

**KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College,
Council Bluffs, Iowa)**

FINANCIAL REPORT

June 30, 2009

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**Iowa Western Community College
OFFICIALS
June 30, 2009**

**Board of Trustees
(Before September 2008 Election)**

Name	Title	<u>Term expires</u>
Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Doug Goodman	Member	2011
Scott Robinson	Member	2009
Fred Lisle	Member	2011
Kirk Madsen	Member	2009

**Board of Trustees
(After September 2008 Election)**

Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Doug Goodman	Member	2011
Scott Robinson	Member	2009
Fred Lisle	Member	2011
Kirk Madsen	Member	2009

Community College

Dr. Dan Kinney	President
Thomas Johnson	Board Treasurer
Kathryn Coffelt	Board Secretary

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Iowa Western Community College
Council Bluffs, Iowa

We have audited the accompanying statement of net assets of KIWR-FM Radio (a public telecommunications entity operated by Iowa Western Community College, Council Bluffs, Iowa) as of June 30, 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the management of KIWR-FM Radio. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KIWR-FM Radio as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009, on our consideration of KIWR-FM Radio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 6 through 9 is not a required part of the basic financial statements, but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit such information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of KIWR-FM Radio taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 2, 2009

KIWR-FM Radio
Iowa Western Community College
Council Bluffs, Iowa
(A Public Telecommunications Entity Operated by Iowa Western Community College,
Council Bluffs, Iowa)

Management Discussion and Analysis
Year Ended June 30, 2009

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of KIWR-FM Radio (the Radio Station) for the year ended June 30, 2009. Management of the Radio Station has prepared the following discussion and it should be read with the financial statements and related footnotes which follow this section.

The Radio Station is operated by Iowa Western Community College (IWCC).

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Radio Station consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Change in Net Assets and the Statement of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – For State and Local Governments*, as amended by GASB No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – For Public Colleges and Universities*. Statement 35 established standards for external financial reporting for all public colleges and universities, which includes the basic financial statements noted above. Statement 35 also requires the classification of net assets into three categories – invested in capital assets; restricted; and unrestricted.

The Statement of Net Assets includes Assets, Liabilities and Net Assets of the Radio Station as of June 30, 2009. This statement is classified into Current Assets, Capital Assets and Current Liabilities, with Net Assets classified into the applicable categories as noted above. The Statement of Revenues, Expenses and Change in Net Assets depicts the Operating Revenues and Expenses resulting in an Operating Deficit for fiscal year 2009, which is then combined with Non-operating Revenue and Transfers to provide the total Decrease in Net Assets. The Statement of Cash Flows shows the sources and uses of cash flows from operating activities, cash flows from non-capital financing activities and cash flows from capital and related financing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

Net Assets of the Radio Station decreased by \$25,811 for the year ended June 30, 2009 (fiscal year 2009), the result of depreciation expense for the fiscal year associated with capital assets. Its overall performance remains strong and improving. Net Assets at June 30, 2009 totaled \$137,525. Net Assets at June 30, 2008, were \$163,336.

In fiscal year 2009, the Radio Station's Operating Revenues totaled \$970,061, while Operating Expenses were \$958,730. The Net Operating Income for fiscal year 2009 was \$11,331, which included a non-cash depreciation expense of \$25,811. Donated services totaled \$270,423 for fiscal year 2009, which represents indirect administration support from IWCC. The amount of donated services is reflected as revenues in the accompanying statement of revenues, expenses and change in net assets. As expenses of an equivalent amount are also recognized, there is no impact on total net assets.

The Radio Station's capital assets, net of accumulated depreciation, totaled \$137,525 at June 30, 2009. The Radio Station has outstanding current liabilities of \$104,528 including salaries payable, payroll taxes payable and payable due to IWCC. The Radio Station has no outstanding debt obligations as of June 30, 2009.

FINANCIAL ANALYSIS OF THE STATEMENTS

The Radio Station's condensed comparative financial statements are presented below for fiscal years 2009 and 2008.

Current Assets consist primarily of investments and accounts receivables. Capital Assets are presented net of accumulated depreciation of \$551,135 at June 30, 2009. Liabilities consist of salaries payable, payroll taxes payable and payable due to IWCC. Net Assets are classified as invested in capital assets.

KIWR-FM Radio Condensed Statement of Net Assets

	<u>FY09</u>	<u>FY08</u>
Assets		
Current Assets	\$104,528	\$ 90,250
Non-current assets	<u>137,525</u>	<u>163,336</u>
Total assets	<u>242,053</u>	<u>253,586</u>
Liabilities		
Current Liabilities	104,528	90,250
Net assets		
Invested in capital assets	<u>137,525</u>	<u>163,336</u>
Total	<u>\$242,053</u>	<u>\$253,586</u>

Operating Revenues consist primarily of federal and local support, Corporation for Public Broadcasting appropriations, college support, underwriting and donated services. Operating expenses consist primarily of program services and support services. Non-Operating Revenue consists of interest income from investments.

KIWR-FM Radio
Condensed Statement of Revenues, Expenses and Change in Net Assets

	<u>FY09</u>	<u>FY08</u>
Federal and local support	\$104,594	\$139,104
Corporation for Public Broadcasting	95,304	102,030
Underwriting	499,740	551,794
Donated services	<u>270,423</u>	<u>237,763</u>
Total operating revenues	<u>970,061</u>	<u>1,030,691</u>
Program services	542,329	564,323
Support services	<u>416,401</u>	<u>392,960</u>
Total operating expenses	<u>958,730</u>	<u>957,283</u>
Operating income	11,331	73,408
Non-operating revenue and transfers		
Transfers	(38,182)	(101,292)
Interest on Investments	<u>1,040</u>	<u>2,073</u>
Total non-operating revenue and transfers	<u>(37,142)</u>	<u>(99,219)</u>
(Decrease) in net assets	(25,811)	(25,811)
Net assets, beginning of year	<u>163,336</u>	<u>189,147</u>
Net assets, end of year	<u>\$137,525</u>	<u>\$163,336</u>

OTHER SIGNIFICANT MATTERS

89.7 The River (KIWR’s station name) broadcasts its 100,000 watt signal from a tower height of 1,150 feet located in the Council Bluffs/Omaha metro area. The alternative rock format of the station appeals to key demographics from ages 15-34. The popularity of The River has been a significant factor in the continued enrollment growth of Iowa Western Community College.

The Station’s continued popularity in the metro area is reflected in its financial performance. Operating Revenues were down 5.8% compared to last year, and as a result the Station generated a small net operating income of just over \$11,000. With the downturn in the economy, FY10 may prove to be a difficult year for both underwriting and donations.

Operating Revenues were down (\$60,305) in fiscal year 2009 totaling \$970,061. Expenses in FY09 were flat at \$958,730 compared to \$956,958 in FY08. While the Station continues its involvement in the management and production of local area concerts and events, it has been able to maintain the current level of Operating Expenses. The Net Operating Income of \$11,331 realized in FY09 continues to provide evidence of the popularity and success of 89.7 The River as it grows in favor with its regional audience.

The 89.7 The River station management continues to be actively involved in the promotion and staging of local area concerts. Their involvement ranges from promoting relatively unknown startup bands at smaller local area venues to working in cooperation with national music promotions to host the annual River Riot concert. This year the Station expanded the weekend festivities with Rock Fest on Friday and River Riot on Sunday. More than 23,000 fans attended the two-day event.

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Station's constituents, taxpayers in the service district and KIWR creditors with a general overview of the Station's finances and to demonstrate KIWR's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Western Community College, 2700 College Road, Council Bluffs, IA 51503.

KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS

CURRENT ASSETS

Investments	\$ 36,738
Accounts receivable	59,721
Prepaid expenses	<u>8,069</u>
Total current assets	<u>104,528</u>

CAPITAL ASSETS

Buildings and fixed equipment	20,682
Other structure and improvements	166,248
Furniture, machinery and equipment	<u>501,730</u>
Total	688,660
Less accumulated depreciation	<u>551,135</u>
Capital assets, net	<u>137,525</u>
Total assets	<u>242,053</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	714
Salaries payable	14,496
Payroll taxes and employee benefits payable	2,038
Deferred revenue	30,240
Due to Iowa Western Community College	<u>57,040</u>
Total current liabilities	<u>104,528</u>

NET ASSETS

Invested in capital assets	\$ <u>137,525</u>
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KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year ended June 30, 2009

OPERATING REVENUES

Local support	\$ 104,594
Corporation for Public Broadcasting support	95,304
Underwriting	496,520
Underwriting, trade	3,220
Donated professional services and programs	267,798
Donated material and supplies	<u>2,625</u>
Total operating revenues	<u>970,061</u>

OPERATING EXPENSES

Program services	
Programming and production	182,951
Broadcasting	287,699
Program information	<u>71,679</u>
	<u>542,329</u>
Support services	
Management and general	176,307
Fundraising and membership development	9,107
Underwriting and grant solicitation	205,176
Depreciation expense	<u>25,811</u>
	<u>416,401</u>
Total operating expenses	<u>958,730</u>

OPERATING INCOME

11,331

NONOPERATING REVENUE AND TRANSFERS

Transfers to Iowa Western Community College	(38,182)
Interest on investments	<u>1,040</u>
Net nonoperating revenue and transfers	<u>(37,142)</u>

(DECREASE) IN NET ASSETS

(25,811)

NET ASSETS

Beginning of year	<u>163,336</u>
End of year	<u>\$ 137,525</u>

KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
STATEMENT OF CASH FLOWS
Year ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Local support	\$ 104,594
Corporation for Public Broadcasting	95,304
Underwriting	512,853
Programming and production	(114,656)
Broadcasting	(218,877)
Program information	(46,652)
Management and general	(121,476)
Fundraising and membership development	(8,990)
Underwriting and grant solicitation	<u>(142,609)</u>
Net cash provided by operating activities	<u>59,491</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments and transfers to Iowa Western Community College	<u>(59,491)</u>
Net cash (used in) capital and related financing activities	<u>(59,491)</u>

NET CHANGE IN CASH

-

CASH

Beginning of year	<u>-</u>
End of year	<u>\$ -</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating income	\$ <u>11,331</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	25,811
Changes in assets and liabilities	
Accounts receivable	(13,907)
Prepaid expenses	669
Accounts payable	668
Salaries payable	3,880
Payroll taxes payable	799
Deferred revenue	<u>30,240</u>
Total adjustments	<u>48,160</u>
Net cash provided by operating activities	<u>\$ 59,491</u>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES

Interest income reinvested	<u>\$ 1,040</u>
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See Notes to Financial Statements.

KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

KIWR-FM Radio (the Radio Station) is a nonprofit, noncommercial radio station. The Radio Station operates with a power of 100,000 watts, reaching a potential audience of an 80-mile radius in western Iowa and eastern Nebraska. The Radio Station is operated by, and the financial activity is included in the financial statements of, Iowa Western Community College, Council Bluffs, Iowa (the College). The Radio Station is dependent upon support from the Corporation for Public Broadcasting, Iowa Western Community College and the public.

General

In its accounting and financial reporting, the Radio Station follows the pronouncements of the Governmental Accounting Standards Board (GASB). In addition, the Radio Station follows the pronouncements of all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

The Radio Station follows the provisions of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. GASB Statement No. 35 established standards for external financial reporting for all public colleges and universities, which includes a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows prepared on the direct method, as well as the notes to the financial statements. It requires the classification of net assets into three categories - invested in capital assets, restricted and unrestricted.

Basis of Accounting

The financial statements of the Radio Station have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are reported when earned and expenses are recorded when materials and services are received.

Use of Estimates

The preparation of the financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates and assumptions used in preparing the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts. The allowance as of June 30, 2009 was \$9,470.

KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at fair market value at date of donation. The Radio Station's capitalization policy is to capitalize items greater than \$5,000. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and fixed equipment	10-25 years
Other structure and improvements	10-25 years
Furniture, machinery and equipment	5-25 years

Management periodically reviews capital assets for impairment.

Donated facilities from Iowa Western Community College consist of office and studio space together with related occupancy costs and are recorded as revenues and expenses at estimated fair rental values. Administrative support from Iowa Western Community College consists of allocated financial and student development department costs and certain other expenses incurred by the College on behalf of the Radio Station.

Donated professional services and programs and donated materials and supplies are recorded as revenues and expenses at estimated fair values.

Deferred Revenue

Income from rental of tower space is deferred and recognized over the period covered by the lease agreement.

NOTE 2 INVESTMENTS

The Radio Station's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Radio Station is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Iowa Western Community College Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Radio Station had nonnegotiable certificates of deposit at June 30, 2009 which are valued at cost of \$36,738, which approximates market value.

Interest rate risk. The Radio Station's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Radio Station.

KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 is as follows:

	<u>July 1, 2008</u> <u>balance</u>	<u>Additions</u>	<u>June 30, 2009</u> <u>balance</u>
Buildings and fixed equipment	\$ 20,682	\$ —	\$ 20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>501,730</u>	<u>—</u>	<u>501,730</u>
Total capital assets being depreciated	<u>688,660</u>	<u>—</u>	<u>688,660</u>
Less accumulated depreciation			
Buildings and fixed equipment	20,682	—	20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>338,394</u>	<u>25,811</u>	<u>364,205</u>
Total accumulated depreciation	<u>525,324</u>	<u>25,811</u>	<u>551,135</u>
Capital assets, net	<u>\$ 163,336</u>	<u>\$ (25,811)</u>	<u>\$ 137,525</u>

NOTE 4 OPERATING LEASES

The Radio Station has a lease agreement for the rental of equipment. The lease is classified as an operating lease and, accordingly, is charged to expense as incurred. Rental expense under this agreement for the year ended June 30, 2009 was \$77,527. The following is a schedule by year of future minimum rental payments required under this operating lease:

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ <u>26,096</u>

NOTE 5 RETIREMENT PLANS

Radio Station employees may elect to participate in the Iowa Public Employees Retirement System (IPERS) or the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). If no election is designated by the employee, the employee will automatically be enrolled in IPERS.

The Radio Station contributes to the Iowa Public Employees Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117. Plan members are required to contribute 4.10% of their annual covered salary and the Radio Station is required to contribute 6.35% of annual payroll. Contribution requirements are established by State statute. The Radio Station's required and actual contributions to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$6,811, \$3,703 and \$2,685, respectively.

KIWR-FM Radio
(A Public Telecommunications Entity Operated by
Iowa Western Community College, Council Bluffs, Iowa)
NOTES TO FINANCIAL STATEMENTS

NOTE 5 RETIREMENT PLANS (continued)

The Radio Station contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the Radio Station. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Radio Station employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employees vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.10% and the Radio Station is required to contribute 6.35%. The Radio Station's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2009 were \$13,654 and \$8,816, respectively.

NOTE 6 RELATED PARTY ACTIVITY

KIWR-FM Radio is included in the financial statements of Iowa Western Community College, Council Bluffs, Iowa. Indirect administration support from the College of \$267,798 in fiscal year 2009 is included in revenues under donated professional services and programs. The expense is allocated among the program and supporting services.

The Radio Station owes \$57,040 to the College as of June 30, 2009, for administration support.

NOTE 7 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the Radio Station. The statements which will impact the Radio Station are as follows:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the Radio Station beginning with its year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, will be effective for the Radio Station beginning with its year ending June 30, 2010. This Statement requires that derivative instruments be reported at fair value.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the Radio Station beginning with its year ending June 30, 2011. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

The Radio Station's management has not yet determined the effect these Statements will have on the Radio Station's financial statements.

KIWR-FM Radio
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2009

	<u>Program services</u>				<u>Support services</u>					<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting</u>	<u>Program information</u>	<u>Total program services</u>	<u>Management and general</u>	<u>Fundraising and membership development</u>	<u>Underwriting and grant solicitation</u>	<u>Depreciation expense</u>	<u>Total support services</u>	
OPERATING EXPENSES										
Salaries, related payroll costs and fringe benefits	\$ 99,311	\$ 109,242	\$ 39,724	\$ 248,277	\$ 84,911	\$ -	\$ 99,311	\$ -	\$ 184,222	\$ 432,499
Professional services	-	13,731	-	13,731	20,597	-	34,328	-	54,925	68,656
Memberships	132	-	-	132	56	-	-	-	56	188
Repair of equipment	-	2,105	-	2,105	-	-	-	-	-	2,105
Building maintenance	-	837	-	837	837	-	-	-	837	1,674
Printing and reproduction services	-	180	180	360	720	359	360	-	1,439	1,799
Communications	-	881	-	881	2,056	-	-	-	2,056	2,937
Utilities	-	12,012	-	12,012	3,003	-	-	-	3,003	15,015
Equipment rental	-	77,527	-	77,527	-	-	-	-	-	77,527
Postage	-	-	1,117	1,117	-	319	160	-	479	1,596
Group meeting	-	-	-	-	68	-	45	-	113	113
Other services	14,610	1,826	-	16,436	1,826	-	-	-	1,826	18,262
Materials and supplies	1,567	-	1,568	3,135	6,269	-	6,269	-	12,538	15,673
Periodicals	-	903	-	903	226	-	-	-	226	1,129
Building and construction materials	-	758	-	758	-	-	-	-	-	758
Vehicle supplies	-	-	1,099	1,099	275	-	-	-	275	1,374
Out of state travel	-	-	-	-	470	313	783	-	1,566	1,566
In state travel	111	56	56	223	56	111	167	-	334	557
Purchases for resale	-	-	3,338	3,338	-	7,788	-	-	7,788	11,126
Other	-	-	-	-	100	100	-	-	200	200
Sales tax	-	-	-	-	2,261	-	2,261	-	4,522	4,522
Depreciation	-	-	-	-	-	-	-	25,811	25,811	25,811
Indirect administration	61,492	67,641	24,597	153,730	52,576	-	61,492	-	114,068	267,798
Donated personal services of volunteers	<u>5,728</u>	<u>-</u>	<u>-</u>	<u>5,728</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>117</u>	<u>5,845</u>
Total operating expenses	<u>\$ 182,951</u>	<u>\$ 287,699</u>	<u>\$ 71,679</u>	<u>\$ 542,329</u>	<u>\$ 176,307</u>	<u>\$ 9,107</u>	<u>\$ 205,176</u>	<u>\$ 25,811</u>	<u>\$ 416,401</u>	<u>\$ 958,730</u>

See accompanying independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Iowa Western Community College
Council Bluffs, Iowa

We have audited the financial statements of KIWR-FM Radio (a public telecommunications entity operated by Iowa Western Community College, Council Bluffs, Iowa) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered KIWR-FM Radio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KIWR-FM Radio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of KIWR-FM Radio's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects KIWR-FM Radio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of KIWR-FM Radio's financial statements that is more than inconsequential will not be prevented or detected by KIWR-FM Radio's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by KIWR-FM Radio's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether KIWR-FM Radio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report, a public record by law, is intended solely for the information and use of KIWR-FM Radio and other parties to whom KIWR-FM Radio may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 2, 2009