \$311,238 in 2017 that is only offset by \$28,026 of additions.

At June 30, 2016, KMOS-TV's assets were \$4,602,115. These assets are comprised of current assets of \$764,375 and noncurrent capital assets of \$3,837,740. This is a \$231,588 increase from June 30, 2015; assets of \$4,370,527. Current assets increased \$175,789. The noncurrent capital assets increase of \$55,799 reflects the addition of \$330,339 of capital equipment offset by fiscal year 2016 depreciation of \$274,600.

Liabilities - Total 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 2016 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.

KMOS-TV's liabilities as of June 30, 2016, are \$454,810. These liabilities are comprised of current liabilities of \$427,877 and noncurrent liabilities of \$26,933. This is a \$28,065 decrease from fiscal year 2015 total liabilities of \$482,875. Fiscal year 2016 experienced a slight decrease in accounts payable, a decrease in accrued liabilities and accrued compensated absences, and an increase 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, 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.

As of June 30, 2016, KMOS-TV had net position totaling \$4,147,305. Net position is comprised of unrestricted assets of \$309,565 and invested in capital assets of \$3,837,740. There are no restrictions relating to net position. Net position at June 30, 2015, was \$3,887,652. The \$259,653 increase in total net position represents a \$55,799 increase in invested in capital assets and a \$203,854 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 non operating 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, 2017, 2016 and 2015, are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues			
Operating revenues	\$ 57,630	\$ 42,801	\$ 43,082
Expenses			
Operating expenses	3,165,243	3,290,950	3,254,893
Operating Loss	(3,107,613)	(3,248,149)	(3,211,811)
Nonoperating Revenue	2,826,217	3,507,802	2,811,549
Increase (Decrease) In Net Position	(281,396)	259,653	(400,262)
Net Position - Beginning Of Year	4,147,305	3,887,652	4,287,914
Net Position - End Of Year	\$ 3,865,909	\$ 4,147,305	\$ 3,887,652

**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 nonoperating 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.

KMOS-TV's total operating and nonoperating revenues for the year ended June 30, 2016, are \$3,550,603. Grants and contracts totaled \$885,105. Subscriptions and underwriting totaled \$412,108. Support from UCM was \$2,210,589. Operating revenues totaled \$42,801. This is a \$695,972 increase in revenues from the fiscal year 2015 total of \$2,854,631.

Expenses - 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.

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

Management's Discussion And Analysis

KMOS-TV operating expenses for fiscal year 2016 by natural classification are:

- Salaries, payroll taxes and employee benefits - \$1,136,207
- Supplies and other services - \$470,093
- Program costs - \$584,679
- Depreciation - \$274,600
- Other expenses - \$825,371

Expenses for fiscal year 2016 by functional classification include:

- Program services - \$1,821,975 that consist of:
 - Programming and production - \$1,057,807
 - Broadcasting - \$726,593
 - Program information and promotion - \$37,575
- Support services - \$1,194,375 that consist of:
 - Management and general - \$887,647
 - Fundraising and membership development - \$121,340
 - Underwriting and grant solicitation - \$185,388
- Depreciation - \$274,600

Total expenses as of June 30, 2016, were \$3,290,950. This is a \$36,057 increase from the fiscal year 2015 operating expenses total of \$3,254,893. KMOS-TV updated broadcasting equipment in fiscal year 2016, which accounts for the increase in expenses.

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.

An increase in net position of \$259,653 was recognized by KMOS-TV as of June 30, 2016, which left ending net position of \$4,147,305, including a \$55,799 increase in net invested in capital and a \$203,854 increase in unrestricted net position.

Contact Information

Question or comments about this report may be addressed to Lisa Miller, Manager Ancillary Accounting, at University of Central Missouri, Administration 308A, Warrensburg, MO 64093.

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

**STATEMENT OF NET POSITION
June 30, 2017 And 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash	\$ 968,042	\$ 756,494
Accounts receivable	—	1,684
Prepaid expenses	5,376	6,197
Total Current Assets	973,418	764,375
Noncurrent Assets		
Capital assets, net	3,554,538	3,837,740
Total Assets	4,527,956	4,602,115
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	46,287	48,128
Accrued compensated absences	17,450	17,103
Unearned revenue	559,542	362,646
Total Current Liabilities	623,279	427,877
Noncurrent Liabilities		
Accrued compensated absences	38,768	26,933
Total Liabilities	662,047	454,810
Net Position		
Net investment in capital assets	3,554,538	3,837,740
Unrestricted	311,371	309,565
Total Net Position	\$ 3,865,909	\$ 4,147,305

**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, 2017 And 2016

	2017	2016
Operating Revenues		
Sales and services	\$ 57,630	\$ 42,801
Operating Expenses		
Salaries and benefits	1,107,942	1,136,207
Supplies and other services	332,538	470,093
Program costs	566,092	584,679
Depreciation	311,238	274,600
Other	847,433	825,371
Total Operating Expenses	3,165,243	3,290,950
Operating Loss	(3,107,613)	(3,248,149)
Nonoperating Revenues		
State grants and contracts	92,822	97,674
Nongovernmental grants and contracts	687,316	787,431
Gifts and subscriptions	325,658	298,825
Underwriting support	96,476	113,283
University support	1,623,945	2,210,589
Total Nonoperating Revenues	2,826,217	3,507,802
Change In Net Position	(281,396)	259,653
Net Position - Beginning Of Year	4,147,305	3,887,652
Net Position - End Of Year	\$ 3,865,909	\$ 4,147,305

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

**STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2017 And 2016**

	2017	2016
Operating Activities		
Sales and service receipts	\$ 57,630	\$ 42,801
Payments to suppliers	(1,160,010)	(1,320,273)
Payments to employees	(1,095,760)	(1,181,501)
Net Cash Used In Operating Activities	(2,198,140)	(2,458,973)
Noncapital Financing Activities		
State grants and contracts	92,822	97,674
Nongovernmental grants and contracts	885,896	829,361
Gifts received for other than capital purpose	224,624	231,279
Underwriting support	96,476	113,283
University support	1,137,906	1,699,651
Net Cash Provided By Noncapital Financing Activities	2,437,724	2,971,248
Capital And Related Financing Activities		
Purchase of capital assets	(28,036)	(330,399)
Increase In Cash	211,548	181,876
Cash - Beginning Of Year	756,494	574,618
Cash - End Of Year	\$ 968,042	\$ 756,494
Reconciliation Of Operating Loss To Net Cash Used In Operating Activities		
Operating loss	\$ (3,107,613)	\$ (3,248,149)
Donated facilities and administrative support	486,039	510,938
In-kind contributions for rent and services	101,034	67,546
Depreciation expense	311,238	274,600
Changes in operating assets and liabilities:		
Prepaid expenses	821	(229)
Accounts payable and accrued expenses	10,341	(63,679)
Net Cash Used In Operating Activities	\$ (2,198,140)	\$ (2,458,973)
Supplemental Cash Flow Information		
In-kind contributions for rent and services	\$ 101,034	\$ 67,546
Donated facilities and administrative support	486,039	510,938

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 And 2016

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, 2017 and 2016. 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 nonexchange 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 nonexchange transactions. Government mandated nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating 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, 2017 and 2016, 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, 2017 or 2016.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair 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.

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, 2017 and 2016, KMOS-TV's share of pooled cash maintained by the University and the Foundation was \$968,042 and \$756,494, respectively. None of these deposits were exposed to custodial credit risk at June 30, 2017 or 2016.

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

Notes To Financial Statements (*Continued*)

3. Capital Assets

Capital assets activity for the year ended June 30, 2017, 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	4,346,918	28,036	—	4,374,954
Total	9,721,354	28,036	—	9,749,390
Less: Accumulated Depreciation	5,883,614	311,238	—	6,194,852
Capital Assets, Net	\$ 3,837,740	\$ (283,202)	\$ —	\$ 3,554,538

Capital assets activity for the year ended June 30, 2016, 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	4,016,519	330,399	—	4,346,918
Total	9,390,955	330,399	—	9,721,354
Less: Accumulated Depreciation	5,609,014	274,600	—	5,883,614
Capital Assets, Net	\$ 3,781,941	\$ 55,799	\$ —	\$ 3,837,740

**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, 2017**

	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	\$ 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

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

**FUNCTIONAL EXPENSES (Continued)
For The Year Ended June 30, 2016**

	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	\$ 362,162	\$ 345,102	\$ 1,111	\$ 708,375	\$ 74,419	\$ 103,818	\$ 249,595	\$ 427,832	\$ —	\$ 1,136,207
Supplies and other services										
Technical services and fees	59,376	67,759	413	127,548	5,603	3,426	28,236	37,265	—	164,813
Office supplies	4,204	114,550	343	119,097	1,843	355	6,044	8,242	—	127,339
Utilities and postage	4,838	117,640	—	122,478	3,906	780	18,872	23,558	—	146,036
Printing	364	104	26,038	26,506	3,367	97	1,935	5,399	—	31,905
	68,782	300,053	26,794	395,629	14,719	4,658	55,087	74,464	—	470,093
Program costs										
Program acquisition	582,221	—	—	582,221	—	—	—	—	—	582,221
Program production costs	2,458	—	—	2,458	—	—	—	—	—	2,458
	584,679	—	—	584,679	—	—	—	—	—	584,679
Depreciation	—	—	—	—	—	—	—	—	274,600	274,600
Other										
Donated facilities and administrative support	—	—	—	—	—	—	510,938	510,938	—	510,938
Advertising	81	389	2,413	2,883	—	3,691	—	3,691	—	6,574
Rental and maintenance of equipment	3,619	26,344	587	30,550	1,050	—	38,831	39,881	—	70,431
Travel and professional meetings	13,038	4,398	832	18,268	6,220	3,948	8,516	18,684	—	36,952
Miscellaneous	25,446	50,307	5,838	81,591	24,932	69,273	24,680	118,885	—	200,476
	42,184	81,438	9,670	133,292	32,202	76,912	582,965	692,079	—	825,371
	\$ 1,057,807	\$ 726,593	\$ 37,575	\$ 1,821,975	\$ 121,340	\$ 185,388	\$ 887,647	\$ 1,194,375	\$ 274,600	\$ 3,290,950