
***KXCV-FM, MARYVILLE/
KRNW-FM, CHILLICOTHE -
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY NORTHWEST MISSOURI STATE UNIVERSITY
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019***

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Regents
Northwest Missouri State University
Maryville, Missouri

Report On The Combined Financial Statements

We have audited the accompanying combined financial statements of KXCV-FM, Maryville/KRNW-FM - Chillicothe, a Public Telecommunications Entity Operated by Northwest Missouri State University of Maryville (KXCV-FM/KRNW-FM) as of and for the years ended June 30, 2020 and 2019, and the related notes to the combined financial statements, which collectively comprise the KXCV-FM/KRNW-FM's basic combined financial statements as listed in the table of contents.

Management's Responsibility For The Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of KXCV-FM Maryville/KRNW-FM, Chillicothe, as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the combined basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

RubinBrown LLP

January 7, 2021

**KXCV-FM, MARYVILLE/KRNW-FM, CHILLICOTHE -
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Years Ended June 30, 2020 And 2019**

Introduction

The following discussion provides an overview of the financial position of KXCV-FM, Maryville/KRNW-FM, Chillicothe (the Station) for the years ended June 30, 2020 and 2019 and includes an analysis of the Station's financial statements. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) pronouncements.

This discussion and analysis has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes.

Overview

The Station is operated by Northwest Missouri State University (University), the licensee, and provides public radio service to listeners. KXCV-FM facilities are located in the radio complex on the top level of Wells Hall on the main campus of the University in Maryville, Missouri. Since 1971, KXCV-FM has provided in-depth news and information, classical music, and jazz programming. Facilities include on-air production studios, a news center, offices, reception area, a music library, and a broadcast museum. Its tower/transmitter site is located on University property. KXCV-FM broadcasts at 100,000 watts. In 1993, KRNW-FM, a 38,000 watt FM radio station went on the air to enable programming to extend across most of the northern quarter of the state of Missouri. All programming for KRNW-FM emanates from KXCV-FM. The facilities of KRNW-FM include a tower/transmitter site located in Chillicothe, Missouri.

Financial Highlights

This discussion and analysis of the Station's financial statements provides an overview of the Station's financial performance during the years ended June 30, 2020 and 2019. Since the Management's Discussion and Analysis is designed to focus on current activities, resulting change and current known facts, it should be read in conjunction with the Station's basic financial statements and the footnotes. A comparative analysis to financial performance for the year ended June 30, 2018 is also presented in the analysis.

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Management's Discussion And Analysis (*Continued*)

Statements Of Net Position

The Statements of Net Position present the financial position of the Station at the end of the fiscal year and include all assets and liabilities of the Station. The net position presents the current financial condition of the Station. Assets and liabilities are generally measured using current values, with certain exceptions, such as, capital assets, which are stated at cost less accumulated depreciation. A summary of the Station's assets, liabilities and net position at June 30, 2020, 2019, and 2018, is as follows:

	Net Position As Of June 30		
	(In Thousands)		
	2020	2019	2018
Current Assets			
Cash and cash equivalents	\$ 635.3	\$ 544.0	\$ 630.4
Investments	465.0	415.0	415.0
Accounts receivable	0.6	0.3	0.5
Total Current Assets	1,100.9	959.3	1,045.9
Noncurrent Assets			
Capital assets, net	520.6	588.4	567.9
Total Assets	1,621.5	1,547.7	1,613.8
Current Liabilities			
Accounts payable	7.3	3.9	39.1
Salaries and taxes payable	4.4	6.2	5.6
Compensated absences payable	29.4	29.9	25.0
Total Current Liabilities	41.1	40.0	69.7
Net Position			
Net investment in capital assets	520.6	588.4	567.9
Restricted expendable for:			
Instructional department uses	501.1	455.4	511.2
Grants and other	—	96.1	107.3
Unrestricted	558.7	367.8	357.7
Total Net Position	\$ 1,580.4	\$ 1,507.7	\$ 1,544.1

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Management's Discussion And Analysis (*Continued*)

Comparative Analysis Of Fiscal Years 2020 And 2019:

Total assets increased 4.77% from \$1,547.7 thousand to \$1,621.5 thousand. This is primarily due to an increase in cash and cash equivalents due to Emergency Stabilization Funds received from the Corporation for Public Broadcasting as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), partly offset by decrease in capital assets due to annual depreciation expense in excess of funds invested in capital assets. At June 30, 2020, the Station's net assets were \$1,580.4 thousand. These are comprised of Unrestricted - \$558.7 thousand; Invested in capital assets - \$520.6 thousand and Restricted for instructional department uses - \$501.1 thousand.

Comparative Analysis Of Fiscal Years 2019 And 2018:

Total assets decreased 4.10% from \$1,613.8 thousand to \$1,547.7 thousand. This is primarily due to a decrease in university support, partly offset by the increase in capital assets due to studio renovations. At June 30, 2019, the Station's net position was \$1,507.7 thousand. This is comprised of Unrestricted - \$367.8 thousand; Invested in capital assets - \$588.4 thousand; Restricted for instructional department uses - \$455.4 thousand; and Restricted for grants and other - \$96.1 thousand.

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Management's Discussion And Analysis (*Continued*)

Statements Of Revenues, Expenses And Changes In Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the Station's results of operations. The statements distinguish revenues and expenses between operating and nonoperating categories, and provide a view of the Station's operating margin.

	Years Ended June 30		
	(In Thousands)		
	2020	2019	2018
Operating Revenues			
Federal and state grants and contracts	\$ 163.4	\$ 164.2	\$ 168.4
Underwriting	119.1	125.2	134.8
Other operating revenues	10.0	11.1	10.0
Total Operating Revenues	292.5	300.5	313.2
Operating Expenses			
Program services			
Programming and production	347.5	344.9	341.0
Broadcasting	167.6	149.7	142.1
Program Information	1.6	13.9	13.6
Support services			
Management and general	165.0	206.2	197.1
Fund raising/underwriting	131.6	121.5	115.6
Indirect administrative expense	152.1	193.3	176.2
Depreciation	67.8	74.3	63.4
Total Operating Expenses	1,033.2	1,103.8	1,049.0
Operating Loss	(740.7)	(803.3)	(735.8)
Nonoperating Revenues			
University support	500.7	525.3	579.5
Contributed support	152.1	193.3	176.2
CARES Funding	112.1		
Contributions	47.3	45.0	23.3
Other nonoperating revenue	1.2	3.3	82.9
Nonoperating Revenues	813.4	766.9	861.9
Increase (Decrease) In Net Position	72.7	(36.4)	126.1
Net Position, Beginning Of Year	1,507.7	1,544.1	1,418.0
Net Position, End Of Year	\$ 1,580.4	\$ 1,507.7	\$ 1,544.1

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Management's Discussion And Analysis (*Continued*)

Comparative Analysis Of Fiscal Years 2020 And 2019:

Total operating revenues decreased from \$300.5 thousand to \$292.5 thousand. The primary reason for the overall decrease was due to decrease in Underwriting revenues. Total operating expenses decreased from \$1,103.8 thousand to \$1,033.2 thousand. This is attributable primarily to a decrease in management and general expenses and indirect administrative expense. Total nonoperating revenues increased from \$766.9 thousand to \$813.4 thousand. This increase is attributable to Emergency Stabilization Funds received from the Corporation for Public Broadcasting as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Overall, this produced an increase in net position from \$1,507.7 thousand to \$1,580.4 thousand.

Comparative Analysis Of Fiscal Years 2019 And 2018:

Total operating revenues decreased from \$313.2 thousand to \$300.5 thousand. The primary reason for the overall decrease was due to a decrease in underwriting sales. Total operating expenses increased from \$1,049.0 thousand to \$1,103.7 thousand. This is attributable primarily to an increase in depreciation, indirect administrative, and broadcasting expenses. Total nonoperating revenues decreased from \$861.9 thousand to \$766.8 thousand. This decrease is attributable to a decrease in university support and insurance proceeds received for tower improvements. Overall, this produced a decrease in net position from \$1,544.1 thousand to \$1,507.7 thousand.

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Management's Discussion And Analysis (*Continued*)

Statements Of Cash Flows

The Statements of Cash Flows provide a view of the sources and uses of the Station's cash resources. Comparative summary statements of cash flows for the years ended June 30, 2020, 2019, and 2018 are as follows:

	Years Ended June 30		
	(In Thousands)		
	2020	2019	2018
Cash Provided By (Used In)			
Operating activities	\$ (519.7)	\$ (532.2)	\$ (494.5)
Noncapital financing activities	661.0	573.8	686.2
Capital and related financing activities	—	(128.0)	(141.9)
Investing activities	(50)	—	—
Increase (Decrease) In Cash And Cash Equivalents	91.3	(86.4)	49.8
Cash And Cash Equivalents, Beginning Of Year	544.0	630.4	580.6
Cash And Cash Equivalents, End Of Year	\$ 635.3	\$ 544.0	\$ 630.4

Comparative Analysis Of Fiscal Years 2020, 2019 And 2018:

Cash used in operating activities reflects the continued need for funding from noncapital financing activities, as funding from grants and other operating revenues are not sufficient to cover operational needs. The Station's most significant source of cash is noncapital financing activities from the University, grants from the Corporation for Public Broadcasting (CPB), and donor contributions.

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COMBINED STATEMENT OF NET POSITION

	Years Ended June 30	
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 635,296	\$ 544,038
Investments	465,000	415,000
Accounts receivable	575	270
Total Current Assets	1,100,871	959,308
Noncurrent Assets		
Capital assets, net	520,619	588,432
Total Assets	1,621,490	1,547,740
Current Liabilities		
Accounts payable	7,310	3,864
Salaries and taxes payable	4,358	6,219
Compensated absences payable	29,418	29,884
Total Current Liabilities	41,086	39,967
Net Position		
Net investment in capital assets	520,619	588,432
Restricted expendable for		
Instructional department uses	501,137	455,429
Grants and other	—	96,110
Unrestricted	558,648	367,802
Total Net Position	\$ 1,580,404	\$ 1,507,773

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**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

	For The Years Ended June 30	
	2020	2019
Revenues		
Operating revenues		
Community Service Grants (CSG)	\$ 154,249	\$ 152,043
State grants and contracts	9,094	12,143
Underwriting	119,135	125,221
Other operating revenues	10,000	11,113
Total operating revenues	292,478	300,520
Expenses		
Operating expenses		
Program services:		
Programming and production	347,498	344,867
Broadcasting	167,647	149,643
Program information	1,632	13,894
Support services:		
Management and general	164,986	206,249
Fundraising/underwriting	131,571	121,518
Indirect administrative expense	152,100	193,292
Depreciation	67,813	74,276
Total operating expenses	1,033,247	1,103,739
Operating Loss	(740,769)	(803,219)
Nonoperating Revenues		
University support	500,642	525,297
Contributed support	152,100	193,292
CARES funding	112,136	—
Contributions	47,322	44,980
Rental revenue	1,200	3,300
Net nonoperating revenues	813,400	766,869
Increase (Decrease) In Net Position	72,631	(36,350)
Net Position - Beginning Of The Year	1,507,773	1,544,123
Net Position - End Of The Year	\$ 1,580,404	\$ 1,507,773

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COMBINED STATEMENT OF CASH FLOWS

	For The Years Ended June 30	
	2020	2019
Cash Flows From Operating Activities		
Grants and contracts	\$ 163,343	\$ 164,186
Underwriting	119,135	125,221
Payments to suppliers	(223,962)	(245,579)
Payments to employees	(425,395)	(437,028)
Payments for benefits	(162,858)	(150,109)
Other receipts	10,000	11,113
Net Cash Used In Operating Activities	(519,737)	(532,196)
Cash Flows From Noncapital Financing Activities		
University support	500,642	525,297
CARES Funding	112,136	
Contributions	47,017	45,210
Other nonoperating revenue	1,200	3,301
Net Cash Flows Provided By Noncapital Financing Activities	660,995	573,808
Cash Flows Used In Capital And Related Financing Activities		
Purchase of capital assets	—	(127,992)
Cash Flows From Investing Activities		
Net purchase of investments	(50,000)	—
Net Increase (Decrease) In Cash And Cash Equivalents	91,258	(86,380)
Cash And Cash Equivalents - Beginning Of Year	544,038	630,418
Cash And Cash Equivalents - End Of Year	\$ 635,296	\$ 544,038

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COMBINED STATEMENT OF CASH FLOWS *(Continued)*

	For The Years Ended June 30	
	2020	2019
Reconciliation Of Operating Loss To Net		
Cash Used In Operating Activities		
Operating loss	\$ (740,769)	\$ (803,219)
Adjustments to reconcile net loss to net cash from operating activities:		
Contributed support	152,100	193,292
Depreciation expense	67,813	74,276
Change in assets and liabilities:		
Accounts receivable	—	—
Accounts payable	3,446	(2,075)
Salaries and benefits payable	(1,861)	630
Compensated absences payable	(466)	4,900
	\$ (519,737)	\$ (532,196)
Supplemental Cash Flow Information		
Noncapital financing pledge receivable	\$ 575	\$ 270

**KXCV-FM, MARYVILLE/KRNW-FM, CHILLICOTHE -
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**NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2020 And 2019**

1. Nature Of Operations And Summary Of Significant Accounting Policies

Nature Of Operations

KXCV-FM, Maryville/KRNW-FM, Chillicothe (the Station), is operated by Northwest Missouri State University (the University) and serves Northwest Missouri and Southwest Iowa. The Station is included in the combined financial statements of the University. The Station's major emphasis is news and information broadcasting, but it also broadcasts classical music concerts and jazz performances to its listening audience.

Basis Of Accounting And Presentation

For financial reporting purposes, the financial statements of KXCV-FM, Maryville and KRNW-FM, Chillicothe are combined. The Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the accrual basis of accounting in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Use Of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Notes To Combined Financial Statements (*Continued*)

Cash And Cash Equivalents

Public funds held as cash on the Station's behalf are governed by state statutes and are pooled by the University. As of June 30, 2020 and 2019, all cash accounts of the University that would hold funds for the Station are covered by Federal depository insurance or are adequately collateralized. Such collateral is held in the University's name by the University's custodial banks and is in the form of U.S. Treasury securities or other securities permitted by Missouri Statutes or the investment policy approved by the Board of Regents.

Cash and cash equivalents also include pooled funds held by Northwest Foundation, Inc. (the Foundation) for the benefits of the Station. At various times during the year, the Foundation's cash accounts exceeded federally insured limits.

	<u>2020</u>	<u>2019</u>
Pooled funds are held by the following entities:		
Northwest Missouri State University	\$ 599,734	\$ 460,179
Northwest Foundation Inc.	35,562	83,859
	<u>\$ 635,296</u>	<u>\$ 544,038</u>

For the purposes of the statements of cash flows, the Station considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments

The Station has an interest in an external investment pool held by Northwest Foundation, Inc. Under the Station's agreement with the Foundation, the Station does not participate in earnings or losses of the investment pool. As such, investment are carried at cost and are redeemable in full immediately.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation or contribution. For equipment, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. The capitalization threshold increased from \$1,000 to \$5,000 effective July 1, 2018. Improvements that significantly increase an asset's value or extend its useful life are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 40 years for buildings and improvements and 5 to 15 years for equipment and software.

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Notes To Combined Financial Statements (*Continued*)

Net Position

The Station's net position is classified as follows:

Net investment in capital assets - This represents the Station's total investment in capital assets, which includes transmitter towers and buildings and equipment.

Restricted expendable - Restricted expendable net position include resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted - Unrestricted net position represent resources derived primarily from underwriting resources. These resources are used for transactions relating to the educational and general operations of the Station, and may be used at the discretion of Station management to meet current expenses for any purpose. When an expense is incurred that can be paid using either restricted or unrestricted resources, the Station's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Classification Of Revenues

The Station has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions, such as federal and state grants and contracts.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by Governmental Accounting Standards Board (GASB) No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as contributed support by the University.

Income Taxes

As a component of a state institution of higher education, the income of the Station is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

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Notes To Combined Financial Statements (*Continued*)

Indirect University Support

Donated facilities from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense at estimated fair rental values. Administrative support from the University consists of allocated financial and student development department costs and certain other expenses incurred by the University on behalf of the Station.

Revenue Recognition

Revenue recognition for grants, contracts and contributions are recorded in the Station's accounting records on an accrual basis. Under the accrual basis, revenues are recognized when earned.

2. Capital Assets

Capital asset activity for the years ended June 30, 2020 and 2019 was:

	Beginning Balance	Additions	Disposals	Ending Balance
June 30, 2020				
Buildings and improvements	\$ 1,097,497	\$ —	\$ —	\$ 1,097,497
Equipment	414,515	—	—	414,515
	<u>1,512,012</u>	<u>—</u>	<u>—</u>	<u>1,512,012</u>
Less: Accumulated depreciation				
Buildings and improvements	541,388	59,137	—	600,525
Equipment	382,192	8,676	—	390,868
	<u>923,580</u>	<u>67,813</u>	<u>—</u>	<u>991,393</u>
Net Capital Assets	\$ 588,432	\$ (67,813)	\$ —	\$ 520,619
June 30, 2019				
Buildings and improvements	\$ 1,007,208	\$ 90,289	\$ —	\$ 1,097,497
Equipment	572,417	4,491	162,393	414,515
	<u>1,579,625</u>	<u>94,780</u>	<u>162,393</u>	<u>1,512,012</u>
Less: Accumulated depreciation				
Buildings and improvements	482,251	59,137	—	541,388
Equipment	529,445	15,140	162,393	382,192
	<u>1,011,696</u>	<u>74,277</u>	<u>162,393</u>	<u>923,580</u>
Net Capital Assets	\$ 567,929	\$ 20,503	\$ —	\$ 588,432

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Notes To Combined Financial Statements (*Continued*)

3. Related Party Transactions

As described in Note 1, the Station's cash consists of pooled funds held by the University and/or Northwest Foundation, Inc.

The University provides appropriations and indirect support to the Station, as reported on the statements of revenues, expenses and changes in net position. Indirect support consists of certain administrative costs and other expenses incurred by the University on behalf of the Station.

4. Pension And Other Post Employment Obligations

In accordance with GASB 68, Accounting for Pensions, the University must recognize a proportional share of the net pension liability for the Missouri State Employees Retirement System (MOSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Missouri. Benefit eligible employees of the University are provided with pensions through MOSERS. Chapter 104.320 of the Revised Statutes of Missouri grants the authority to establish a defined benefit plan for eligible state and other related University employees. MOSERS issues an annual Comprehensive Annual Report (CAFR), a publicly available financial report that can be obtained at www.mosers.org. The University also follows GASB reporting for Other Post Employment Obligations. Because the Station is a department of the University, no balances were allocated to the Station related to Pensions or Other Post Employment Obligations. Please refer to the University's financial statements for a complete and comprehensive disclosure of the University's Pension Plans and Other Post Employment Benefit Obligations.