

University of Missouri
KWMU-FM Radio

***Financial Statements as of and for the Years Ended
June 30, 2007 and 2006, Supplemental Schedule for
the Year Ended June 30, 2007, 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, 2007 and 2006

This management discussion and analysis ("MD&A") of KWMU-FM Radio (the "Station") provides an overview of the Station's financial performance for the fiscal year ended June 30, 2007 and 2006. 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 University of Missouri – St. Louis (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 financial statements of the Station are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The notes to the financial statements provide required disclosures and other information that are essential to fully 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 One University Blvd., 104 Lucas Hall, St. Louis, MO.

STATEMENTS OF NET ASSETS

The Statements of Net Assets present the financial position of the Station as of June 30, 2007 and 2006, and include all assets and liabilities of the Station. The Net Assets present 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, and long-term debt, which is stated at cost. A summary of the Station's assets, liabilities and net assets at June 30, 2007, 2006 and 2005, is as follows:

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2007 and 2006

	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005
Assets			
Current Assets	\$ 513,148	\$ 318,508	\$ 348,500
Long-Term Investments	689,054	594,498	460,137
Capital Assets, Net	<u>511,418</u>	<u>451,852</u>	<u>141,970</u>
Total Assets	<u>\$ 1,713,620</u>	<u>\$ 1,364,858</u>	<u>\$ 950,607</u>
Liabilities and Net Assets			
Current Liabilities	\$ 371,885	\$ 341,693	\$ 318,104
Noncurrent Liabilities	<u>143,513</u>	<u>203,716</u>	<u>254,587</u>
Total Liabilities	<u>515,398</u>	<u>545,409</u>	<u>572,691</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	336,332	222,639	141,970
Restricted Expendable-Capital	443,277	276,623	-
Unrestricted -			
Other	27,917	(26,365)	(85,470)
Board Designated	<u>390,696</u>	<u>346,552</u>	<u>321,416</u>
Total Net Assets	<u>1,198,222</u>	<u>819,449</u>	<u>377,916</u>
Total Liabilities and Net Assets	<u>\$ 1,713,620</u>	<u>\$ 1,364,858</u>	<u>\$ 950,607</u>

Fiscal Year 2007 Compared to Fiscal Year 2006

Total assets increased by \$348,762 to \$1,713,620, which reflects the Station's continued efforts to strengthen its capital position. The increase is primarily due to an increase in capital assets.

Capital assets for the year ending June 30, 2007, increased by \$59,566. The Station is renovating its existing facilities and upgrading air conditioning at its transmitter site. Depreciation expenses increased \$17,117 from \$35,819 to \$52,936.

Total liabilities decreased \$30,011 over the prior year due primarily to a decrease in loan liability to Administrative Services.

Net assets increased by \$378,773. The increase is related to the Station's restricted capital campaign funds and increase in capital assets.

Fiscal Year 2006 Compared to Fiscal Year 2005

Total assets increased by \$414,251 to \$1,364,858, which reflects the Station's continued efforts to strengthen its capital position. The increase is primarily due to an increase in capital assets.

Capital assets for the year ended June 30, 2006, increased by \$309,882. The Station is in the beginning phases of construction for a new building and the digital radio conversion which contributed to the current year increase in capital assets. Depreciation expense increased \$29,404 from \$6,415 to \$35,819.

Total liabilities decreased \$27,282 over the prior year primarily due to a decrease in unexpended grants.

Net assets increased by \$441,533. The increase related to the Station's operating results of \$441,533.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2007 and 2006

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 2007	Fiscal Year 2006	Fiscal Year 2005
Operating Revenues:			
Underwriting Income	\$ 964,039	\$ 865,099	\$ 1,055,594
Community Service Grants from Corporation for Public Broadcasting	374,602	388,851	306,961
Other Grants	39,953	10,300	9,800
Special Events & Other Operating Revenue	84,201	73,508	2,966
Total Operating Revenues	1,462,795	1,337,758	1,375,321
Operating Expenses:			
Program Services -			
Programming and Production	1,546,473	1,503,858	1,380,258
Broadcasting	306,679	272,831	227,405
Program Information	304,766	337,775	269,739
Total Program Services	2,157,918	2,114,464	1,877,402
Support Services	2,378,359	2,025,783	2,112,789
Depreciation Expense	52,936	35,819	6,415
Total Operating Expenses	4,589,213	4,176,066	3,996,606
Operating Loss Before Nonoperating Revenues	(3,126,418)	(2,838,308)	(2,621,285)
Nonoperating Revenues (Expenses):			
Support from the University of Missouri	600,546	493,381	437,622
Donated Facilities and Administrative Support from University of Missouri	509,146	479,578	625,118
Other In-Kind Nonoperating Revenue	102,115	129,781	95,420
Investment Income	69,721	43,279	27,900
Interest Expense	(7,671)	(9,661)	-
Payments from Friends of KWMU	1,670,000	1,515,500	1,431,000
Private Gifts	33,602	-	-
Total Nonoperating Revenues	2,977,459	2,651,858	2,617,060
Income (Loss) before Capital Contributions & Additions to Endowments	(148,959)	(186,450)	(4,225)
Capital Gifts and Grants	527,732	627,983	89,389
Increase in Net Assets	378,773	441,533	85,164
Net Assets, Beginning of Year	819,449	377,916	292,752
Net Assets, End of Year	\$ 1,198,222	\$ 819,449	\$ 377,916

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2007 and 2006

Fiscal Year 2007 Compared to Fiscal Year 2006

Total **Operating Revenues** for fiscal year 2007 increased \$125,037 over fiscal year 2006. This fluctuation is mainly due to increases in underwriting revenue and Other Grants. 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 2007 increased by 11.4% or \$98,940 over fiscal year 2006. The Station has made a conscientious effort to sustain current underwriting and secure new businesses.

Community Service Grants from the Corporation for Public Broadcasting for fiscal year 2007 decreased by 3.7% or \$14,249 over fiscal year 2006.

Other Grants Revenues for fiscal year 2007 increased by 287.9% or \$29,653 over fiscal year 2006. The Station has made a conscientious effort to increase grants revenue.

Special Events Revenues for fiscal year 2007 increased by 14.5% or \$10,693 over fiscal year 2006.

Total **Non-operating Revenues** for fiscal year 2007 increased by 13.8% or \$366,303 over fiscal year 2006. This increase is mainly due to increased support from the Friends of KWMU, Inc. and support from the University of Missouri – St. Louis.

Support from the University of Missouri System for fiscal year 2007 increased by 21.7% or \$107,165 over fiscal year 2006. This is primarily due to increased support from the University of Missouri – St. Louis.

Donated facilities and administrative support from the University of Missouri System for fiscal year 2007 increased by 14.7% or \$70,270 over fiscal year 2006. This change is due primarily to a change in Institutional Support expenditures.

Investment Income for fiscal year 2007 increased by 61.1% or \$26,442 over fiscal year 2006 due to the fluctuation in the market from year to year.

Payments from Friends of KWMU-FM for fiscal year 2007 increased by 10.2% or \$154,500 over fiscal year 2006. The increase was due to increased expenditures.

Private Gifts for fiscal year 2007 increased by 100.0% or 33,602 over fiscal year 2006. The increase is due to individual gifts from members.

Capital Gifts and Grants for fiscal year 2007 decreased by 16.0% or \$100,251 over fiscal year 2006. The decrease is due to large payments received from CPB & NTIA last year.

Total **Operating expenses** for fiscal year 2007 increased by 10.9% or \$453,849 over fiscal year 2006. Operating expenses fall into two categories: 1) Program services representing 46.6% and 50.4% of total operating expenses for fiscal years ended June 30, 2007, and 2006, and 2) Support services representing 52.2% and 48.9% of total operating expenses for fiscal years ended June 30, 2007, and 2006.

The increase is primarily due to increases in **Support Services** of \$393,278 to \$2,419,061 for the fiscal year ended June 30, 2007, compared to \$2,025,783 for fiscal year ended June 30, 2006 due to an increase in Capital Campaign support service.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2007 and 2006

Fiscal Year 2006 Compared to Fiscal Year 2005

Total **Operating Revenues** for fiscal year 2006 decreased \$37,563 over fiscal year 2005. This fluctuation is mainly due to decreases in Underwriting Income. 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 2006 decreased by 18.0% or \$190,495 over fiscal year 2005. Because of the uncertain economic outlook for support from the University due to the State of Missouri's cuts to the University, the Station has continued to make a conscientious effort to increase underwriting revenue.

Community Service Grants from the Corporation for Public Broadcasting for fiscal year 2006 increased by 26.7% or \$81,890 over fiscal year 2005. This increase was due to an increase in non-federal financial support from fiscal year 2004.

Total **Non-operating Revenues** for fiscal year 2006 increased by 1.3% or \$34,798 over fiscal year 2005. This fluctuation is mainly due to an increase in in-kind nonoperating revenue.

Support from the University of Missouri for fiscal year 2006 increased 12.7% or \$55,759 over fiscal year 2005.

Donated facilities and administrative support from the University of Missouri System for fiscal year 2006 decreased by 23.3% or \$145,540 over fiscal year 2005. This change is due primarily to a change in Institutional Support expenditures.

Investment Income for fiscal year 2006 increased by 55.1% or \$15,379 over fiscal year 2005 due to increased capital gifts and increased rates of returns in pooled investments.

Payments from Friends of KWMU-FM for fiscal year 2006 increased 5.9% or \$84,500 over fiscal year 2005. The increase was due to the Friends of KWMU providing more expense reimbursement to the Station in fiscal year 2006.

Capital Gifts & Grants for fiscal year 2006 increased \$538,594 over fiscal year 2005. The increase was due to large gift received for the Station's capital campaign.

Total **Operating expenses** for fiscal year 2006 increased by 4.5% or \$179,460 over fiscal year 2005. Operating expenses fall into two categories: 1) Program services representing 50.4% and 47.0% of total operating expenses for fiscal years ended June 30, 2006, and 2005, and 2) Support services representing 48.5% and 52.9% of total operating expenses for fiscal years ended June 30, 2006 and 2005.

The increase is primarily due to **Programming and Production** of \$123,600 to \$1,503,858 for the fiscal year ended June 30, 2006, compared to \$1,380,258 for fiscal year ended June 30, 2005, and increases in **Program Information** expenses of \$68,036 to \$337,775 for the fiscal year ended June 30, 2006, compared to \$269,739 for fiscal year ended June 30, 2005.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
As of and for the Years Ended June 30, 2007 and 2006

ECONOMIC OUTLOOK

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

- **Corporation for Public Broadcasting:** The fiscal year 2007 CPB appropriation from the federal government was \$400 million. CPB is funded two years in advance. CPB appropriation for fiscal years 2008 and 2009 is \$400 million. For fiscal year 2009, the CPB request for funding is \$440 million. Thus the stability of CPB funding will remain steady for the next year. CPB has approved new funding guidelines effective fiscal year 2008. The core amount of the Community Service Grants will be smaller, but dependent on stations meeting certain community service goals, the overall grant will either increase or decrease.
- **Underwriting Support:** KWMU-FM projects an increase in corporate support from businesses and will continue to develop this support in the foreseeable future.
- **Special Events:** Special Events revenue is largely dependent on the number and the magnitude of special events for the year. KWMU-FM is focusing on efficiencies and increased income for Special Events.
- **Support from the University of Missouri:** For fiscal year 2008, the funding increase was approximately 3%. KWMU does not foresee a large change in funding for future years although indirect funding is dependent on Institutional Support expenditures and could affect future funding.
- **Investment Income:** The KWMU-FM investments are directed by the University which has a conservative approach to investing. Investment income is dependent on market viability.
- **Private Gifts:** KWMU-FM relies on certain significant revenue streams, including private gifts, for operations even though they are recorded as non-operating revenues, as defined by GASB Statement No. 35. KWMU's number one focus will be on cultivating major gifts from individual donors through the Friends of KWMU. KWMU-FM will continue to focus on raising funds for its Capital Campaign for a new building and continue to increase its Endowment for the future of the station.
- **Other Funding:** KWMU-FM will continue to apply for funding from the local, state and national funding organizations in FY2008.



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Certified Public Accountants

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Trust. The Keystone of Our Business

Report of Independent Auditor

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, as of and for the year ended June 30, 2007, which collectively comprise the University of Missouri KWMU-FM Radio basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the University of Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the University of Missouri KWMU-FM Radio as of June 30, 2006 were audited by other auditors whose report dated December 5, 2006, 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 University of Missouri KWMU-FM Radio'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 basic financial statements of the University of Missouri KWMU-FM Radio, are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the University of Missouri that is attributable to the transactions of the University KWMU-FM Radio. They do not purport to, and do not, present fairly the financial position of the University of Missouri, as of June 30, 2007, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the University of Missouri KWMU-FM Radio, as of June 30, 2007, and the changes in financial position and, where applicable, 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 6 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University of Missouri KWMU-FM Radio's basic financial statements. The supplemental schedule of non-federal financial support for the year ended June 30, 2007, 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.

Marberry Miller + Bales, P.C.

Marberry, Miller & Bales, P.C.
Certified Public Accountants
Columbia, Missouri
December 17, 2007

University of Missouri
KWMU-FM Radio

STATEMENTS OF NET ASSETS
As of June 30, 2007 and 2006

	2007		2006	
	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 88,599	\$ 353,327	\$ 37,229	\$ 313,356
Cash and Cash Equivalents - Restricted	148,474	-	59,121	-
Short-Term Investments	36,183	-	41,362	-
Short-Term Investments - Restricted	60,202	-	22,916	-
Accounts Receivable	146,757	-	145,565	-
Due from (to) Component Unit	200	(200)	7,515	(7,515)
Grants Receivable	32,733	-	4,800	-
Pledges Receivable, Net	-	45,182	-	37,849
Total Current Assets	513,148	398,309	318,508	343,690
Noncurrent Assets:				
Depreciable Capital Assets, Net	264,641	-	317,578	-
Nondepreciable Capital Assets	246,777	-	134,274	-
Long-Term Investments	468,322	-	396,773	-
Long-Term Investments - Restricted	220,732	-	197,725	-
Total Noncurrent Assets	1,200,472	-	1,046,350	-
Total Assets	\$ 1,713,620	\$ 398,309	\$ 1,364,858	\$ 343,690
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accrued Vacation	\$ 109,615	\$ -	\$ 104,156	\$ -
Accounts Payable and Other Accrued Expenses	206,079	14,680	182,702	18,399
Deferred Revenue	-	-	-	-
Unexpended Grants	-	103,053	709	67,537
Note Payable - Administrative Services	56,191	-	54,126	-
Total Current Liabilities	371,885	117,733	341,693	85,936
Noncurrent Liabilities:				
Accrued Vacation	24,618	-	28,629	-
Note Payable - Administrative Services	118,895	-	175,087	-
Total Noncurrent liabilities	143,513	-	203,716	-
Total Liabilities	515,398	117,733	545,409	85,936
Net Assets:				
Restricted Expendable - Capital	443,277	-	276,623	-
Unrestricted -				
Other	27,917	280,576	(26,365)	257,754
Board Designated	390,696	-	346,552	-
Invested in Capital Assets, Net of Related Debt	336,332	-	222,639	-
Total Net Assets	1,198,222	280,576	819,449	257,754
Total Liabilities and Net Assets	\$ 1,713,620	\$ 398,309	\$ 1,364,858	\$ 343,690

See accompanying notes to the basic financial statements.

University of Missouri
KWMU-FM Radio

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For The Years Ended June 30, 2007 and 2006

	2007		2006	
	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit
Operating Revenues:				
Underwriting Income	\$ 964,039	\$ -	\$ 865,099	\$ -
Community Service Grants from Corporation for Public Broadcasting	374,602	-	388,851	-
Other Grants	39,953	34,484	10,300	25,000
Special Events & Other Operating Revenue	84,201	50,246	73,508	26,440
Total Operating Revenues	1,462,795	84,730	1,337,758	51,440
Operating Expenses:				
Program Services:				
Programming and Production	1,546,473	-	1,503,858	-
Broadcasting	306,679	-	272,831	-
Program Information	304,766	-	337,775	-
Total Program Services	2,157,918	-	2,114,464	-
Supporting Services:				
Fundraising	1,067,549	-	831,259	-
Administration	1,310,810	141,171	1,194,524	157,002
Total Supporting Services	2,378,359	141,171	2,025,783	157,002
Depreciation Expense	52,936	-	35,819	-
Total Operating Expenses	4,589,213	141,171	4,176,066	157,002
Operating Loss Before Nonoperating Revenues	(3,126,418)	(56,441)	(2,838,308)	(105,562)
Nonoperating Revenues (Expenses):				
Support from the University of Missouri	600,546	-	493,381	-
Donated facilities and administrative Support from University of Missouri	509,146	-	479,578	-
Other In-Kind Nonoperating Revenue	102,115	-	129,781	-
Investment Income	69,721	17,802	43,279	10,920
Interest Expense	(7,671)	-	(9,661)	-
Payments to (from) Friends of KWMU	1,670,000	(1,670,000)	1,515,500	(1,515,500)
Private Gifts	33,602	1,731,461	-	1,647,438
Total Nonoperating Revenues (Expenses)	2,977,459	79,263	2,651,858	142,858
Income (Loss) before Capital Gifts and Additions to Endowments	(148,959)	22,822	(186,450)	37,296
Capital Gifts and Grants	527,732	-	627,983	-
Increase in Net Assets	378,773	22,822	441,533	37,296
Net Assets, Beginning of Year	819,449	257,754	377,916	220,458
Net Assets, End of Year	\$ 1,198,222	\$ 280,576	\$ 819,449	\$ 257,754

See accompanying notes to the basic financial statements.

University of Missouri
KWMU-FM Radio

STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2007 and 2006

	2007		2006	
	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit	University Fund Business Type Activity	Friends of KWMU Discretely Presented Component Unit
Cash Flows from Operating Activities:				
Underwriting Income	\$ 970,162	\$ -	\$ 855,928	\$ -
Corporation for Public Broadcasting Grant	373,893	-	359,011	-
Payments to Suppliers and Employees	(4,002,306)	(152,205)	(3,595,593)	(153,355)
Other Receipts	96,223	120,246	79,009	101,492
Net Cash Used in Operating Activities	(2,562,028)	(31,959)	(2,301,645)	(51,863)
Cash Flows from Noncapital Financing Activities:				
Private Gifts	33,602	1,724,128	-	1,650,935
Payments and Contributions from University of Missouri & Other Sources	702,659	-	623,162	-
Payments to/from Friends of KWMU	1,670,000	(1,670,000)	1,515,500	(1,515,500)
Net Cash Provided by Noncapital Financing Activities	2,406,261	54,128	2,138,662	135,435
Cash Flows from Capital and Related Financing Activities:				
Capital Gifts	527,732	-	627,983	-
Proceeds from Note Payable	-	-	-	-
Principal Payments on Note Payable	(54,127)	-	(52,137)	-
Interest Payments on Note Payable	(7,671)	-	(9,661)	-
Purchase of Capital Assets	(112,502)	-	(345,701)	-
Net Cash Provided by Capital and Related Financing Activities	353,432	-	220,484	-
Cash Flows from Investing Activities:				
Purchase of Investments, Net	(126,663)	-	(118,998)	-
Investment Income	69,721	17,802	43,279	10,920
Net Cash Provided by (Used in) Investing Activities	(56,942)	17,802	(75,719)	10,920
Net Increase (Decrease) in Cash and Cash Equivalents	140,723	39,971	(18,218)	94,492
Cash and Cash Equivalents, Beginning of Year	96,350	313,356	114,568	218,864
Cash and Cash Equivalents, End of Year	\$ 237,073	\$ 353,327	\$ 96,350	\$ 313,356
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:				
Operating Loss	\$ (3,126,418)	\$ (56,441)	\$ (2,838,308)	\$ (105,562)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities -				
Depreciation Expense	52,936	-	35,819	-
Donated Facilities and Administrative Support	509,146	-	479,578	-
Changes in Assets and Liabilities:				
Accounts Receivable, Grants Receivable & Prepaid Expense	(21,810)	(7,315)	(3,589)	7,515
Accrued Vacation	1,438	-	16,923	-
Accounts Payable and Other Accrued Expenses	23,389	(3,719)	41,178	3,647
Deferred Revenue	(709)	-	(3,406)	-
Unexpended Grants	-	35,516	(29,840)	42,537
Net Cash Used in Operating Activities	\$ (2,562,028)	\$ (31,959)	\$ (2,301,645)	\$ (51,863)
Noncash Activity:				
Administrative Support from the University of Missouri	\$ 509,146	\$ -	\$ 479,578	\$ -
Non-Cash Contributions of Services and Other Assets	102,115	-	129,781	-

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NOTES TO BASIC FINANCIAL STATEMENTS
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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KWMU-FM Radio

Organization – KWMU-FM Radio (the “Station”) is operated as a department 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 is a not-for-profit organization that follows generally accepted accounting principles under the Financial Accounting Standards Board (“FASB”). The organization provides financial support for the objectives, purposes, and programs of the Station. The Friends of KWMU-FM solicit 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 Friends of KWMU, the resources which the Friends of KWMU hold and invest are restricted to the activities of the Station.

During the year ended June 30, 2007 and 2006, the Friends of KWMU distributed \$1,670,000 and \$1,515,500, respectively, to the Station for both restricted and unrestricted purposes.

Separate financial statements for the Friends of KWMU 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. 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, private gifts and investment income.

Cash and Cash Equivalents – The Station participates in the University's pooled cash and investment accounts. For purposes of the basic financial statements, cash and cash equivalents consist of cash and short-term investments, with original purchased maturities of three months or less. 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 income in the Statements of Revenues, Expenses and Changes in Net Assets.

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

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.

Unexpended Grants – Amounts reflected in the Statements of Net Assets as of June 30, 2007 and 2006, include unexpended grant awards from Corporation for Public Broadcasting. 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, if any, attributable to the acquisition, construction or improvement of those assets.
- **Restricted:**
 - **Expendable** – 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.
 - **Unrestricted:** Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specified purposes by action of management or may otherwise be limited by contractual agreements with outside parties.

Underwriting Income – Underwriting income consists of advertising spots, purchased by corporate sponsors, and is recognized when the spot is 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 cost are recorded in revenues and

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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 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 - The GASB issued GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, effective for fiscal years beginning after December 15, 2006. The statement establishes criteria that will be used to determine whether certain transactions should be regarded as a sale or a collateralized borrowing. This statement also includes a provision that entities should not revalue assets that are transferred between the financial reporting entity components. The Station has not yet determined the effect that adoption of GASB Statement No. 48 may have on the basic financial statements.

Reclassifications – Certain reclassifications to the prior year's financial information have been made to conform to the current year presentation. Included within these reclassifications were significant changes to the classifications of net assets.

Discretely Presented Component Unit – Friends of KWMU

Pledges Receivable – The Friends of KWMU receive 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 Assets and as a portion of private gifts on the Statements of Revenues, Expenses and Changes in Net Assets. An allowance of \$13,435 and \$20,380 as of June 30, 2007 and 2006, has been made for uncollectible pledges based upon management's expectations regarding the collection of the pledges and the Friends of KWMU's historical collection experience. All pledges are collectible within the next fiscal year.

Unexpended Grants – Amounts reflected in the Statements of Net Assets as of June 30, 2007 and 2006, include unexpended grant awards from Monsanto and Simon Foundation. Grant revenues are recognized as eligibility requirements are met.

Operating Revenue – Operating revenue consists of special events provided by the Friends of KWMU to promote fundraising for the Station. Operating revenue also includes grants awarded to the Friends of KWMU.

2. CASH AND CASH EQUIVALENTS

Cash & Cash Equivalents – KWMU – The Station participates in the University's pooled cash and investment accounts, stated at fair value, and holds an equity investment in the pool. The University's cash and cash equivalents include bank deposits, repurchase agreements and investments with maturities of three months or less.

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

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NOTES TO BASIC FINANCIAL STATEMENTS
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the deposits. The following chart presents the Station's cash and cash equivalent deposit balances as of June 30, 2007 and 2006:

<u>2007</u>	<u>Uninsured and Uncollateralized</u>	<u>Unsecured and Collateralized with Securities held by Pledging Institution's Trust Department Not in the University's Name</u>	<u>Collateralized and Fully Insured Bank Balances</u>	<u>Total Carrying Value</u>
Cash & Cash Equivalent Deposits			\$ 17,723	\$ 17,723
Total	\$ -	\$ -	\$ 17,723	\$ 17,723

<u>2006</u>	<u>Uninsured and Uncollateralized</u>	<u>Unsecured and Collateralized with Securities held by Pledging Institution's Trust Department Not in the University's Name</u>	<u>Collateralized and Fully Insured Bank Balances</u>	<u>Total Carrying Value</u>
Cash & Cash Equivalent Deposits	\$ -	\$ -	\$ 11,701	\$ 11,701
Total	\$ -	\$ -	\$ 11,701	\$ 11,701

Custodial Credit Risk – Deposits – Friends of KWMU – The Friends of KWMU held deposits, consisting of cash and cash equivalents in the amount of \$353,327 and \$313,356 as of June 30, 2007 and 2006.

3. INVESTMENTS

Investments - The Station participates in the University's pooled investment accounts, stated at fair value, and holds an equity investment in the pool. The investment policies of the University are established by its governing board, 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 Statutes of Missouri. The University's security investments are held in book-entry form in brokerage, custody and safe keeping accounts in the University's name.

At June 30, 2007 and 2006, the Station held investments, by investment type, as follows:

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	Carrying Value as of June 30, 2007	Carrying Value as of June 30, 2006
Government Obligations	\$ 405,905	\$ 316,364
Corporate Bonds and Notes	88,644	69,724
Corporate Stocks	286,301	260,118
Commercial Paper	1,244	-
Other	3,345	12,569
Total Short-Term and Long-Term Investments	785,439	658,775
Government Obligations	29,986	13,390
Corporate Bonds and Notes	7,784	6,767
Commercial Paper	181,453	64,066
Repurchase Agreements	127	427
Invested Cash and Cash Equivalents	219,350	84,650
Total Investments	\$ 1,004,789	\$ 743,425

Custodial Credit Risk – Investments - The custodial credit risk for investments 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. In accordance with University policy, the University minimizes its custodial credit risk on deposits by establishing limitations on the types of investments held with qualifying institutions. Repurchase agreements must be collateralized by U.S. Government issues and/or U.S. Government Agency issues. Certificates of deposit must be collateralized and held at a bank with which the University has a depository agreement. The Station's investment of \$182,697 and \$64,066 in commercial paper is uninsured and uncollateralized at June 30, 2007 and 2006, respectively. At June 30, 2007 and 2006, the Station's investment of \$127 and \$427, respectively, in repurchase agreements is held by the investment's counterparty, not in the name of the University. All of the remaining University investments are insured and registered and are held by the University or an agent in its name.

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.

At June 30, 2007 and 2006, the maturities of the Station's portion of the University's debt investments are as follows:

	As of June 30, 2007				
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Fair Value
U.S. Agency Obligations	\$ 78,123	\$ 243,294	\$ 15,859	\$ 13,108	\$ 350,384
U.S. Treasury Obligations	6,797	5,947	2,777	1,490	17,011
Foreign Government Obligations	544	13,929	11,617	12,420	38,510
U.S. Corporate Bonds & Notes	6,156	63,829	5,107	8,354	83,446
Foreign Corporate Bonds & Notes	177	836	869	3,316	5,198
Total	\$ 91,797	\$ 327,835	\$ 36,229	\$ 38,688	\$ 494,549

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As of June 30, 2006					
	Less than 1 Year	1-5 Years	6-10 Years	More than 10 Years	Fair Value
U.S. Agency Obligations	\$ 36,713	\$ 198,886	\$ 17,191	\$ 4,663	\$ 257,453
U.S. Treasury Obligations	-	15,964	4,731	2,721	23,416
Foreign Government Obligations	414	19,737	5,978	9,366	35,495
U.S. Corporate Bonds & Notes	14,299	38,981	6,007	3,975	63,262
Foreign Corporate Bonds & Notes	284	2,159	1,583	2,436	6,462
Total	\$ 51,710	\$ 275,727	\$ 35,490	\$ 23,161	\$ 386,088

Credit Risk – The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by a national recognized statistical rating organization such as Standard and Poor’s (S&P) and Moody’s. University policy provides that investments in corporate bonds and other fixed income securities must have a rating of A or better.

However, the University has elected to use Moody’s Investors Service investment ratings in the following Credit Risk report. Several securities within the Pooled Endowment have Moody’s ratings of Baa and Standard and Poor’s ratings in the A range (A-, A, & A+), which places those bonds within the parameters specified in the University’s policy.

The following represents the Station’s portion of the University’s investment exposure to credit risk, based on Moody’s investment ratings:

As of June 30, 2007						
	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	\$ 335,730	\$ 49	\$ -	\$ -	\$ 14,605	\$ 350,384
U.S. Treasury Obligations	17,011	-	-	-	-	17,011
Foreign Government Obligations	24,873	54	9,433	692	3,458	38,510
U.S. Corporate Bonds & Notes	6,868	34,622	34,848	2,790	4,318	83,446
Foreign Corporate Bonds & Notes	979	329	1,276	146	2,468	5,198
Total	\$ 385,461	\$ 35,054	\$ 45,557	\$ 3,628	\$ 24,849	\$ 494,549

As of June 30, 2006						
	Aaa	Aa	A	Baa	Unrated	Total
U.S. Agency Obligations	\$ 218,430	\$ 26,165	\$ -	\$ -	\$ 12,858	\$ 257,453
U.S. Treasury Obligations	23,416	-	-	-	-	23,416
Foreign Government Obligations	26,273	118	7,836	501	767	35,495
U.S. Corporate Bonds & Notes	8,857	27,758	24,206	302	2,139	63,262
Foreign Corporate Bonds & Notes	2,444	1,117	1,491	418	992	6,462
Total	\$ 279,420	\$ 55,158	\$ 33,533	\$ 1,221	\$ 16,756	\$ 386,088

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Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a foreign investment. University policy allows 15-25% of the investment portfolio to be invested in international investments (14.8% and 13.2% denominated in foreign currency in fiscal year 2007 and 2006, respectively). To reduce the risk related to fluctuations in currency exchange rates, the University has entered into forward foreign currency contracts throughout the year. As of June 30, 2007 and 2006, 5.1% or \$37,290 and 3.6% or \$24,088, respectively, of the Station’s total investment portfolio is invested in forward foreign currency contracts. These contracts are marked to market and the changes in their market value are recorded in investment income on the Statements of Revenues, Expenses and Changes in Net Assets. The following represents the Station’s portion of the University’s exposure to foreign currency risk as of June 30, 2007 and 2006:

Foreign Currency Risk
International Investment Securities at Fair Value

Currency	Cash and Cash Equivalents	Foreign Government Obligations	Foreign Corporate Bonds and Notes	Corporate Stocks	2007 Total	2006 Total
Australian Dollar	\$ 3	\$ 219	\$ -	\$ 2,406	\$ 2,628	\$ 1,509
British Pound Sterling	9	10,195	532	5,286	16,022	13,870
Canadian Dollar	12	607	-	3,528	4,147	2,980
Chilean Peso	-	-	-	14	14	14
Chinese Yan Renminbi	-	-	-	1,318	1,318	325
Danish Krone	1	-	104	216	321	236
Euro	1,467	14,104	3,356	22,834	41,761	33,977
Hong Kong Dollar	30	-	-	2,335	2,365	1,883
Hungarian Forint	-	467	-	-	467	-
Israeli Shekel	-	712	-	-	712	137
Japanese Yen	109	7,204	1,206	13,513	22,032	26,713
Malaysian Ringgit	-	291	-	470	761	-
Mexican New Peso	29	692	-	-	721	525
New Taiwan Dollar	-	-	-	72	72	78
New Zealand Dollar	-	-	-	(1,314)	(1,314)	1
Norwegian Krone	-	58	-	354	412	331
Polish Zloty	25	1,030	-	(179)	876	229
South African Comm Rand	-	-	-	160	160	599
Singapore Dollar	-	971	-	677	1,648	573
South Korean Won	-	388	-	272	660	597
Swedish Krona	17	1,572	-	896	2,485	2,394
Swiss Franc	42	-	-	7,017	7,059	6,343
Total	\$ 1,744	\$ 38,510	\$ 5,198	\$ 59,875	\$105,327	\$ 93,314

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools).

For University funds invested through the Pooled General Investments category the following restrictions apply: 1) Corporate Bonds should not exceed 20% of the portfolio; 2) Variable Rate securities should not exceed 15% of the portfolio; and 3) Investments in obligations of the U.S. Government, U.S. Government

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Agency issues or U.S. Government guaranteed securities is unlimited. The investment policy for short-term funds was amended by the Board of Curators on December 15, 2006, to permit the following new investment categories: the University's Balanced Pool and Absolute return funds.

For University funds invested through the Pooled Endowment Investments category, target asset mixes are assessed and evaluated to ensure diversification. The investment policy allows for a portfolio consisting of no more than 37% U.S. equity, 24% international equity, 12.5% emerging markets equity, 10% private equity, 10% absolute return funds, 12.5% real estate, 22% global fixed income, and 12% Treasury Inflation-Protected Securities (TIPS).

Portions of the Pooled Endowment Investments are invested in a fixed income fund, called the Fixed Income Pool, which, due to donor restrictions, can only be invested in fixed income securities. Investments in this portfolio consist of U.S. Government, U.S. Government Agency issues, corporate fixed income, commercial paper and repurchase agreements.

As of June 30, 2007, of the Station's total investments, 7.4% are issues of the Federal National Mortgage Association (FNMA).

As of June 30, 2006, of the Station's total investments, 14.9% are issues of the Federal Home Loan Bank (FHLB), 8.7% are issues of the Federal National Mortgage Association (FNMA) and 6.2% are issues of the Federal Home Loan Mortgage Corporation (FHLMC).

4. CHANGES IN UNEXPENDED GRANTS

The balance of unexpended grants at June 30, 2007 and 2006 for the Station is as follows:

	Unexpended Grants	
	2007	2006
Balance, Beginning of Year	\$ 709	\$ 30,549
Grants	-	493,272
Deductions, Amount Expended	(709)	(523,112)
Balance, End of Year	<u>\$ -</u>	<u>\$ 709</u>

The balance of unexpended grants at June 30, 2007 and June 30, 2006 for the Friends of KWMU is as follows:

	Unexpended Grants	
	2007	2006
Balance, Beginning of Year	\$ 67,537	\$ 25,000
Grants	65,000	67,537
Deductions, Amount Expended	(29,484)	(25,000)
Balance, End of Year	<u>\$ 103,053</u>	<u>\$ 67,537</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, 2007 and 2006 is summarized as follows:

2007	Beginning Balance	Additions	Retirements	Ending Balance
Construction in Progress	\$ 134,274	\$ 112,502	\$ -	\$ 246,776
Total Capital Assets, Nondepreciable	134,274	112,502	-	246,776
Capital Assets, Depreciable:				
Buildings and Improvements	15,983	-	-	15,983
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	379,868	-	-	379,868
Furniture and Fixtures	118,617	-	-	118,617
Total Capital Assets, Depreciable	687,617	-	-	687,617
Accumulated Depreciation:				
Buildings and Improvements	15,983	-	-	15,983
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	65,311	49,915	-	115,226
Furniture and Fixtures	115,596	3,021	-	118,617
Total Accumulated Depreciation	370,039	52,936	-	422,975
Total Capital Assets, Depreciable, Net	317,578	(52,936)	-	264,642
Total Capital Assets, Net	<u>\$ 451,852</u>	<u>\$ 59,566</u>	<u>\$ -</u>	<u>\$ 511,418</u>
2006	Beginning Balance	Additions	Retirements	Ending Balance
Construction in Progress	\$ 109,138	\$ 25,136	\$ -	\$ 134,274
Total Capital Assets, Nondepreciable	109,138	25,136	-	134,274
Capital Assets, Depreciable:				
Buildings and Improvements	15,983	-	-	15,983
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	59,303	320,565	-	379,868
Furniture and Fixtures	118,617	-	-	118,617
Total Capital Assets, Depreciable	367,052	320,565	-	687,617
Accumulated Depreciation:				
Buildings and Improvements	15,983	-	-	15,983
Transmission, Antenna and Tower	173,149	-	-	173,149
Studio and Other Broadcast Equipment	33,917	31,394	-	65,311
Furniture and Fixtures	111,171	4,425	-	115,596
Total Accumulated Depreciation	334,220	35,819	-	370,039
Total Capital Assets, Depreciable, Net	32,832	284,746	-	317,578
Total Capital Assets, Net	<u>\$ 141,970</u>	<u>\$ 309,882</u>	<u>\$ -</u>	<u>\$ 451,852</u>

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The estimated cost to complete construction in progress at June 30, 2007, is \$102,000 of which \$102,000 is available from unrestricted net assets.

6. NOTE PAYABLE – ADMINISTRATIVE SERVICES

During the year ended June 30, 2005, the Station entered into an agreement with the Administrative Services department of the University of Missouri-St. Louis to borrow funds at a non-interest bearing rate. The note payable was discounted utilizing an imputed interest rate of 3.75%.

Note payable activity for the year ended June 30, 2007 and 2006, is as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Amortization</u>	<u>End of Year</u>	<u>Current Portion</u>
2007	\$ 229,213	\$ -	\$ (54,126)	\$ -	\$ 175,087	\$ 56,191
2006	281,350	-	(52,137)	-	229,213	54,126

As of June 30, 2007, the total of principal and interest due on notes during the next three years is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 56,191	\$ 5,606
2009	58,335	3,463
2010	60,561	1,211

7. NONCURRENT LIABILITIES

Noncurrent liabilities at June 30, 2007 and 2006, are summarized as follows:

	<u>2007</u>			<u>2007</u>	
	<u>Beginning of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of Year</u>	<u>Current Portion</u>
Accrued Vacation	<u>\$ 132,785</u>	<u>\$ 86,502</u>	<u>\$ (85,054)</u>	<u>\$ 134,233</u>	<u>\$ 109,615</u>
	<u>2006</u>			<u>2006</u>	
	<u>Beginning of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>End of Year</u>	<u>Current Portion</u>
Accrued Vacation	<u>\$ 115,862</u>	<u>\$ 107,411</u>	<u>\$ (90,488)</u>	<u>\$ 132,785</u>	<u>\$ 104,156</u>

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8. OPERATING LEASE OBLIGATIONS

The Station leases an above-ground, multi-unit broadcast tower from Sinclair Media 1, Inc. Future minimum payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2008	\$ 88,944
2009	93,391
2010	98,061
2011	102,964
2012	<u>72,075</u>
Total Future Minimum Payments	<u>\$ 455,435</u>

Total lease payments for the years ended June 30, 2007 and 2006 were \$62,780 and \$65,689.

9. RISK MANAGEMENT

The Station is a part of the University's overall risk management program. 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 for claims relating to the Station. The Station is charged a premium annually from the University for such coverage.

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 age 65 or thereafter. 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 contribution requirement, as a percent of payroll, which averaged 8.7% and 7.9% for the years ended June 30, 2007 and 2006, respectively. The Plan is funded 100% by University contributions and does not require employee contributions.

Additional Information – Historical trend information and funding status information 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 when due is presented in the University's annual report, which can be obtained at the University of Missouri, 118 University Hall, Columbia, MO 65211.

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NOTES TO BASIC FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2007 and 2006

11. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 10, the Station provides postretirement medical, dental and life insurance benefits to 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.

For employees retiring prior to September 1, 1990, the Fund contributes toward premiums at the same rate as for active employees: 2/3 of the premium for medical benefits and 1/2 of the dental plan premium. For employees who retired under the terms of the Retirement and Death Benefit Plan on September 1, 1990 or thereafter, the Fund contributes toward premiums on the basis of the employee's length of service and age at retirement.

The terms and conditions governing the postemployment benefits to which employees are entitled are at the sole authority and discretion of the University's Board of Curators. Postemployment benefit costs, other than long-term disability, are funded on a current basis and amounts recorded as an expense on a pay-as-you-go basis. Long-term disability costs are recognized during the period in which the employee becomes eligible to receive disability benefits.

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SUPPLEMENTAL SCHEDULE OF NON-FEDERAL FINANCIAL SUPPORT
For The Year Ended June 30, 2007

Summary of Non-Federal Financial Support

1. Direct Revenue	\$ 3,937,904
2. Indirect Administrative Support	509,146
3. In-Kind Contributions:	
a. Services and Other Assets	<u>102,115</u>
4. Total Non-Federal Financial Support	<u><u>\$ 4,549,165</u></u>

See Accompanying Independent Auditors' Report.