

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

**FINANCIAL REPORT**

**June 30, 2010**

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**Iowa Western Community College**  
**OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Trustees</b> <b>(Before September 2009 Election)</b>		
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
<b>Board of Trustees</b> <b>(After September 2009 Election)</b>		
Randy Pash	President	2013
Doug Goodman	Vice President	2011
Brent Seigrist	Member	2013
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2011
Kirk Madsen	Member	2013
<b>Community College</b>		
Dr. Dan Kinney	President	
Thomas Johnson	Board Treasurer	
Kathryn Schuster	Board Secretary	

# DENMAN

& Company, LLP

Certified Public Accountants and Business Consultants

## 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, 2010, 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, 2010, 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 16, 2010, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 16, 2010

**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, 2010 (Unaudited)**

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**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, 2010. 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, 2010. 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 2010, 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 (\$23,132) for the year ended June 30, 2010 (fiscal year 2010), 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, 2010 totaled \$114,393. Net Assets at June 30, 2009, were \$137,525.

In fiscal year 2010, the Radio Station's Operating Revenues totaled \$1,134,277, while Operating Expenses were \$1,089,786. The Net Operating Income for fiscal year 2010 was \$44,491, which included a non-cash depreciation expense of \$23,132. Donated services totaled \$318,365 for fiscal year 2010, 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 \$114,393 at June 30, 2010. The Radio Station has outstanding current liabilities of \$80,958 including salaries payable, payroll taxes payable and payable due to IWCC. The Radio Station has no outstanding debt obligations as of June 30, 2010.

## **FINANCIAL ANALYSIS OF THE STATEMENTS**

The Radio Station's condensed comparative financial statements are presented below for fiscal years 2010 and 2009.

Current Assets consist primarily of investments and accounts receivables. Capital Assets are presented net of accumulated depreciation of \$574,267 at June 30, 2010. 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>FY10</u>	<u>FY09</u>
Assets		
Current Assets	\$ 80,958	\$ 104,528
Capital assets	<u>114,393</u>	<u>137,525</u>
Total assets	195,351	242,053
Liabilities		
Current Liabilities	<u>80,958</u>	<u>104,528</u>
Net assets		
Invested in capital assets	<u>\$ 114,393</u>	<u>\$ 137,525</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 consist of interest income from investments.

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

	<u>FY10</u>	<u>FY09</u>
Federal and local support	\$112,831	\$104,594
Corporation for Public Broadcasting	103,277	95,304
Underwriting	599,804	499,740
Donated services	<u>318,365</u>	<u>270,423</u>
 Total operating revenues	<u>1,134,277</u>	<u>970,061</u>
 Program services	465,504	542,329
Support services	<u>624,282</u>	<u>416,401</u>
 Total operating expenses	<u>1,089,786</u>	<u>958,730</u>
 Operating income	<u>44,491</u>	<u>11,331</u>
 Non-operating revenues/(expenses)		
Transfers	(68,071)	(38,182)
Interest on Investments	<u>448</u>	<u>1,040</u>
 Total non-operating revenues/(expenses)	<u>(67,623)</u>	<u>(37,142)</u>
 (Decrease) in net assets	(23,132)	(25,811)
 Net assets, beginning of year	<u>137,525</u>	<u>163,336</u>
 Net assets, end of year	<u>\$114,393</u>	<u>\$137,525</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 up 17% compared to last year, and as a result the Station generated a small net operating income of just over \$44,000. With the downturn in the economy, FY11 may prove to be a difficult year as discretionary spending for concert events could be impacted as well as reduced levels of underwriting support as companies control their expenditures.

Operating Revenues were up \$164,216 in fiscal year 2010 totaling \$1,134,277. Expenditures in FY10 were also up at \$1,089,786 compared to \$958,730 in FY09. The Station continued to expand the number and size of concerts and shows it promotes on a local basis. A second summer concert and its associated expenses account for the majority of the increase in expenditures. The Net Operating Gain of \$44,491 realized in FY10 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 two major summer concerts.

### **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, 2010**

**ASSETS**

**CURRENT ASSETS**

Investments	\$ 37,186
Accounts receivable	39,572
Prepaid expenses	<u>4,200</u>
Total current assets	<u>80,958</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>574,267</u>
Capital assets, net	<u>114,393</u>
Total assets	<u>195,351</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	1,122
Salaries payable	13,132
Payroll taxes and employee benefits payable	1,840
Deferred revenue	30,240
Due to Iowa Western Community College	<u>34,624</u>
Total current liabilities	<u>80,958</u>

**NET ASSETS**

Invested in capital assets	\$ <u>114,393</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, 2010**

**OPERATING REVENUES**

Local support	\$ 112,831
Corporation for Public Broadcasting support	103,277
Underwriting	589,830
Underwriting, trade	9,974
Donated professional services and programs	314,989
Donated material and supplies	3,376
Total operating revenues	<u>1,134,277</u>

**OPERATING EXPENSES**

Program services	
Programming and production	113,309
Broadcasting	305,401
Program information	<u>46,794</u>
	<u>465,504</u>
Support services	
Management and general	287,725
Fundraising and membership development	51,860
Underwriting and grant solicitation	261,565
Depreciation expense	<u>23,132</u>
	<u>624,282</u>
Total operating expenses	<u>1,089,786</u>

**OPERATING INCOME**

44,491

**NONOPERATING REVENUE AND TRANSFERS**

Transfers to Iowa Western Community College	(68,071)
Interest on investments	<u>448</u>
Net nonoperating revenue and transfers	<u>(67,623)</u>

**(DECREASE) IN NET ASSETS**

(23,132)

**NET ASSETS**

Beginning of year	<u>137,525</u>
End of year	<u>\$ 114,393</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, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Local support	\$ 112,831
Corporation for Public Broadcasting	103,277
Underwriting	609,979
Programming and production	(65,528)
Broadcasting	(225,253)
Program information	(31,814)
Management and general	(206,037)
Fundraising and membership development	(33,262)
Underwriting and grant solicitation	<u>(173,706)</u>
Net cash provided by operating activities	<u>90,487</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Payments and transfers to Iowa Western Community College	<u>(90,487)</u>
Net cash (used in) capital and related financing activities	<u>(90,487)</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>44,491</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	23,132
Changes in assets and liabilities	
Accounts receivable	20,149
Prepaid expenses	3,869
Accounts payable	408
Salaries payable	(1,364)
Payroll taxes payable	(198)
Total adjustments	<u>45,996</u>
Net cash provided by operating activities	\$ <u>90,487</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES**

Interest income reinvested	\$ <u>448</u>
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**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, 2010 was \$3,585.

**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, 2010 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, 2010 which are valued at cost of \$37,186, 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, 2010 is as follows:

	<u>July 1, 2009 balance</u>	<u>Additions</u>	<u>June 30, 2010 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>364,205</u>	<u>23,132</u>	<u>387,337</u>
Total accumulated depreciation	<u>551,135</u>	<u>23,132</u>	<u>574,267</u>
Capital assets, net	<u>\$ 137,525</u>	<u>\$ (23,132)</u>	<u>\$ 114,393</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, 2010 was \$78,287. 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>
2011	\$ 78,287
2012	<u>32,619</u>
Total	<u>\$ 110,906</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 4.30% of their annual covered salary and the Radio Station is required to contribute 6.65% 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, 2010, 2009 and 2008 were \$7,351, \$6,811 and \$3,703, 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 4.30% and the Radio Station is required to contribute 6.65%. The Radio Station's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2010 were \$15,757 and \$10,684, 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 \$314,989 in fiscal year 2010 is included in revenues under donated professional services and programs. The expense is allocated among the program and supporting services.

The Radio Station owes \$34,624 to the College as of June 30, 2010, 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 statement which may impact the Radio Station is as follows:

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2010, 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 this Statement will have on the Radio Station's financial statements.

**KIWR-FM Radio**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2010

	Program services				Support services					Total support services	Total		
	Programming and production	Broadcasting		Program information	Total program services	Management and general	Fundraising and membership development	Underwriting and grant solicitation	Depreciation expense				
		Broadcasting	Program information										
<b>OPERATING EXPENSES</b>													
Salaries, related payroll costs and fringe benefits	\$ 54,206	\$ 118,737	\$ 23,231	\$ 196,174	\$ 113,574	\$ 25,812	\$ 129,062	\$ —	\$ 268,448	\$ 464,622			
Professional services	—	12,090	—	12,090	18,135	—	30,225	—	—	48,360	60,450		
Repair of equipment	—	729	—	729	—	—	—	—	—	—	729		
Building maintenance	—	1,122	—	1,122	1,121	—	—	—	—	1,121	2,243		
Printing and reproduction services	—	61	61	122	246	123	123	—	492	614			
Communications	—	468	—	468	1,092	—	—	—	—	1,092	1,560		
Utilities	—	11,093	—	11,093	2,774	—	—	—	—	2,774	13,867		
Equipment rental	—	78,287	—	78,287	—	—	—	—	—	—	78,287		
Postage	—	—	585	585	—	167	84	—	251	836			
Group meeting	—	—	—	—	52	—	35	—	—	87	87		
Other services	6,758	845	—	7,603	845	—	—	—	—	845	8,448		
Materials and supplies	2,239	—	2,239	4,478	8,955	—	8,955	—	—	17,910	22,388		
Minor equipment	—	—	—	—	3,253	—	—	—	—	3,253	3,253		
Periodicals	—	149	—	149	37	—	—	—	—	37	186		
Building and construction materials	—	1,186	—	1,186	—	—	—	—	—	—	1,186		
Vehicle supplies	—	—	1,766	1,766	442	—	—	—	—	442	2,208		
Out of state travel	—	—	—	—	990	660	1,650	—	—	3,300	3,300		
In state travel	275	137	137	549	137	275	412	—	—	824	1,373		
Purchases for resale	—	—	3,025	3,025	—	7,057	—	—	—	7,057	10,082		
Collection	—	—	—	—	56,568	—	—	—	—	56,568	56,568		
Bad debts	—	—	—	—	—	—	1,015	—	—	1,015	1,015		
Sales tax	—	—	—	—	2,507	—	2,507	—	—	5,014	5,014		
Depreciation	—	—	—	—	—	—	—	23,132	23,132	23,132			
Indirect administration	36,749	80,497	15,750	132,996	76,997	17,499	87,497	—	181,993	314,989			
Donated personal services of volunteers	13,082	—	—	13,082	—	267	—	—	267	267	13,349		
Total operating expenses	\$ 113,309	\$ 305,401	\$ 46,794	\$ 465,504	\$ 287,725	\$ 51,860	\$ 261,565	\$ 23,132	\$ 624,282	\$ 1,089,786			

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, 2010, and have issued our report thereon dated December 16, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 an issue as reported in the Schedule of Findings that is required to be reported under *Government Auditing Standards*.

KIWR-FM Radio's response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we expressed our conclusion on KIWR-FM Radio response, we did not audit KIWR-FM Radio's response and, accordingly, we express no opinion on it.

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 16, 2010

**KIWR-FM Radio  
SCHEDULE OF FINDINGS  
Year ended June 30, 2010**

**Findings Relating to the Financial Statements Reported in  
Accordance with *Government Auditing Standards***

**Comment**

At the request of the Corporation for Public Broadcasting (CPB), the Office of Inspector General (Auditor) has performed an examination of the CPB grants awarded to KIWR-FM Radio (KIWR). The Auditor reported that KIWR did not:

1. Expend \$29,428 of CPB restricted funds for national programming, resulting in \$29,428 in questioned costs.
2. Maintain discrete accounting records to account for and report CPB CSG funds, including tracking the use of restricted funds.
3. Correctly report fiscal year 2009 restricted funds received on its 2009 AFR.
4. Fully comply with the Communications Act requirements to provide adequate advance notice of open public meetings, make required financial records and Equal Employment Opportunity reports available to the public, and implement policies addressing donor list and political activities prohibitions.

The examination covered the period from October 1, 2007 to September 30, 2009. The Auditor's report provided recommendations to strengthen internal control procedures at KIWR.

**Recommendation**

We recommend the report provided by the Office of Inspector General be reviewed by management of KIWR and the College. The recommendations provided in the report should be reviewed and implemented as determined appropriate.

**Management's Response**

KIWR has responded to CPB listing established policies and procedures to address each area of concern. These policies and procedures will ensure that KIWR fully complies with all requirements of the CPB grant.

**Conclusion**

Response accepted.