University of Missouri
KMST-FM Radio

Financial Statements as of and for the Years Ended June 30, 2015 and 2014, Supplemental Schedule for the Year Ended June 30, 2015, and Independent Auditors' Report

University of Missouri
KMST-FM RADIO

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University of Missouri
KMST-FM RADIO
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2015 and 2014

This management's discussion and analysis (MD&A) of KMST-FM Radio (the "Station") provides an overview of the Station's financial performance for the fiscal years ended June 30, 2015 and 2014. The MD&A should be read in conjunction with the basic financial statements for the period and the annual report to the Corporation for Public Broadcasting ("CPB").

OVERVIEW OF THE OPERATIONS

The Station is a department of the Rolla campus of the University of Missouri (the "University") and operates under FCC license issued to the Curators of the University of Missouri. The University provides on-going, line item funding as well as indirect institutional support (e.g. studio and office space, custodial and human resource support). The University's indirect institutional support to the Station is significant to the Station's financial activities and is fully described in the annual report to CPB.

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

KMST ACCOUNTING AND FINANCIAL REPORTING

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

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

The Station's annual basic financial statements and reports to CPB are available for public inspection during business hours in the Station's public file located at 400 West 14th Street, Rolla, MO.

STATEMENTS OF NET POSITION

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

A summary of the Station's assets, deferred outflow of resources, liabilities, deferred inflow of resources and net position at June 30, 2015 and 2014, is as follows:

	Fiscal Year 2015	Fiscal Year 2014
Assets and Deferred Outflow of Resources		
Current Assets	$ 347,365	$ 295,793
Long-Term Investments	253,561	276,121
Capital Assets, Depreciable, Net	9,916	16,704
Total Assets	610,842	588,618
Deferred Outflow of Resources	18,445	-
Total Assets and Deferred Outflow of Resources	$ 629,287	$ 588,618
Liabilities, Deferred Inflow of Resources and Net Position		
Current Liabilities	$ 279,569	$ 223,665
Non-current Liabilities	130,319	73,082
Total Liabilities	409,888	296,747
Deferred Inflow of Resources	-	45,045
Total Liabilities and Deferred Inflow of Resources	409,888	341,792
Net Position		
Unrestricted	(56,465)	(46,000)
Restricted Non-expendable – Endowment	198,150	205,730
Restricted Expendable – Endowment	67,798	70,392
Invested in Capital Assets	9,916	16,704
Total Net Position	219,399	246,826
Total Liabilities, Deferred Inflow of Resources and Net Position	**$ 629,287**	**$ 588,618**

Fiscal Year 2015 Compared to Fiscal Year 2014

Total Assets increased by $22,224 to $610,842 at June 30, 2015. **Capital Assets, depreciable** showed a net decrease of $6,788 as of June 30, 2015, resulting from current year depreciation expense.

Total Liabilities increased by $116,141 to $409,888 at June 30, 2015.

Total Net Position decreased by $27,427 from $246,826 at June 30, 2014, to $219,399 at June 30, 2015. Unrestricted net assets is in a deficit position due to the implemented Government Accounting Standards Board (GASB) No. 67, Financials Reporting for Pension Plans and GASB No. 68, Accounting and Financial Reporting for Pensions. The obligation of the pension will be paid by the University and any payments are included in the support of the Station.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses, and Changes in Net Position present the Station's results of operations. The Statements distinguish revenues and expenses between operating and non-operating categories, and provide the Station's operating margin and changes in net position for the years ended June 30, 2015 and 2014.

	Fiscal Year 2015	Fiscal Year 2014
Operating Revenues:		
Membership Contributions and Contributed Support	$ 133,013	$ 169,019
Community Service Grants from CPB	161,035	144,442
Underwriting Income	104,006	91,766
Other	4,761	15,549
Total Operating Revenues	402,815	420,776
Operating Expenses:		
Program Services –		
Broadcasting	117,490	125,467
Programming and Production	331,383	308,593
Program Information	27,971	25,605
Total Program Services	476,844	459,665
Support Services –		
Management and General	327,381	267,124
Fund Raising and Membership Development	75,325	87,588
Grant Solicitation and Underwriting	53,113	55,419
Total Support Services	455,819	410,131
Depreciation Expense	6,788	13,298
Total Operating Expenses	939,451	883,094
Operating Loss Before Non-operating Revenues	(536,636)	(462,318)
Non-operating Revenues:		
Support from the University of Missouri	344,720	298,861
Donated Facilities and Administrative Support from the University of Missouri	154,103	131,744
Net Pension	7,425	15,198
Investment Income (Loss)	2,961	37,712
Total Non-operating Revenues	509,209	483,515
Increase (Decrease) in Net Position	(27,427)	21,197
Net Position, Beginning of Year	246,826	347,383
Cumulative Effect of Change in Accounting Principal	-	(121,754)
Net Position, End of Year	**$ 219,399**	**$ 246,826**

Fiscal Year 2015 Compared to Fiscal Year 2014

Total **Operating Revenues** in fiscal year 2015 decreased $17,961, or 4.3%, from fiscal year 2014. This is due primarily to a decrease in membership contributions even with a slight increase in CPB and underwriting income. The Station's operating revenues derive from two primary sources: 1) Listener sensitive income including contributions from listeners through special events and program support from area businesses in exchange for on-air recognition; and 2) operating grants from CPB. **Membership Contributions and Contributed Support** decreased $36,006 to $133,013 for fiscal year 2015 compared to $169,019 for fiscal year 2014. **Underwriting Income** for fiscal year 2015 increased 12,240, or 13.3%, from fiscal year 2014. Because of the uncertain economic outlook, the Station continues to make a conscientious effort to increase underwriting revenues. **Grants from Corporation for Public Broadcasting** for fiscal year 2015 increased by $16,593, or 11.5%, from fiscal year 2014.

Total **Non-operating Revenues** for fiscal year 2015 increased by $25,694, or 5.3%, from fiscal year 2014. Certain significant revenue streams relied upon for operations are defined as non-exchange transactions by GASB Statement No. 35 and recorded as non-operating revenues. These include endowment gifts, investment income, and donated facilities and administrative support from the University. **Support from the University of Missouri** increased by $45,859 from $298,861 in fiscal year 2014 to $344,720 in fiscal year 2015. **Donated Facilities and Administrative Support from the University of Missouri** increased $22,359, or 17%, in fiscal year 2015 over the prior year. In fiscal year 2015, **Investment Income** decreased $34,751 from fiscal year 2014.

Total **Operating Expenses** increased by $56,357, or 6.4%, in fiscal year 2015 as compared to fiscal year 2014. Operating expenses fall into two categories: 1) **Program Services,** representing 50.8% and 52.0% of total operating expenses for fiscal years 2015 and 2014, respectively; and 2) **Support Services,** representing 49.2% and 48.0% of total operating expenses for fiscal year 2015 and 2014, respectively. **Programming and Production** expenses increased by $22,790, or 7.4%, to $331,383 in fiscal year 2015 as compared to $308,593 in fiscal year 2014. **Broadcasting** expense decreased by $7,977, or 6.4%, in fiscal year 2015 as compared to fiscal year 2014. **Management and General** expenses increased $60,257, or 22.6%, to $327,381 in fiscal year 2015 as compared to $267,124 in fiscal year 2014. **Fund-raising and Membership Development** expenses decreased by $12,263, or 14.0%, to $75,325 in fiscal year 2015 as compared to $87,588 for fiscal year 2014. **Grant Solicitation and Underwriting** expenses decreased by $2,306, or 4.2%, to $53,113 for fiscal year 2015 as compared to $55,419 in fiscal year 2014.

ECONOMIC OUTLOOK

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

- Corporation for Public Broadcasting: The CPB has requested a $445 million advance appropriation for fiscal year 2018, which is substantially the same amount that was provided by Congress for FY2014, FY2015, FY2016, and FY2017. As a result, KMST expects the Community Service Grant from CPB to remain flat, which is actually a decline in funding when inflation is considered. KMST appreciates the funding provided by CPB, because it is a significant percentage of revenues. At the same time, KMST recognizes the economic and political environment in which the CPB seeks funding, and the possibility of decreases in CPB funding beyond 2017.

- Underwriting support: The Station has worked for a number of years to increase private business funding and will continue working toward an annual increase in underwriting revenue.

- Special event funding: The Station does not rely on special event funding, but if a situation presents itself, the Station evaluates whether the event is to the Station's advantage.

- Investment income: The Station's investments are managed by the University. Investment income is dependent upon market conditions which, while improving, remain somewhat turbulent.

- Private donations: The Station relies on certain significant revenue streams, including private gifts, for operations.

INDEPENDENT AUDITORS' REPORT

To the Board of Curators
University of Missouri

We have audited the accompanying financial statements of the *University of Missouri KMST-FM Radio* (the "Station"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Station and do not purport to, and do not present fairly the financial position of the University of Missouri, as of June 30, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Station implemented Government Accounting Standards Board (GASB) No. 67, Financials Reporting for Pension Plans and GASB No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and yearly comparison information on pages 1-5 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Station's basic financial statements. The Supplemental Schedule of Non-Federal Financial Support for the year ended June 30, 2015, required by the Public Telecommunication Financing Act of 1978, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Mueller Prost LC

January 13, 2016
St. Louis, Missouri

Certified Public Accountants

University of Missouri
KMST-FM RADIO

STATEMENTS OF NET POSITION
As of June 30, 2015 and 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
Current Assets:		
Cash and Cash Equivalents	$ 322,561	$ 272,049
Short-Term Investments	435	700
Accounts Receivable, Net	12,428	8,701
Pledges Receivable, Net	4,733	6,883
Prepaid Expense	7,208	7,460
Total Current Assets	**347,365**	**295,793**
Noncurrent Assets:		
Long-Term Investments - Restricted	253,561	276,121
Capital Assets, Depreciable, Net	9,916	16,704
Total Noncurrent Assets	**263,477**	**292,825**
Deferred Outflow of Resources	**18,445**	**-**
Total Assets and Deferred Outflow of Resources	**$ 629,287**	**$ 588,618**
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Other Accrued Expenses	$ 4,693	$ 8,599
Accrued Vacation	29,452	28,469
Unearned Revenue	1,700	1,090
Unexpended Grants	243,724	185,507
Total Current Liabilities	**279,569**	**223,665**
Noncurrent Liabilities:		
Accrued Vacation	12,743	11,571
Pension Liability	117,576	61,511
Total Noncurrent Liabilities	**130,319**	**73,082**
Deferred Inflow of Resources	**-**	**45,045**
Total Liabilities and Deferred Inflow of Resources	**409,888**	**341,792**
Net Position:		
Invested in Capital Assets	9,916	16,704
Unrestricted	(56,465)	(46,000)
Restricted Nonexpendable - Endowment	198,150	205,730
Restricted Expendable - Endowment	67,798	70,392
Total Net Position	**219,399**	**246,826**
Total Liabilities and Net Position	**$ 629,287**	**$ 588,618**

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

University of Missouri
KMST-FM RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Years Ended June 30, 2015 and 2014

	2015	2014
Operating Revenues:		
Membership Contributions and Contributed Support	$ 133,013	$ 169,019
Community Service Grants from Corporation for Public Broadcasting	161,035	144,442
Underwriting Income	104,006	91,766
Other	4,761	15,549
Total Operating Revenues	**402,815**	**420,776**
Operating Expenses:		
Program Services -		
Broadcasting	117,490	125,467
Programming and Production	331,383	308,593
Program Information	27,971	25,605
Total Program Services	**476,844**	**459,665**
Supporting Services -		
Management and General	327,381	267,124
Depreciation Expense	6,788	13,298
Fund-raising and Membership Development	75,325	87,588
Grant Solicitation and Underwriting	53,113	55,419
Total Supporting Services	**462,607**	**423,429**
Total Operating Expenses	**939,451**	**883,094**
Operating Loss Before Nonoperating Revenue	**(536,636)**	**(462,318)**
Nonoperating Revenues:		
Support from the University of Missouri	344,720	298,861
Donated Facilities and Administrative Support from University of Missouri	154,103	131,744
Net Pension	7,425	15,198
Investment Income	2,961	37,712
Total Nonoperating Revenues	**509,209**	**483,515**
Increase (Decrease) in Net Position	**(27,427)**	**21,197**
Net Position, Beginning of Year	**246,826**	**347,383**
Cumulative Effect of Change in Accounting Principal	**-**	**(121,754)**
Net Position, End of Year	**$ 219,399**	**$ 246,826**

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

University of Missouri
KMST-FM RADIO

STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2015, and 2014

	2015	2014
Cash Flows from Operating Activities:		
Membership Contributions and Contributed Support	$ 135,163	$ 172,307
Corporation for Public Broadcasting Grant	219,252	155,170
Underwriting Income	100,889	95,482
Payments to Suppliers and Employees	(787,484)	(747,200)
Other Receipts	4,761	15,549
Net Cash Used in Operating Activities	**(327,419)**	**(308,692)**
Net Cash Used In Capital Financing Activities	**-**	**-**
Cash Flows from Noncapital Financing Activities:		
Payments and Contributions from University of Missouri	352,145	314,059
Net Cash Provided by Noncapital Financing Activities	**352,145**	**314,059**
Cash Flows from Investing Activities:		
Sale (Purchase) of Investments, Net	22,825	(33,201)
Investment Income	2,961	37,712
Net Cash Provided (Used) by Investing Activities	**25,786**	**4,511**
Net Increase (Decrease) in Cash and Cash Equivalents	**50,512**	**9,878**
Cash and Cash Equivalents, Beginning of Year	**272,049**	**262,171**
Cash and Cash Equivalents, End of Year	**$ 322,561**	**$ 272,049**
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	$ (536,636)	$ (462,318)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities -		
Depreciation Expense	6,788	13,298
Donated Facilities and Administrative Support	154,103	131,744
Changes in Assets and Liabilities:		
Accounts Receivable	(3,727)	3,716
Pledges Receivable, Net	2,150	3,288
Prepaid Expense	252	(2,440)
Accounts Payable and Other Accrued Expenses	(3,906)	2,264
Accrued Vacation	2,155	6,226
Unexpended Grants and Unearned Revenue	58,827	10,728
Pension liability	(7,425)	(15,198)
Net Cash Used in Operating Activities	**$ (327,419)**	**$ (308,692)**
Noncash Activity:		
Administrative Support from the University of Missouri	$ 154,103	$ 131,744

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization – The Station is a non-profit, non-commercial radio station operated by the University of Missouri (the "University") on its Rolla campus in Rolla, Missouri. The Station operates with a power of 100,000 watts, reaching a potential audience in an 80-mile radius. The financial activity of the Station is included in the financial statements of the University. The accompanying basic financial statements were prepared based on the combination of various accounts associated with the Station and its related operations and do not present the financial position or changes in financial position or cash flows of the University. The Station is dependent upon support from the Corporation for Public Broadcasting, the University, and the public.

Financial Statement Presentation – In accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements, which incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance issued on or before November 30, 1989, which does no conflict or contradict GASB pronouncements. In addition, the Station applies all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins, except those that conflict with a GASB pronouncement.

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

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

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

Cash and Cash Equivalents – The Station participated in the University's pooled cash accounts for fiscal years 2015 and 2014 and pooled investment accounts for fiscal years 2015 and 2014. For fiscal years 2015 and 2014 cash and cash equivalents are held as cash by the University on behalf of the Station. For purposes of the basic financial statements for fiscal year 2015 and 2014, cash and cash equivalents consist of the University's bank deposits, repurchase agreements, money market funds, and other investments with original maturities of three months or less.

Accounts Receivable – Accounts receivable are presented at their net amount. Accounts receivable consists of amounts due to the Station for underwriting contracts and other miscellaneous revenue sources. No allowance for doubtful accounts has been provided as management has determined no write offs are expected for accounts receivable.

Pledges Receivable – The Station receives unconditional promises to give (pledges) through private donations from corporations, alumni, and various other supporters of the Station. These pledges have been recorded as pledges receivable on the Statements of Net Position and as a portion of Membership Contributions and Contributed Support on the Statements of Revenues, Expenses and Changes in Net Position, at the present value of the estimated future cash flows. An allowance of $0 and $688 of June 30, 2015 and 2014, respectively, was made for uncollectible pledges based upon management's expectations regarding the collection of the pledges and the Station's historical collection experience.

Capital Assets – These assets are carried, if purchased, at cost, or if donated, at fair value at date of gift. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets – generally ten to forty years for buildings and improvements and seven to fifteen years for transmission, antenna, tower, studio and broadcast equipment. Expenditures for repairs and maintenance are charged to operating expenses as incurred. The Federal Government retains a priority revisionary interest in the transmitter equipment obtained with NTIA Grants #29-01-03157 and #29-01-07143. The liens shall extend until September 30, 2014 and September 30, 2018.

Unearned Revenue and Unexpended Grants – Amounts reflected in the Statements of Net Position as of June 30, 2015 and 2014, represent cash the Station has received under contracts that have services to be performed by the Station in future years. Grant revenues are recognized as eligibility requirements are met.

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

Net Position – The Station's net position is classified for financial reporting in the following net position categories:

- **Invested in Capital Assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction or improvement of those assets.

- **Restricted Nonexpendable – Endowment:** Station's net position in the University's permanent endowment funds are subject to externally imposed stipulations that the principal be maintained in perpetuity.

- **Restricted Expendable – Endowment:** Station's net position in the University's quasi endowment funds are subject to externally imposed stipulations that the assets be restricted for the purpose specified.

- **Unrestricted:** Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specified purposes by action of the Board of Curators (the "Board") or may otherwise be limited by contractual agreements with outside parties.

Underwriting Income – Underwriting income consists of advertising spots purchased by sponsors and are recognized when the spots are aired by the Station.

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

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

Use of Estimates – The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) 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 basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements – Effective for fiscal year 2015, the University adopted GASB Statement No. 69, Government Combinations and Disposals of Government Operations, which intends to improve financial reporting by establishing standards for reporting government combinations and disposals of government operations. Adoption of GASB Statement No. 69 had no effect on the Station’s financial statements.

In February 2015, GASB issued GASB Statement No. 72, Fair Value Measurement and Application, which intends to improve financial reporting by requiring governments to measure certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The Statement also enhances related fair value disclosures in order to provide information on the impact of fair value measurements on a government’s financial position. The Station has not yet determined the effect that implementing GASB Statement No. 72 will have on its financial statements.

In June 2015, GASB issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB statements 67 and 68, which intends to improve financial reporting by establishing as single framework for the presentation of information about pensions. The Station has not yet determined the effect that implementing GASB Statement No. 73 will have on its financial statements.

In June 2015, GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which intends to improve financial reporting by state and local governmental postemployment benefit plans other than pension plans. Also, in June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which intends to improve financial reporting by requiring recognition of the entire Other Postemployment Benefits (OPEB) liability and a more comprehensive measure of OPEB expense. The adoption of Statements No. 74 and 75 will require the University to record a Net Postemployment Benefits Liability on its Statement of Net Position. The Station has not yet determined the effect that implementing GASB Statement No. 73 will have on its financial statements.

In June of 2015, GASB issued GASB Statement No. 76, The Hierarch of Generally Accepted Accounting Principles for State and Local Governments, which intends to improve financial reporting by reducing the variation in which governments apply financial reporting guidance. The University has not yet determined the effect that implementing GASB Statement No. 76 will have on its financial statements.

Effective for fiscal year 2014, the University adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, which intends to improve financial reporting by clarifying the appropriate use of the financial statement elements, deferred outflows of resources and deferred inflows of resources, to ensure consistency in financial reports. In adopting this standard and to comply with this naming convention, the Station changed “Deferred Revenue” to “Unearned Revenue” in the current liabilities section of the Statement of Net Position.

Effective for fiscal year 2014, the University adopted GASB Statement No. 67, Financial Reporting for Pension Plans an amendment of GASB Statement No. 25, which intends to improve financial reporting by state and local governmental pension plans. Effective for fiscal year 2014, the Station adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27, which enhances accounting and financial reporting by state and local governments for pensions, and improves information provided by state and local governmental employers about financial support for pensions that are provided by other entities. In adopting this standard, the Station recognized the effect of a change in accounting principal in the amount of $121,754 for the net pension liability at the beginning of fiscal year 2014, with no impact to Deferred Inflow of Resources or Deferred Outflow of Resources for any prior year. The Station recognizes a long-term liability for the net pension liability in the Statement of Net Position. The Station reports net pension expense as non-operating as the obligation will be paid by the University. The amount of expense reported now includes the overall change in the pension liability. See Note 8 for additional detail on the Stations pension plan.

Effective for fiscal year 2014, the University adopted GASB Statement No. 66, Technical Corrections - 2012 which intends to improve financial reporting by resolving conflicting guidance that resulted from issuance of two pronouncements, Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Adoption of GASB Statement No. 66 had no effect on the Station's financial statements.

Effective for fiscal year 2014, the University adopted GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees, which intends to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. Adoption of GASB Statement No. 70 had no effect on the Station's financial statements.

2. CASH AND CASH EQUIVALENTS RISK

Custodial Credit Risk – Deposits – The custodial credit risk for deposits is the risk that in the event of bank failure, the University's deposits may not be recovered. State law requires collateralization of all deposits with federal depository insurance, bonds and other obligations of the U.S. Treasury, U.S. Agencies and instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits. The University's cash deposits were fully insured or collateralized at June 30, 2015 and 2014, respectively.

3. INVESTMENTS

Investments – The Station participates in the University's pooled investment accounts, which are stated at fair value, and holds an equity investment in the pool. The investment policies of the University are established by the Board of Curators. The policies are established to ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statues of Missouri and prudent investment. The University's investment securities are held in book-entry form in brokerage, custody, and safe keeping accounts in the University's name. The general investment pools, managed by the University, averaged a total return of 1.9% and 16.7% including unrealized gains and losses, for the years ended June 30, 2015 and 2014.

At June 30, 2015 and 2014, the Station held the following types of investments:

	Carrying Value As of June 30, 2015	Carrying Value As of June 30, 2014
Debt Securities	$ 49,625	$ 48,845
Equity Securities	139,587	167,925
Investments held by the University	308,632	272,749
Real Estate	14,032	12,575
Absolute Return	45,061	32,811
Money Market Funds	6,016	4,675
Risk Parity	5,449	8,282
Other Cash Equivalents	8,155	1,008
Total Investments and Cash and Cash Equivalents	**$ 576,557**	**$ 548,870**

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates over time will adversely affect their fair value of an investment. Debt securities with longer maturities are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The University does not have a formal policy that addresses interest rate risk; rather, such risk is managed by each individual investment manager, as applicable. The University and Pension Trust Funds invest in forward settling To Be Announced (TBA) Mortgage Back Securities (MBS). TBA MBS with notional amounts totaling $73,500,000 and $18,000,000 at June 30, 2015 and $110,000,000 and $4,000,000 at June 30, 2014 and fair values of ($77,451,000) and ($19,137,000) at June 30, 2015 and ($119,916,000) and ($4,553,000) at June 30, 2014 were in place for the University and Pension Trust Funds. The forward settling MBS instruments expose the University to interest rate risk of mortgage back securities.

At June 30, 2015 and 2014, the Station's portion of the University's debt securities matures as follows:

	As of June 30, 2015					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Carrying Value
U.S. Treasury Obligations	$ -	$ -	$ 11,510	$ -	$ -	$ 11,510
Commingled Debt Securities	-	-	-	-	23,077	23,077
Asset-Backed Securities	-	1,044	-	-	-	1,044
Foreign Government Obligations	-	-	2,595	-	-	2,595
U.S. Corporate Bonds & Notes	-	8,839	-	-	-	8,839
Foreign Corporate Bonds and Notes	-	2,560	-	-	-	2,560
Total	$ -	$ 12,443	$ 14,105	$ -	$ 23,077	$ 49,625

	As of June 30, 2014					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	No Maturity	Carrying Value
U.S. Treasury Obligations	$ -	$ -	$ -	$ 6,380	$ -	$ 6,380
Commingled Debt Securities	-	-	-	-	27,042	27,042
Asset-Backed Securities	-	(204)	-	-	-	(204)
Foreign Government Obligations	-	-	4,950	-	-	4,950
U.S. Corporate Bonds & Notes	-	-	8,200	-	-	8,200
Foreign Corporate Bonds and Notes	-	-	2,477	-	-	2,477
Total	$ -	$ (204)	$ 15,627	$ 6,380	$ 27,042	$ 48,845

Credit Risk - Investments – An investment's credit risk is the risk that the issuer or other counterparty will not meet its obligations. For investments in debt securities, this credit risk is typically measured by the credit quality ratings provided by a nationally recognized statistical rating organization such as Moody's Investors Service (Moody's) or Standard & Poor's Ratings Group (S&P). For General Investments, the University's policy is to hold corporate bonds rated A or better by S&P. Also within General Investments, commercial paper and other short-term securities should be rated A-1/P-1 or better. Disposition of securities whose ratings have been downgraded after purchase is generally left to the discretion of the respective investment manager after consideration of individual facts and circumstances.

All holdings of commercial paper and variable rate demand notes were rated A-1/P-1 or better at June 30, 2015 and 2014. All holdings of money market funds were rated AAA at June 30, 2015 and 2014.

Based on investment ratings provided by Moody's or S&P, the Station's portion of the University's credit risk exposure as of June 30, 2015 and 2014, is as follows:

	As of June 30, 2015						
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	Total
U.S. Agency Obligations	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Treasury Obligations	11,510	-	-	-	-	-	11,510
Mortgage-Backed Securities Guaranteed by U.S. Agencies	-	(2,496)	-	-	-	-	(2,496)
Debt Securities in Commingled Funds	-	-	-	-	-	23,077	23,077
Aaa/AAA	-	615	220	-	2	-	837
Aa/AA	-	272	-	-	166	-	438
A/A	-	11	290	193	146	-	640
Baa/BBB	-	17	951	702	212	-	1,882
Less than Baa/BBB	-	2,567	376	6,085	1,646	-	10,674
Unrated	-	58	758	1,859	388	-	3,063
Total	$ 11,510	$ 1,044	$ 2,595	$ 8,839	$ 2,560	$ 23,077	$ 49,625

	As of June 30, 2014						
	U.S. Treasury Obligations	U.S. Agency Obligations	Foreign Government Obligations	U.S. Corporate Debt	Foreign Corporate Debt	Commingled Debt Securities	Total
U.S. Agency Obligations	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. Treasury Obligations	6,380	-	-	-	-	-	6,380
Mortgage-Backed Securities	-	(3,038)	-	-	-	-	(3,038)
Debt Securities in Commingled Funds	-	-	-	-	-	27,042	27,042
Aaa/AAA	-	17	615	252	474	-	1,358
Aa/AA	-	230	400	23	108	-	761
A/A	-	24	500	306	229	-	1,059
Baa/BBB	-	46	2,067	759	185	-	3,057
Less than Baa/BBB	-	2,451	163	6,363	835	-	9,812
Unrated	-	66	1,205	497	646	-	2,414
Total	$ 6,380	$ (204)	$ 4,950	$ 8,200	$ 2,477	$ 27,042	$ 48,845

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

Foreign Currency Risk – The risk that changes in exchange rates will adversely affect the fair value of a foreign investment is referred to as foreign currency risk. The University's investment policy allows for exposure to non-U.S. dollar denominated equities and fixed income securities. Exposure to foreign currency risk from these securities is permitted and it may be fully or partially hedged using forward foreign currency exchange contracts. At June 30, 2015 and 2014, 14.7% and 18.5% respectively, of the Station's total investments and cash and cash equivalents were denominated in foreign currencies. The Station's portion of the University's exposure to foreign currency risk is as follows:

Foreign Currency Risk
International Investment Securities at Fair Value

Currency	Debt Securities	Equity Securities	Cash and Cash Equivalents	2015 Total	2014 Total
Euro	$ 1,984	$ 1,286	$ 26	$ 3,296	$ 3,500
Japanese Yen	18	2,260	756	3,034	2,409
British Pound Sterling	409	1,669	13	2,091	3,492
Australian Dollar	117	360	-	477	931
Canada Dollar	-	284	5	289	372
Danish Krone	5	-	-	5	91
New Zealand Dollar	-	-	-	-	161
Brazil Real	390	-	5	395	1,086
Israel Shekel	-	-	-	-	-
Mexican New Peso	25	-	337	362	327
Swiss Franc	-	1,637	-	1,637	2,200
Hong Kong Dollar	-	1,326	6	1,332	1,505
Swedish Krona	-	590	-	590	896
Polish Zloty	-	-	-	-	60
Other	13,082	58,149	6	71,237	84,754
Total	**$ 16,030**	**$ 67,561**	**$ 1,154**	**$ 84,745**	**$ 101,784**

Concentration of Credit Risk – The risk of loss attributed to the magnitude of investments in a single issue is known as the concentration of credit risk. Investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools are excluded from this category. The University investment policies all specify diversification requirements across asset sectors. The investment policy for the general pool has specific single issuer limits in place for corporate bonds and commercial paper.

4. CHANGES IN UNEXPENDED GRANTS

The balance of unexpended grants at June 30, 2015 and 2014, is as follows:

	Fiscal Year 2015	Fiscal Year 2014
Balance, Beginning of Year	$ 185,507	$ 174,779
Grants	219,253	155,170
Deductions, Amount Expended	(161,036)	(144,442)
Balance, End of Year	**$ 243,724**	**$ 185,507**

5. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2015 and 2014, is summarized as follows:

2015	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, Depreciable:				
Buildings	$ 88,504	$ -	$ -	$ 88,504
Transmission, Antenna and Tower	20,634	-	-	20,634
Studio and Other Broadcast Equipment	245,100	-	-	245,100
Total Capital Assets, Depreciable	354,238	-	-	354,238
Accumulated Depreciation:				
Buildings	79,005	594	-	79,599
Transmissions, Antenna and Tower	20,634	-	-	20,634
Studio and Other Broadcast Equipment	237,895	6,194	-	244,089
Total Accumulated Depreciation	337,534	6,788	-	344,322
Total Capital Assets, Depreciable, Net	**$ 16,704**	**$ (6,788)**	**$ -**	**$ 9,916**

2014	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, Depreciable:				
Buildings	$ 88,504	$ -	$ -	$ 88,504
Transmission, Antenna and Tower	20,634	-	-	20,634
Studio and Other Broadcast Equipment	245,100	-	-	245,100
Total Capital Assets, Depreciable	354,238	-	-	354,238
Accumulated Depreciation:				
Building	78,328	677	-	79,005
Transmission, Antenna and Tower	20,634	-	-	20,634
Studio and Other Broadcast Equipment	225,274	12,621	-	237,895
Total Accumulated Depreciation	324,236	13,298	-	337,534
Total Capital Assets, Depreciable, Net	**$ 30,002**	**$(13,298)**	**$ -**	**$ 16,704**

6. DONOR-DESIGNATED ENDOWMENT

The Station's permanent endowment consists of two funds, the Weiner Fund for KMST and the KMST Endowment Fund. Distribution from the funds is based on income earned on the corpus and is used at the discretion of the General Manager of the Station with approval from the Vice Chancellor. The balance of the endowment at June 30, 2015 and 2014 is $198,150 and $205,730, respectively.

7. RISK MANAGEMENT

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

8. RETIREMENT PLAN

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

Benefits Provided – Full-time employees vest in the Retirement Plan after five years of credited service and become eligible for benefits based on age and years of service. A vested employee who retires at age 65 or older is eligible for a lifetime annuity calculated at a certain rate times the credited service years times the compensation base (average compensation for the five highest consecutive salary years). The rate is 2.2% if the employee was hired before October 1, 2012, or 1.0% if the employee was hired after September 30, 2012. Academic members who provide summer teaching and research service receive additional summer service credit. The Board of Curators may periodically approve increases to the benefits paid to existing pensioners. However, vested members who leave the University prior to eligibility for retirement are not eligible for these pension increases.

	Retirement Plan Membership	
	2015	2014
Active Vested Members	18,407	18,335
Inactive Vested members	4,305	4,221
Pensioners and Beneficiaries	8,320	7,975
Total Members	**31,032**	**30,531**

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

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

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

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

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

Investment Valuation – Investments are reported at fair value.

Contributions – The University's contributions to the Retirement Plan are equal to the actuarially determined employer contribution requirement (ARC). The ARC for those employees hired before October 1, 2012 averaged 10.0% and 10.8% of covered payroll for the years ending June 30, 2015 and 2014, respectively. The ARC for those employees hired after September 30, 2012 averaged 6.1% and 6.8% of covered payroll for the years ended June 30, 2015 and 2014, respectively. Employees are required to contribute 1% of their salary up to $50,000 in a calendar year and 2% of their salary in excess of $50,000. An actuarial valuation of the Plan is performed annually and the University's contribution rate is updated at the beginning of the University's fiscal year on July 1, to reflect the actuarially determined funding requirement from the most recent valuation, as of the preceding October 1. This actuarial valuation reflects the adoption of any Retirement Plan amendments during the previous fiscal year.

Net Pension Liability – the Retirement Plan's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2014. For the years ended June 30, 2015 and 2014, fiduciary net position as a percentage of the total pension liability amounted to 87.76% and 92.92%, respectively. The following table outlines the Station's portion of the changes in net pension liability for the years ended June 30, 2015 and 2014:

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at June 30, 2014	**$ 869,215**	**$ 807,704**	**$ 61,511**
Changes for the year:			
Service cost	19,122	-	19,122
Interest	74,717	-	74,717
Differences between expected and actual experience	3,584	-	3,584
Contributions – employer	-	29,022	(29,022)
Contributions – employee	-	3,053	(3,053)
Net investment income	-	9,866	(9,866)
Benefit payments, including refunds of employee Contributions	(49,445)	(49,445)	-
Other changes	-	(583)	583
Net changes	47,978	(8,087)	56,065
Balances at June 30, 2015	**$ 917,193**	**$ 799,617**	**$ 117,576**

	Total Pension Liability (TPL) (a)	Fiduciary Net Position (FNP) (b)	Net Pension Liability (NPL) (a) – (b)
Balances at June 30, 2013	**$ 829,089**	**$ 707,335**	**$ 121,754**
Changes for the year:			
Service cost	17,448	-	17,448
Interest	63,877	-	63,877
Differences between expected and actual experience	-	-	-
Contributions – employer	-	28,329	(28,329)
Contributions – employee	-	2,645	(2,645)
Net investment income	-	111,214	(111,214)
Benefit payments, including refunds of employee Contributions	(41,199)	(41,199)	-
Other changes	-	(620)	620
Net changes	40,126	100,369	(60,243)
Balances at June 30, 2014	**$ 869,215**	**$ 807,704**	**$ 61,511**

Actuarial Methods and Assumptions – The October 1, 2014 actuarial valuation utilized the entry age actuarial cost method. Actuarial assumptions included:

Inflation	2.75%
Rate of Investment Return net of Administrative expenses (Including inflation)	7.75%
Projected salary increases (Including inflation)	4.1-4.9%
Cost-of-living adjustments	0%

For purposes of determining actuarially required contributions, the actuarial value of assets was determined using techniques that spread effects of short-term volatility in the market value of investments over a 5-year period. The underfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis over 29 years from the October 1, 2014 valuation date. Mortality rates were based on the RP-2000 Combined Health Mortality Table projected to 2023 using Scale BB.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results the most recent quinquennial study of the University's own experience covering 2008-2012.

Discount Rate – The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that University difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the October 1, 2014 actuarial valuation, a 7.75% discount rate was used. The following table shows the sensitivity of the Station's net liability to changes in the discount rate:

	Sensitivity of the Net Liability to Changes in the Discount		
	Rate	**2015 Net Pension Liability**	**2014 Net Pension Liability**
1% Decrease	6.75%	$ 250,008	$ 172,510
Current Rate	7.75%	117,576	61,511
1% Increase	8.75	18,807	(30,973)

Rate of Return – The annual money –weighted rate of return is calculated as the internal rate of return on pension investments, net of pension plan investment expense. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments for the years ended June 30, 2015 and 2014 was 0.7% and 16.2%, respectively. The following table provides long-term expected rates of real return on a geometric basis:

	Asset Class Allocation	
Asset Class	**Target Allocation**	**Long Term Expected Real Rate of Return**
Domestic large cap equity	18%	6.5%
Domestic small cap equity	2%	6.5%
Domestic fixed income	3%	1.7%
International equity	19%	6.7%
Emerging markets equity	6%	9.3%
International fixed income	4%	1.8%
Real estate	6%	4.3%
Private equity	10%	11.6%
Absolute return strategies	8%	4.1%
High yield fixed income	10%	4.1%
Emerging markets fixed income	6%	4.5%
Treasury inflation protection	2%	1.7%
Floating rate bank loans	4%	2.6%
Global inflation-linked bond	2%	1.7%
	100%	

Pension Expense – For the years ended June 30, 2015 and 2014, the Station recognized pension expense of $20,725 and $12,355, respectively. Annual pension expense consists of service cost and interest on the pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as a deferred outflow/inflow of resources and recognized in pension expense over a five year period.

The pension expense for the years ended June 30, is summarized as follows:

	2015	2014
Service cost	$ 19,122	$ 17,449
Interest	74,717	63,877
Recognized portion of current-period difference between expected	576	-
Contributions – employee	(3,925)	(3,420)
Projected earnings on pension plan investments	(69,149)	(54,289)
Recognized portion of current-period difference between projected and actual earnings on pension plan investments	11,973	(11,262)
Recognition of deferred outflows of resources	-	-
Recognition of deferred inflows of resources	(12,590)	-
Pension expense for fiscal year ended June 30	**$ 20,724**	**$ 12,355**

Deferred Outflows/Inflows of Resources – In accordance with GASB Statements No. 67 and 68, the University recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, and the difference between actual and expected investment returns as Deferred Outflows/Inflows of Resources. At June 30, 2015 and 2014, the Retirement Plan reported the Station's portion of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows/Inflows of Resources Related to Pensions	
As of June 30	**Deferred Outflows of Resources 2015**	**Deferred Inflows of Resources 2014**
Differences between expected and actual experience	3,007	-
Changes of assumptions	-	-
Changes of benefit terms	-	-
Net difference between projected and actual earnings on pension plan investments	10,124	45,045
Total	**13,131**	**45,045**

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

Projected Recognition of Deferred Outflows/Inflows	
Year Ended June 30, 2015	**Recognition**
2016	(40)
2017	(40)
2018	(40)
2019	12,549
2020	576
Therafter	126

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Station participates in the University's postemployment benefits plan. This plan provides postretirement medical, dental, life insurance, and long-term disability benefits to claimants who were vested in the University's retirement plan at the time their disability began and vested employees who retire from the University after attaining age 55 and before reaching age 60 with ten or more years of service, or who retire after attaining age 60 with five or more years of service. Section 172.300 of the Revised Statutes of Missouri gives the Board sole authority and discretion to determine the terms and conditions governing the postemployment benefits to which employees are entitled.

In June 2008, the University established an Other Post-Employment Benefits Trust Fund, the assets of which are irrevocable and legally protected from creditors and dedicated to providing postemployment benefits in accordance with terms of the plan. Postemployment benefits, other than long-term disability, were previously funded on a current basis and expenses were recorded on a pay-as-you-go basis. In fiscal years 2015 and 2014, the University contributed 44.0% and 41.9%, respectively, of the actuarially determined annual required contribution. The fiscal years 2015 and 2014 annual required contribution represented 5.3% and 5.4%, respectively, of annual covered payroll. The Station assumes no liability for postemployment benefits provided by the University other than its departmental charge for employee benefits.

Additional information is presented in the University's annual report, which can be obtained at the University of Missouri, 118 University Hall, Columbia, Missouri 65211.

10. RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement presentation. There is no effect to total assets, liabilities, net position, revenues, or expenses.

SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT
For The Year Ended June 30, 2015

Summary of Non-Federal Financial Support

1.	Direct Revenue	$ 581,027
2.	Indirect Administrative Support	154,103
3.	In-Kind Contributions:	
	a. Services and Other Assets	-
4.	Total Non-Federal Financial Support	**$ 735,130**

See Accompanying Independent Auditors' Report.