

***University of Missouri***  
***KWMU-FM Radio***

*Financial Statements as of and for the Years Ended  
June 30, 2010, and 2009, Supplemental Schedule for  
the Year Ended June 30, 2010, and Independent  
Auditors' Report*

*University of Missouri*  
**KWMU-FM RADIO**

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*University of Missouri*  
**KWMU-FM RADIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2010 and 2009**

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This management's discussion and analysis ("MD&A") of KWMU-FM Radio (the "Station") provides an overview of the Station's financial performance for the fiscal years ended June 30, 2010 and 2009. Please read it in conjunction with the basic financial statements for the period and the annual report to the Corporation for Public Broadcasting ("CPB") that accompanies the basic financial statements.

**OVERVIEW OF THE OPERATIONS**

The Station is a department of the St. Louis 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.

**KWMU ACCOUNTING AND FINANCIAL REPORTING**

This report includes three financial statements: the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets 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 fully understand 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 One University Blvd., 104 Lucas Hall, St. Louis, MO.

**STATEMENTS OF NET ASSETS**

The Statements of Net Assets presents the Station's financial position at the end of the fiscal year, including all assets and liabilities of the Station and segregating them into current and noncurrent components. Assets and liabilities are generally measured using current values, with certain exceptions, such as capital assets, which are stated at cost less accumulated depreciation, and long-term debt which is stated at cost.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2010 and 2009**

A summary of the Station's assets, liabilities, and net assets at June 30, 2010, 2009, and 2008, is as follows:

	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008
<b>Assets</b>			
Current Assets	\$ 3,521,999	\$ 1,300,351	\$ 1,007,307
Noncurrent Assets	<u>1,416,319</u>	<u>2,491,115</u>	<u>2,836,493</u>
Total Assets	<u>\$ 4,938,318</u>	<u>\$ 3,791,466</u>	<u>\$ 3,843,800</u>
<b>Liabilities and Net Assets</b>			
Current Liabilities	\$ 562,491	\$ 466,795	\$ 356,562
Noncurrent Liabilities	<u>243,423</u>	<u>285,459</u>	<u>395,661</u>
Total Liabilities	<u>805,914</u>	<u>752,254</u>	<u>752,223</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	201,542	225,715	216,230
Restricted Nonexpendable - Endowment	296,127	281,440	358,156
Restricted Expendable - Capital	2,889,399	2,274,942	2,587,168
Unrestricted	<u>745,336</u>	<u>257,115</u>	<u>(69,977)</u>
Total Net Assets	<u>4,132,404</u>	<u>3,039,212</u>	<u>3,091,577</u>
Total Liabilities and Net Assets	<u>\$ 4,938,318</u>	<u>\$ 3,791,466</u>	<u>\$ 3,843,800</u>

**Fiscal Year 2010 Compared to Fiscal Year 2009**

**Total assets** increased \$1,146,852 to \$4,938,318 reflecting the general stability of the Station's financial position. The increase is related to the Station's Capital Campaign gifts, Membership Contributions and additional funding from Corporation for Public Broadcasting (CPB).

**Total liabilities** increased \$53,660 to \$805,914 over the prior year due primarily to an increase in unexpended grants.

**Net assets** increased by \$1,093,192. The increase is related to the Station's Capital Campaign gifts, Membership Contributions and a decrease in operating expenses.

**Fiscal Year 2009 Compared to Fiscal Year 2008**

**Total assets** decreased \$52,334 to \$3,791,466 reflecting the general stability of the Station's financial position. Investments increased \$264,401 primarily due to the receipt of additional Capital Campaign gifts during fiscal year 2009. This was offset by a \$158,000 reduction in Pledges Receivable due to pledges deemed uncollectible. Finally, of the total decline in Capital Assets, \$119,511 was due to the write-off of certain assets.

**Total liabilities** were flat as compared to the prior fiscal year. A \$154,232 increase in Deferred Revenue was generally offset by a \$162,226 reduction in the Notes Payable balance due to Administrative Services.

**Net assets** were relatively stable, with a slight decrease of \$52,365.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2010 and 2009**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The Statements of Revenues, Expenses and Changes in Net Assets present the Station's results of operations. The Statements distinguish revenues and expenses between operating and non-operating categories, and provides a view of the Station's operating margin.

	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008
<b>Operating Revenues:</b>			
Membership Contributions and Contributed Support	2,372,338	1,936,368	19,495
Community Service Grants from Corporation for Public Broadcasting	373,497	353,714	286,729
Underwriting Income	1,133,902	1,227,851	1,087,006
Special Events & Other Operating Revenue	153,782	135,604	115,065
<b>Total Operating Revenues</b>	<b>4,033,519</b>	<b>3,653,537</b>	<b>1,508,295</b>
<b>Operating Expenses:</b>			
Program Services -			
Broadcasting	293,785	273,629	270,354
Programming and Production - Local	1,692,453	1,845,636	1,914,335
Program Information	571,582	399,976	383,240
<b>Total Program Services</b>	<b>2,557,820</b>	<b>2,519,241</b>	<b>2,567,929</b>
Support Services	2,423,111	2,541,714	2,878,567
Depreciation Expense	59,959	176,003	49,028
<b>Total Operating Expenses</b>	<b>5,040,890</b>	<b>5,236,958</b>	<b>5,495,524</b>
<b>Operating Loss Before Nonoperating Revenues (Expenses)</b>	<b>(1,007,371)</b>	<b>(1,583,421)</b>	<b>(3,987,229)</b>
<b>Nonoperating Revenues (Expenses):</b>			
Capital Campaign, Net	481,878	(173,062)	1,966,511
Support from the University of Missouri	442,024	522,012	517,735
Donated Facilities and Administrative Support from University of Missouri	753,272	681,996	795,866
Other Grants	97,715	69,035	91,817
Other In-Kind Nonoperating Revenue	187,401	152,245	120,250
Investment Income (Loss)	75,040	(18,556)	16,262
Interest Expense	(11,767)	(13,614)	(5,606)
Payments from Friends of KWMU	75,000	311,000	2,076,000
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,100,563</b>	<b>1,531,056</b>	<b>5,578,835</b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,093,192</b>	<b>(52,365)</b>	<b>1,591,606</b>
<b>Net Assets, Beginning of Year</b>	<b>3,039,212</b>	<b>3,091,577</b>	<b>1,499,971</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,132,404</b>	<b>\$ 3,039,212</b>	<b>\$ 3,091,577</b>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2010 and 2009**

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**Fiscal Year 2010 Compared to Fiscal Year 2009**

Total **Operating Revenues** for fiscal year 2010 increased \$379,982 over fiscal year 2009 largely due to an increase in Membership Contributions. The Station's operating revenues fall into two categories: 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 Corporation for Public Broadcasting. **Membership Contributions and Contributed Support** for fiscal year 2010 increased \$435,970, or 22.5%, over fiscal year 2009. As of 30 June 2010, KWMU has 17,726 members. For fiscal year 2010, **Underwriting Income** decreased by \$93,949, or 7.7%, over fiscal year 2009. The Station continues to make a strong effort to sustain current underwriting and secure new businesses. For fiscal year 2010, **Community Service Grants** from the CPB increased by \$19,783 over fiscal year 2009. For fiscal year 2010, **Special Events & Other Operating Revenue** increased by \$18,178, or 13.4%, over fiscal 2009.

Total **Nonoperating Revenues** for fiscal year 2010 increased \$569,507, or 37.2%, over fiscal year 2009. The increase is primarily due to the Station's **Capital Campaign. Support from the University** for fiscal year 2010 decreased by \$79,988, or 15.3%, over fiscal year 2009. The decrease was primarily due to the Station no longer including Advancement and Human Resources in-kind support. For fiscal year 2010, **Donated Facilities and Administrative Support from the University of Missouri** increased by \$71,276, or 10.5%, over fiscal year 2009. The increase is due primarily to a change in Institutional Support expenditures. For fiscal year 2010, **Other Grants** increased by \$28,680, or 41.5%, over fiscal year 2009. The increase was from a grant the Station was awarded from the Department of Commerce. For fiscal year 2010, **Other In-Kind Nonoperating Revenue** increased by \$35,156, or 23.1%, over fiscal year 2009. The increase is due to additional in-kind services from corporations. **Investment Income** for fiscal year 2010 increased by \$93,596 over fiscal year 2009 due to market fluctuations from year to year.

**Payments from Friends of KWMU-FM** for fiscal year 2010 decreased \$236,000 from fiscal year 2009. The decrease reflects the shift of membership revenues and grants from the Friends to the Station.

Fiscal year 2010 **Operating expenses** decreased \$196,068, or 3.7%, from fiscal year 2009. In response to the current economic climate, the station has initiated wage freezes and curtailed operating expenses. Operating expenses fall into two categories: 1) **Program Services**, which represented 50.7% and 48.1% of total operating expenses for fiscal years ended June 30, 2010, and 2009, and 2) **Support Services**, which represented 49.3% and 51.9% of total operating expenses for fiscal years ended June 30, 2010, and 2009. Program service costs for **Programming and Production** decreased \$153,183 to \$1,692,453 for fiscal year 2010 as compared to \$1,845,636 the prior year. **Support Services** expense decreased by \$234,647, or 8.6%, in fiscal year 2010 as compared to the prior year. **Management and General** decreased by \$105,752 and **Depreciation Expense** reflected a reduction of \$116,044.

**Fiscal Year 2009 Compared to Fiscal Year 2008**

Total **Operating Revenues** for fiscal year 2009 increased \$2,145,242 over fiscal year 2008 largely due to **Membership Contributions** shifting from the Friends to the Station. The Station's operating revenues fall into two categories: 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 Corporation for Public Broadcasting. **Underwriting Income** for fiscal year 2009 increased \$140,845, or 13.0%, over fiscal year 2008. The Station has made a conscientious effort to sustain current underwriting and secure new businesses. For fiscal year 2009, **Community Service Grants** from the CPB increased by \$66,985 over fiscal year 2008. Fiscal year 2009 **Special Events & Other Operating Revenue** increased by \$20,539, or 17.8%, over fiscal year 2008.

Total **Nonoperating Revenues** for fiscal year 2009 decreased \$4,047,779 over fiscal year 2008 primarily due to **Membership Contributions** shift from the Friends to the Station and **Capital Gifts** outstanding pledges deemed uncollectible. **Donated Facilities and Administrative Support from the University of Missouri** decreased by \$113,870, or 14.3%, over fiscal year 2008. The decrease is due to change in Institutional Support expenditures. **Other Grants** decreased by \$22,782, or 24.8%, due to additional funding received in fiscal year 2008 from Missouri Public Broadcasting and SoundVision Productions. For fiscal year 2009, **Other In-Kind Nonoperating Revenue**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**As of and for the Years Ended June 30, 2010 and 2009**

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increased by \$31,995, or 26.6%, over fiscal year 2008. The increase is due to additional in-kind services from corporations. **Investment Income** for fiscal year 2009 decreased by \$34,818 over fiscal year 2008 due to market fluctuations from year to year. **Interest Expense** increased \$8,008 due to increased Notes Payable balances.

**Payments from Friends of KWMU-FM** for fiscal year 2009 decreased \$1,765,000 from fiscal year 2008. The decrease reflected the shift in fundraising activities from the Friends to the Station during fiscal year 2009.

Fiscal year 2009 **Operating expenses** decreased \$258,566, or 4.7%, from fiscal year 2008. Operating expenses fall into two categories: 1) **Program Services**, which represented 48.1% and 46.7% of total operating expenses for fiscal years ended June 30, 2009, and 2008, and 2) **Support Services**, which represented 51.9% and 53.3% of total operating expenses for fiscal years ended June 30, 2009, and 2008. Program service costs for **Programming and Production** decreased \$68,699 to \$1,845,636 for fiscal year 2009 as compared to \$1,914,335 the prior year. **Support Services** expense decreased by \$209,878, or 7.2%, in fiscal year 2009 as compared to the prior year. Of that decrease, \$129,487 reflected a reduction in fundraising expenses. Additionally, fiscal year 2008 Administration expenses included \$215,879 in noncapital renovation costs to current office space.

### **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 is funded two years in advance. The federal government's fiscal year 2010 appropriation for CPB was \$420 million, and remained flat at the same rate for fiscal year 2011. The budget request for 2012 is \$542 million. CPB has requested a \$604 million advance appropriation for fiscal year 2013, a 14.7 percent increase over the fiscal year 2012 funding. Stations have been faced with flat CPB funding for the better part of the past decade, which is actually a decline when inflation is considered. The impact of this lack of even an inflationary increase (until FY 2010) has been magnified by the economic conditions of the last few years. CPB funding source should remain stable during the coming year. Because of the current economic situation, all federal funding appropriations are being reviewed, requiring CPB to prepare funding justifications.
- **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.
- **Support from University of Missouri:** The Station has reason to believe that an adverse change in funding may occur in fiscal year 2011 because of the potential impact on State funding to the University resulting from current economic conditions; however, indirect funding remains dependent on Institutional Support expenditures.
- **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:** KWMU relies on certain significant revenue streams, including private gifts, for operations.
- **Other funding such as gains on assets and miscellaneous revenue:** The Station does not plan to sell any equipment in the near future.

INDEPENDENT AUDITORS' REPORT

To the Board of Curators  
University of Missouri

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit, Friends of KWMU Fund, of the University of Missouri KWMU-FM Radio (the "Station"), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the University of Missouri's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Station as of June 30, 2009, were audited by other auditors whose report dated February 24, 2010, expressed an unqualified opinion on those statements.

We conducted our audit 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2010 and 2009, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2010 financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2010, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, on pages 1 through 5, is presented for purposes of additional analysis and is not a required part of the financial statements. The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's financial statements. The Supplemental Schedule of Non-Federal Financial Support for the year ended June 30, 2010, required by the Public Telecommunication Financing Act of 1978, is presented for the purpose of additional analysis and is not a required part of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 29, 2010  
St. Louis, Missouri

*Mueller Prost PC*  
Certified Public Accountants

**University of Missouri**  
**KWMU-FM RADIO**

**STATEMENTS OF NET ASSETS**  
**As of June 30, 2010 and 2009**

	2010		2009	
	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 47,939	\$ 87,368	\$ 116,704	\$ 151,097
Cash and Cash Equivalents - Restricted	2,799,599	-	258,630	-
Short-Term Investments	-	-	75,765	-
Short-Term Investments - Restricted	3,764	-	159,657	-
Accounts Receivable, Net	182,982	-	228,385	-
Grants Receivable	3,792	-	13,304	-
Pledges Receivable, Net	483,923	-	447,906	-
<b>Total Current Assets</b>	<b>3,521,999</b>	<b>87,368</b>	<b>1,300,351</b>	<b>151,097</b>
<b>Noncurrent Assets:</b>				
Long-Term Investments	-	-	387,383	-
Long-Term Investments - Restricted	264,808	-	1,051,443	-
Pledges Receivable, Net	847,271	-	705,787	-
Capital Assets, Depreciable, Net	304,240	-	346,502	-
<b>Total Noncurrent Assets</b>	<b>1,416,319</b>	<b>-</b>	<b>2,491,115</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 4,938,318</b>	<b>\$ 87,368</b>	<b>\$ 3,791,466</b>	<b>\$ 151,097</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities:</b>				
Accounts Payable and Other Accrued Expenses	\$ 57,076	\$ -	\$ 95,881	\$ -
Accrued Vacation	108,076	-	101,458	-
Deferred Revenue	147,351	-	188,510	-
Unexpended Grants	202,884	11,133	35,768	57,792
Note Payable - Administrative Services	47,104	-	45,178	-
<b>Total Current Liabilities</b>	<b>562,491</b>	<b>11,133</b>	<b>466,795</b>	<b>57,792</b>
<b>Noncurrent Liabilities:</b>				
Accrued Vacation	34,036	-	28,967	-
Note Payable - Administrative Services	209,387	-	256,492	-
<b>Total Noncurrent liabilities</b>	<b>243,423</b>	<b>-</b>	<b>285,459</b>	<b>-</b>
<b>Total Liabilities</b>	<b>805,914</b>	<b>11,133</b>	<b>752,254</b>	<b>57,792</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	201,542	-	225,715	-
Restricted Nonexpendable - Endowment	296,127	-	281,440	-
Restricted Expendable - Capital	2,889,399	-	2,274,942	-
Unrestricted	745,336	76,235	257,115	93,305
<b>Total Net Assets</b>	<b>4,132,404</b>	<b>76,235</b>	<b>3,039,212</b>	<b>93,305</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,938,318</b>	<b>\$ 87,368</b>	<b>\$ 3,791,466</b>	<b>\$ 151,097</b>

*See accompanying notes to the basic financial statements.*

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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 For The Years Ended June 30, 2010 and 2009

	2010		2009	
	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit
<b>Operating Revenues:</b>				
Membership Contributions and Contributed Support	\$ 2,372,338	\$ 16,697	\$ 1,936,368	\$ 158,326
Community Service Grants from Corporation for Public Broadcasting	373,497	-	353,714	-
Underwriting Income	1,133,902	-	1,227,851	-
Special Events & Other Operating Revenue	153,782	-	135,604	4,000
<b>Total Operating Revenues</b>	<b>4,033,519</b>	<b>16,697</b>	<b>3,653,537</b>	<b>162,326</b>
<b>Operating Expenses:</b>				
Program Services -				
Broadcasting	293,785	-	273,629	-
Programming and Production - Local	1,692,453	-	1,845,636	-
Program Information	571,582	-	399,976	-
<b>Total Program Services</b>	<b>2,557,820</b>	<b>-</b>	<b>2,519,241</b>	<b>-</b>
Supporting Services -				
Management and General	1,295,658	5,482	1,401,410	8,233
Depreciation Expense	59,959	-	176,003	-
Fundraising and Membership Development	1,127,453	-	1,140,304	-
<b>Total Supporting Services</b>	<b>2,483,070</b>	<b>5,482</b>	<b>2,717,717</b>	<b>8,233</b>
<b>Total Operating Expenses</b>	<b>5,040,890</b>	<b>5,482</b>	<b>5,236,958</b>	<b>8,233</b>
<b>Operating Income (Loss) Before Nonoperating Revenues (Expenses)</b>	<b>(1,007,371)</b>	<b>11,215</b>	<b>(1,583,421)</b>	<b>154,093</b>
<b>Nonoperating Revenues (Expenses):</b>				
Capital Campaign, Net	481,878	-	(173,062)	-
Support from the University of Missouri	442,024	-	522,012	-
Donated Facilities and Administrative Support from University of Missouri	753,272	-	681,996	-
Other Grants	97,715	46,659	69,035	73,748
Other In-Kind Nonoperating Revenue	187,401	-	152,245	-
Investment Income (Loss)	75,040	56	(18,556)	405
Interest Expense	(11,767)	-	(13,614)	-
Payments to (from) Friends of KWMU	75,000	(75,000)	311,000	(311,000)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,100,563</b>	<b>(28,285)</b>	<b>1,531,056</b>	<b>(236,847)</b>
<b>Increase (Decrease) in Net Assets</b>	<b>1,093,192</b>	<b>(17,070)</b>	<b>(52,365)</b>	<b>(82,754)</b>
<b>Net Assets, Beginning of Year</b>	<b>3,039,212</b>	<b>93,305</b>	<b>3,091,577</b>	<b>176,059</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,132,404</b>	<b>\$ 76,235</b>	<b>\$ 3,039,212</b>	<b>\$ 93,305</b>

See accompanying notes to the basic financial statements.

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**STATEMENTS OF CASH FLOWS**  
**For The Years Ended June 30, 2010 and 2009**

	2010		2009	
	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit
<b>Cash Flows from Operating Activities:</b>				
Membership Contributions and Contributed Support Corporation for Public Broadcasting Grant	\$ 2,336,321	\$ 16,697	\$ 1,936,368	\$ 196,169
Underwriting Income	540,613	-	366,769	-
Payments to Suppliers and Employees	1,138,146	-	1,350,945	-
Other Receipts	(4,067,376)	(5,482)	(4,231,742)	(8,233)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>83,508</b>	<b>-</b>	<b>201,585</b>	<b>4,000</b>
	<b>31,212</b>	<b>11,215</b>	<b>(376,075)</b>	<b>191,936</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Capital Campaign	517,895	-	247,924	-
Purchase of Capital Assets	(17,697)	-	(49,243)	-
Other grants	-	-	-	75,000
Principal Payments on Note Payable	(45,179)	-	(162,227)	-
Interest Payments on Note Payable	(11,767)	-	(13,614)	-
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>443,252</b>	<b>-</b>	<b>22,840</b>	<b>75,000</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Payments and Contributions from University of Missouri & Other Sources	442,024	-	522,012	-
Payments to/from Friends of KWMU	75,000	(75,000)	311,000	(311,000)
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>517,024</b>	<b>(75,000)</b>	<b>833,012</b>	<b>(311,000)</b>
<b>Cash Flows from Investing Activities:</b>				
Sale (Purchase) of Investments, Net	1,405,676	-	(264,401)	-
Investment Income (Loss)	75,040	56	(18,556)	405
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>1,480,716</b>	<b>56</b>	<b>(282,957)</b>	<b>405</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,472,204</b>	<b>(63,729)</b>	<b>196,820</b>	<b>(43,659)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>375,334</b>	<b>151,097</b>	<b>178,514</b>	<b>194,756</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,847,538</b>	<b>\$ 87,368</b>	<b>\$ 375,334</b>	<b>\$ 151,097</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating Income (Loss)	\$ (1,007,371)	\$ 11,215	\$ (1,583,421)	\$ 154,093
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities -				
Operating Activities -				
Depreciation Expense	59,959	-	176,003	-
Donated Facilities and Administrative Support from the University	753,272	-	681,996	-
Other In-Kind Nonoperating Revenue	187,401	-	152,245	-
Changes in Assets and Liabilities:				
Accounts, Grants and Pledges Receivable, Net	(55,819)	-	34,845	37,843
Accounts Payable and Other Accrued Expenses	(38,805)	-	336	-
Accrued Vacation	6,618	-	(5,364)	-
Unexpensed Grants and Deferred Revenue	125,957	-	167,285	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 31,212</b>	<b>\$ 11,215</b>	<b>\$ (376,075)</b>	<b>\$ 191,936</b>
<b>Noncash Activity:</b>				
Administrative Support from the University of Missouri	\$ 753,272	\$ -	\$ 681,996	\$ -
Non-Cash Contributions of Services and Other Assets	187,401	-	152,245	-

See accompanying notes to the basic financial statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2010 and 2009**

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The major policies followed by KWMU-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 St. Louis campus in St. Louis, Missouri. 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.

Reporting Entity – Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*, provides guidance as to the financial reporting of component units (legally separate organizations for which the Station is financially accountable). Effective July 1, 2003 the Station adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14 to provide additional guidance for determining whether certain organizations for which the Station is not financially accountable should be reported as component units based on the nature and significance of their relationship to the Station.

The Friends of KWMU meets the criteria set forth for discretely presented component units under GASB Statement No. 39, and the financial statements include the department and the accounts of the Friends of KWMU-FM, a non-profit Missouri Corporation. The Friends of KWMU (the “Organization”) is a not-for-profit organization that follows generally accepted accounting principles (“GAAP”) under the Financial Accounting Standards Board (“FASB”). The Organization provides financial support for the objectives, purposes, and programs of the Station. The Organization solicits funds in the name of and with approval of the Station. Although the Station does not control the timing, purpose, or amount of receipts from the Organization, the resources which the Organization holds and invests are restricted to the activities of the Station.

During the years ended June 30, 2010, and 2009, the Organization distributed \$75,000 and \$311,000, respectively, to the Station for both restricted and unrestricted purposes.

Separate financial statements for the Organization are not available.

Financial Statement Presentation – In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Station is required to follow all applicable GASB pronouncements. In addition, the Station applies all applicable FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement. The Station has elected not to apply FASB pronouncements issued after November 30, 1989.

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 assets, revenues, expenses and changes in net assets 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.

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The Station's policy for defining operating activities as reported on the Statements of Revenues, Expenses and Changes in Net Assets 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 nonoperating revenue as defined by GASB Statement No. 34. Nonoperating revenues include revenues from activities that have the characteristics of nonexchange transactions, such as support from the University, permanent endowment contributions, capital contributions, and investment income.

Cash and Cash Equivalents – The Station participated in the University's pooled cash and investment accounts for fiscal year 2009. For fiscal year 2010 cash and cash equivalents are held as cash by the University on behalf of the Station. For purposes of the basic financial statements, 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. Cash equivalents also include variable rate demand notes, which are debt securities with an original maturity beyond three months, but with a demand feature that allows for liquidity with advance notice of no more than seven days. Investment assets are carried at fair value based primarily on market quotations. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on the accrual basis. Net unrealized gains (losses) are included in investment and endowment income in the Statements of Revenues, Expenses and Changes in Net Assets.

Accounts Receivable – Accounts receivable are presented at the net amount. Accounts receivable consists of amounts due to the Station for underwriting contracts and other miscellaneous revenue sources. An allowance of \$28,289 and \$0 as of June 30, 2010 and 2009, has been made for uncollectible accounts receivable based upon management's expectations regarding the collectability of the accounts and the Station's historical collection experience.

Pledges Receivable – The Station receives unconditional promises to give (pledges) through private donations from corporations, alumni, and various other supporters of the Station. The pledges receivable, which are reflected on the Statements of Net Assets and as a portion of Membership Contributions and Contributed Support and Capital Campaign on the Statements of Revenues, Expenses, and Changes in Net Assets, include promises for the Station's Capital Campaign. An allowance of \$193,830 and \$163,125 existed for uncollectible pledges at June 30, 2010 and 2009, based upon management's expectations regarding the collectability of the remaining pledges.

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 and furniture and fixtures. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Deferred Revenue and Unexpended Grants – Amounts reflected in the Statements of Net Assets as of June 30, 2010 and 2009, 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.

Net Assets – The Station's net assets are classified for financial reporting in the following net asset categories:

- **Invested in Capital Assets, Net of Related Debt:** Property and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted Nonexpendable – Endowment:** Station net assets in the University's permanent endowment funds are subject to externally imposed stipulations that the principal be maintained in perpetuity.
- **Restricted Expendable - Capital:** Net assets whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.

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- **Unrestricted:** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets 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 – are recorded as revenue and expense in the accompanying Statements of Revenues, Expenses and Changes in Net Assets. 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 costs, 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 as donated facilities and administrative support revenues. Support from the University consists of allocated general and administrative expenses incurred by the institution on the Station’s behalf.

Use of Estimates – The preparation of basic financial statements in conformity with 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 2009, the Station adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The statement addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address current and potential effects of existing pollution through pollution remediation activities such as site assessments and cleanups. The statement requires disclosures about the nature of the remediation, size of the obligation, and the methods and assumptions used in evaluating the potential obligation. Adoption of GASB Statement No. 49 had no effect on the Station’s financial statements.

Effective for fiscal year 2009, the Station adopted GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement establishes accounting and financial reporting standards for land and other real estate held as investments by endowments. These assets are to be reported at fair value at the reporting date, with changes in fair value being reported as investment gains or losses. Adoption of GASB Statement No. 52 had no effect on the Station’s financial statements.

In March 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective immediately. The statement incorporates the hierarchy of GAAP for state and local governments into the GASB’s authoritative literature so that the accounting principles are derived from a single source. Adoption of GASB Statement No. 55 had no effect on the Station’s financial statements.

In March 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, effective immediately. The statement incorporates guidance on related party transactions, going concern considerations, and subsequent events from the American Institute of Certified Public Accountants (AICPA) Statements on Auditing Standards into the GASB’s body of standards. Adoption of GASB Statement No. 56 had no effect on the Station’s financial statements.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective for fiscal years beginning after June 15, 2009. The statement requires all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The statement also requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Adoption of GASB Statement No. 51 had no effect on the Station’s financial statements.

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The GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, effective for fiscal years beginning after June 15, 2009. The statement requires derivative instruments to be measured at fair value at the reporting date, with changes in fair value generally being reported as investment gains or losses. However, changes in fair value of hedging derivative instruments would be deferred until the related instrument ends or ceases to significantly reduce risk. Adoption of GASB Statement No. 53 had no effect on the Station's financial statements.

The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010. The statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying the existing governmental fund type definitions. These fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Station has not yet determined the effect, if any, that adoption of GASB Statement No. 54 may have on its financial statements.

The GASB issued Statement No. 59, *Financial Instruments Omnibus*, effective for fiscal years beginning after June 15, 2010. The statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. That Station has not yet determined the effect, if any, that adoption of GASB Statement No. 59 may have on its financial statements.

Reclassifications – Certain reclassifications to the prior year's financial information have been made to conform to the current year presentation.

**Discretely Presented Component Unit – Friends of KWMU**

Operating Revenue – Operating revenue consists of grants awarded to and special fundraising events provided by the Organization for the Station's benefit. Grant revenues are recognized as eligibility requirements are met.

**2. CASH AND CASH EQUIVALENTS RISKS**

Custodial Credit Risk – Deposits – KWMU – 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, 2010 and 2009, respectively.

Custodial Credit Risk – Deposits – Friends of KWMU – The Organization held cash and cash equivalent deposits totaling \$87,368 and \$151,097 as of June 30, 2010 and 2009, respectively.

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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. The policies are established to ensure that the University funds are managed in accordance with Section 105.688 of the Revised Statutes 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 11.4% and -17.5%, including unrealized gains and losses, for the years ended June 30, 2010, and 2009, respectively.

At June 30, 2010 and 2009, the Station held investments, by investment type, as follows:

	Carrying Value as of June 30, 2010	Carrying Value as of June 30, 2009
Debt Securities	\$ 80,519	\$ 1,242,518
Corporate Stocks	81,466	343,961
Other	105,679	87,770
Cash and Cash Equivalents held by the University	2,815,390	-
Money Market Funds	28,729	126,984
Commercial Paper	-	167,396
Variable Rate Demand Notes	-	73,285
Other	4,327	7,668
<b>Total Investments and Cash Equivalents</b>	<b>\$ 3,116,110</b>	<b>\$ 2,049,582</b>

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University’s Pooled General Investments consist of primarily fixed income securities, with a specific limitation that no more than 15% of the pool consists of variable rate securities. As a means of ensuring the safety of principal invested in the Pooled Endowment Investments, the University’s investment policy requires diversification of the investment portfolio.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
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At June 30, 2010, and 2009, the Station's portion of the University's debt securities matures as follows:

	<b>As of June 30, 2010</b>				
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Treasury Obligations	\$ 235	\$ 11,095	\$ 8,651	\$ 9,735	\$ 29,716
U.S. Agency Obligations	-	411	344	5,033	5,788
Foreign Government Obligations	877	6,204	7,530	3,602	18,213
U.S. Corporate Bonds & Notes	387	3,927	7,013	820	12,147
Foreign Corporate Bonds & Notes	1,358	9,289	2,551	1,457	14,655
<b>Total</b>	<b><u>\$ 2,857</u></b>	<b><u>\$ 30,926</u></b>	<b><u>\$ 26,089</u></b>	<b><u>\$ 20,647</u></b>	<b><u>\$ 80,519</u></b>
	<b>As of June 30, 2009</b>				
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Carrying Value
U.S. Treasury Obligations	\$ 11,726	\$ 52,251	\$ 76,641	\$ 179,621	\$ 320,239
U.S. Agency Obligations	183,343	138,665	54,133	214,476	590,617
Foreign Government Obligations	941	9,359	29,863	10,761	50,924
U.S. Corporate Bonds & Notes	37,508	129,716	70,001	7,794	245,019
Foreign Corporate Bonds & Notes	1,905	18,811	9,199	5,804	35,719
<b>Total</b>	<b><u>\$ 235,423</u></b>	<b><u>\$ 348,802</u></b>	<b><u>\$ 239,837</u></b>	<b><u>\$ 418,456</u></b>	<b><u>\$ 1,242,518</u></b>

**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, 2010 and 2009, respectively. All holdings of money market funds were rated AAA at June 30, 2010 and 2009, respectively.

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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, 2010 and 2009, is as follows:

	As of June 30, 2010					
	U.S. Treasury	U.S. Agency	Foreign	U.S.	Foreign	Total
	Obligations	Obligations	Government	Corporate	Corporate	
			Obligations	Debt	Debt	
U.S. Treasury Obligations	\$ 29,716	\$ -	\$ -	\$ -	\$ -	\$ 29,716
Mortgage-Backed Securities						
Guaranteed by U.S. Agencies	-	3,111	-	-	-	3,111
Aaa/AAA	-	1,200	9,467	613	8,190	19,470
Aa/AA	-	211	3,672	412	1,508	5,803
A/A	-	455	2,682	2,807	2,781	8,725
Baa/BBB	-	67	528	235	245	1,075
Less than Baa/BBB	-	253	-	7,578	573	8,404
Unrated	-	491	1,864	502	1,358	4,215
<b>Total</b>	<b>\$ 29,716</b>	<b>\$ 5,788</b>	<b>\$ 18,213</b>	<b>\$ 12,147</b>	<b>\$ 14,655</b>	<b>\$ 80,519</b>
	As of June 30, 2009					
	U.S. Treasury	U.S. Agency	Foreign	U.S.	Foreign	Total
	Obligations	Obligations	Government	Corporate	Corporate	
			Obligations	Debt	Debt	
U.S. Treasury Obligations	\$ 320,239	\$ -	\$ -	\$ -	\$ -	\$ 320,239
Mortgage-Backed Securities						
Guaranteed by U.S. Agencies	-	38,857	-	-	-	38,857
Aaa/AAA	-	551,760	34,025	7,282	20,337	613,404
Aa/AA	-	-	14,631	57,032	7,765	79,428
A/A	-	-	1,484	167,915	4,732	174,131
Baa/BBB	-	-	784	7,593	1,446	9,823
Less than Baa/BBB	-	-	-	1,143	-	1,143
Unrated	-	-	-	4,054	1,439	5,493
<b>Total</b>	<b>\$ 320,239</b>	<b>\$ 590,617</b>	<b>\$ 50,924</b>	<b>\$ 245,019</b>	<b>\$ 35,719</b>	<b>\$ 1,242,518</b>

**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, 2010 and 2009, 3.6% and 8.8%, respectively, of the Station's total investments and cash and cash equivalents were denominated in foreign currencies.

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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	2010 Total	2009 Total
Euro	\$ 13,700	\$ 13,055	\$ 1,144	\$ 27,899	\$ 85,543
Japanese Yen	2,279	7,997	39	10,315	35,078
British Pound Sterling	1,732	7,036	48	8,816	24,708
Australian Dollar	2,611	1,878	-	4,489	8,784
Canadian Dollar	1,626	1,383	-	3,009	8,257
Swiss Franc	-	2,884	-	2,884	8,175
Hong Kong Dollar	-	-	-	-	3,586
Swedish Krona	-	-	-	-	2,193
Other	19,122	36,192	59	55,373	4,969
<b>Total</b>	<b>\$ 41,070</b>	<b>\$ 70,425</b>	<b>\$ 1,290</b>	<b>\$ 112,785</b>	<b>\$ 181,293</b>

**Concentration of Credit Risk** – The risk of loss attributed to the magnitude of investments in a single issuer 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, 2010, and 2009, for the Station is as follows:

	Unexpended Grants	
	2010	2009
Balance, Beginning of Year	\$ 35,768	\$ 22,713
Grants	638,328	435,804
Deductions, Amount Expended	(471,212)	(422,749)
<b>Balance, End of Year</b>	<b>\$ 202,884</b>	<b>\$ 35,768</b>

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2010 and 2009**

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The balance of unexpended grants at June 30, 2010, and 2009, for the Friends of KWMU is as follows:

	Unexpended Grants	
	2010	2009
Balance, Beginning of Year	\$ 57,792	\$ 56,540
Grants	-	75,000
Deductions, Amount Expended	(46,659)	(73,748)
Balance, End of Year	<u>\$ 11,133</u>	<u>\$ 57,792</u>

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
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5. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2010, and 2009, is summarized as follows:

2010	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Capital Assets, Depreciable:				
Buildings and Improvements	\$ 154,119	\$ -	\$ -	\$ 154,119
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	429,111	10,197	-	439,308
Furniture and Fixtures	118,617	7,500	-	126,117
Total Capital Assets, Depreciable	874,996	17,697	-	892,693
Accumulated Depreciation:				
Buildings and Improvements	21,524	5,525	-	27,049
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	215,204	54,434	-	269,638
Furniture and Fixtures	118,617	-	-	118,617
Total Accumulated Depreciation	528,494	59,959	-	588,453
Total Capital Assets, Depreciable, Net	\$ 346,502	\$ (42,262)	\$ -	\$ 304,240
2009	Beginning Balance	Additions/ Transfers	Retirements	Ending Balance
Construction in Progress	\$ 257,647	\$ (138,136)	\$ (119,511)	\$ -
Total Capital Assets, Nondepreciable	257,647	(138,136)	(119,511)	-
Capital Assets, Depreciable:				
Buildings and Improvements	15,983	138,136	-	154,119
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	379,868	49,243	-	429,111
Furniture and Fixtures	118,617	-	-	118,617
Total Capital Assets, Depreciable	687,617	187,379	-	874,996
Accumulated Depreciation:				
Buildings and Improvements	15,983	5,541	-	21,524
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	164,254	50,950	-	215,204
Furniture and Fixtures	118,617	-	-	118,617
Total Accumulated Depreciation	472,003	56,491	-	528,494
Total Capital Assets, Depreciable, Net	215,614	130,888	-	346,502
Total Capital Assets, Net	\$ 473,261	\$ (7,248)	\$ (119,511)	\$ 346,502

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2010 and 2009**

6. NOTE PAYABLE – ADMINISTRATIVE SERVICES

At June 30, 2010, two notes payable agreements were in existence to borrow funds from the Administrative Services department of the University of Missouri-St. Louis.

A 7 year note dated June 25, 2008 for \$200,000 was used to renovate the building in which the Station operates. The interest rate is 4.5%. Principal and interest of \$2,780 are due monthly. The note matures on June 24, 2015.

A 7 year note dated June 25, 2008 for \$145,000 was used to replace a transmitter. The interest rate is 3.75%. Principal and interest of \$1,965 are due monthly. The note matures on June 24, 2015.

Note payable activity for the year ended June 30, 2010, and 2009, is as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Proceeds</u>	<u>Payments</u>	<u>End of Year</u>	<u>Current Portion</u>
2010	\$ 301,670	\$ -	\$ (45,179)	\$ 256,491	\$ 47,104
2009	463,896	-	(162,226)	301,670	45,178

As of June 30, 2010, the total of principal and interest due on the notes by year is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2011	47,104	3,687
2012	49,113	2,928
2013	51,208	2,140
2014	53,394	1,322
2015	55,672	472

7. OPERATING LEASE OBLIGATIONS

The Station leases an above-ground, multi-unit broadcast tower from Sinclair Media 1, Inc. The lease expires February 2012 with the option to renew for a new five year term. Future minimum payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 102,964
2012	72,075
Total Future Mimimum Payments	\$ 175,039

Total lease payments for the years ended June 30, 2010, and 2009, were \$98,061 and \$93,391, respectively.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2010 and 2009**

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8. DONOR-DESIGNATED ENDOWMENT

The Station's endowment consists of two funds, the Donald H. Driemeier Endowment for KWMU and the Irvin Dagen and Margaret W. Dagen Fund for the Support of KWMU. Distributions from the Donald H. Driemeier Endowment for KWMU are based on earnings on the original corpus along with any subsequent contributions to the endowment and are to be used to support continuing operations of the Station to fund local programming for regional and national distribution for such expense as salaries, equipment and other related expenses to serve the purpose of the endowment. Distributions from the Irvin Dagen and Margaret W. Dagen Fund for the Support of KWMU is based on earnings on the original corpus along with any subsequent contributions to the endowment and are to be used to provide in-depth news and discussion programs on KWMU radio. The balance of the endowments as of June 30, 2010 and 2009 is \$296,127 and \$281,440, respectively.

9. 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.

10. RETIREMENT PLAN

Plan Description – All qualified employees of the Station participate in the University of Missouri Retirement, Disability, and Death Benefits Plan (the "Plan"), a single-employer defined benefit plan.

All full-time employees of the University are eligible for benefits after five years of service. The annual lifetime pension of a member is calculated by multiplying the number of years of service by 2.2% of the compensation base. The compensation base is the average regular annual salary of the member for the five consecutive highest salary years. Benefits to pensioners may be increased at certain times by the University's Board of Curators. Early retirement benefits are available at reduced rates to members age 55 to 60 with at least ten years of credited service and members age 60 to 65 with at least five years of credited service.

Contributions – The University's contributions to the Plan are equal to the actuarially determined rates, which is a percent of payroll, which averaged 4.9% and 5.9% for the years ended June 30, 2010, and 2009, respectively. The Plan was funded 100% by University contributions until July 1, 2009. Effective July 1, 2009, 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.

Additional Information – Historical trend information and funding status information is designed to provide information about the Plan's progress made in accumulating sufficient assets to pay benefits and disclose "actuarial accrued liability" and the funding excess or unfunded liability. This information is presented in the University's annual report, which can be obtained at the University of Missouri, 118 University Hall, Columbia, Missouri 65211.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**As of and for the Years Ended June 30, 2010 and 2009**

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11. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, 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 2010 and 2009, the University contributed 45.3% and 50%, respectively, of the actuarially determined annual required contribution. The fiscal years 2010 and 2009 annual required contribution represented 5.2% and 5.1%, respectively, of annual covered payroll. The Station assumes no liability for postemployment benefits provided by the University other than its annual required contributions.

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.

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**SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT**  
**For The Year Ended June 30, 2010**

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Summary of Non-Federal Financial Support

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1. Direct Revenue	\$	4,681,058
2. Indirect Administrative Support		753,272
3. In-Kind Contributions:		
a. Services and Other Assets		<u>187,401</u>
4. Total Non-Federal Financial Support	\$	<u>5,621,731</u>

*See accompanying Independent Auditors' Report.*