

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

**FINANCIAL REPORT**

**June 30, 2013**

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

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Trustees</b>		
Randy Pash	President	2013
Connie Hornbeck	Vice President	2015
Brent Seigrist	Member	2013
Larry Winum	Member	2015
Doug Goodman	Member	2015
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2015
Kirk Madsen	Member	2013
<b>Community College</b>		
Dr. Dan Kinney	President	
Thomas Johnson	Board Treasurer	
Erin Stopak	Board Secretary	

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Iowa Western Community College  
Council Bluffs, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of KIWR-FM Radio (a public telecommunications entity operated by Iowa Western Community College, Council Bluffs, Iowa) as of and for the years ended June 30, 2013 and 2012, and the related notes to financial statements, which collectively comprise KIWR-FM Radio's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to KIWR-FM Radio's preparation and fair presentation of the 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 KIWR-FM Radio'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 financial statements.

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

### **Opinions**

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, 2013 and 2012, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management 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 our 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.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements of KIWR-FM Radio's basic financial statements. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of KIWR-FM Radio's management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of functional expenses are fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIWR-FM Radio's internal control over financial reporting and compliance.

*Denman & Company, LLP*  
**DENMAN & COMPANY, LLP**

West Iowa Western, Iowa  
December 6, 2013

**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, 2013 (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 or Station) for the year ended June 30, 2013. Management of the Radio Station (Station management) 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 or College).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements of the Radio Station consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements 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 Statement No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – For Public Colleges and Universities*. Statement No. 35 established standards for external financial reporting for all public colleges and universities, which includes the basic financial statements noted above. Statement No. 35 also requires the classification of net position into three categories – investment in capital assets; restricted; and unrestricted.

The Statements of Net Position include Assets, Liabilities and Net Position of the Radio Station as of June 30, 2013 and 2012. These statements are classified into Current Assets, Capital Assets and Current Liabilities, with Net Position classified into the applicable categories as noted above. The Statements of Revenues, Expenses and Changes in Net Position depict the Operating Revenues and Expenses resulting in an Operating Loss for fiscal years 2013 and 2012, which is then combined with Nonoperating Revenue and Transfers to provide the total Decrease in Net Position. The Statements of Cash Flows show 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 Position of the Radio Station decreased by (\$24,316) for the year ended June 30, 2013 (fiscal year 2013), the result of depreciation expense for the fiscal year associated with capital assets. Net Capital Assets at June 30, 2013 totaled \$48,737. Net Capital Assets at June 30, 2012, were \$73,053. The Station Management and Administration completed the mandatory compliance actions instituted by the Corporation for Public Broadcasting (CPB) as the result of an on-site audit conducted in FY2010. As a result, the Station received a Community Service Grant (CSG) award of \$97,566 in FY2013. This return to full grant status enabled the Station to offset a decline in underwriting of more than (\$100,000). The market for concert promotions and ticket sales continues to remain soft due to the slowly recovering economy and less discretionary spending.

In fiscal year 2013, the Radio Station's Operating Revenues totaled \$1,027,074, while Operating Expenses were \$1,089,487. The Net Operating Loss for fiscal year 2013 was (\$62,413), which included a non-cash depreciation expense of \$24,316. Donated services and programs and material and supplies (donated support) totaled \$325,103 for fiscal year 2013, which represents indirect administration support from IWCC. The amount of donated support is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on total net position.

The Radio Station's capital assets, net of accumulated depreciation, totaled \$48,737 at June 30, 2013. The Radio Station has outstanding current liabilities of \$89,065 at June 30, 2013, including accounts payable, salaries payable, payroll taxes payable, deferred revenue, and amount due to IWCC. The Radio Station has no outstanding debt obligations as of June 30, 2013.

## **FINANCIAL ANALYSIS OF THE STATEMENTS**

The Radio Station's condensed comparative financial statements are presented below for fiscal years 2013 and 2012.

Current Assets consist primarily of investments and accounts receivables. Capital Assets are presented net of accumulated depreciation of \$646,211 at June 30, 2013. Liabilities consist of accounts payable, salaries payable, payroll taxes payable, deferred revenue, and an amount due to IWCC. Net Position is classified as investment in capital assets.

**KIWR-FM Radio  
Condensed Statements of Net Position**

	<u>FY13</u>	<u>FY12</u>
Assets		
Current Assets	\$ 89,065	\$ 77,977
Capital Assets	<u>48,737</u>	<u>73,053</u>
Total assets	137,802	151,030
Liabilities		
Current Liabilities	<u>89,065</u>	<u>77,977</u>
Net position		
Investment in capital assets	<u>\$ 48,737</u>	<u>\$ 73,053</u>

Operating Revenues consist primarily of local support, Corporation for Public Broadcasting appropriations, college support, underwriting and donated support. Operating expenses consist primarily of program services and support services. Nonoperating Revenues consist of interest income from investments and monetary support provided to the Station by the College.

**KIWR-FM Radio**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>FY13</u>	<u>FY12</u>
Local support	\$ 142,830	\$ 129,300
Corporation for Public Broadcasting	97,566	20,580
Iowa Western Community College support	48,580	—
Underwriting	412,995	519,716
Donated support	<u>325,103</u>	<u>317,497</u>
 Total operating revenues	<u>1,027,074</u>	<u>987,093</u>
 Program services	605,024	562,614
Support services	<u>484,463</u>	<u>530,285</u>
 Total operating expenses	<u>1,089,487</u>	<u>1,092,899</u>
 Operating (loss)	<u>(62,413)</u>	<u>(105,806)</u>
 Nonoperating revenues and transfers		
Transfers	38,080	81,397
Interest on Investments	<u>17</u>	<u>19</u>
 Net nonoperating revenues and transfers	<u>38,097</u>	<u>81,416</u>
 (Decrease) in net position	(24,316)	(24,390)
 Net position, beginning of year	<u>73,053</u>	<u>97,443</u>
 Net position, end of year	<u>\$ 48,737</u>	<u>\$ 73,053</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 continuing instability in the national and regional economies has impacted the Radio Station's operating revenues as concert promotion and corresponding ticket sales continue to remain depressed. During FY2013 the Station saw revenues from Underwriting (concert promotions) decrease by \$106,721 (a 21% decrease) for a total of \$412,995. As the national economy continues its slow recovery, consumer demand for concerts is expected to rebound. Concert goers are more focused on smaller events (with lower ticket prices), and the Station has responded by promoting only one major concert while adding several smaller events.

Operating Revenues were up \$39,981 in fiscal year 2013 totaling \$1,027,074. Expenses in fiscal year 2013 were down at \$1,089,487 compared to \$1,092,899 in fiscal year 2012. Local Support is up 10% versus fiscal year 2012. CPB funding was increased 374%. As mentioned earlier, Underwriting Revenues decreased by 21% or \$106,721. Finally, Donated Professional Services and Programs were higher due to decreased costs of services provided by the College. The College also provided operating support to the Radio Station in the amount of \$48,580 in fiscal year 2013, in addition to financial support provided to the Radio Station through Operating Transfers of \$38,080. As the local and national economies improve and the Radio Station undertakes measures to control costs and grow revenues, the Radio Station will work to repay these cash flow advances. The Board of Trustees and Administration of Iowa Western Community College continue to recognize the value the Station provides to the College. With its popularity in the 15-34 year old demographic, IWCC benefits from the continued exposure provided during daily broadcasts. Secondly, College broadcasting students receive “on-the-job live” experiences while working at the Station.

The 89.7 The River Station management will continue 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 one or two major summer concerts. Station management will continue to monitor concert attendance trends and adjust its concert promotion strategies accordingly to control costs. As the economy improves and concert goers become willing to spend more dollars for tickets, the Radio Station revenue picture will continue to improve.

## **CONTACTING THE RADIO STATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Radio Station's constituents, taxpayers in the service district and KIWR creditors with a general overview of the Radio 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)**  
**STATEMENTS OF NET POSITION**

	ASSETS	June 30	
		<b>2013</b>	<b>2012</b>
<b>CURRENT ASSETS</b>			
Investments	\$ 37,273	\$ 37,252	
Accounts receivable	39,342	35,800	
Prepaid expenses	12,450	4,925	
Total current assets	89,065	77,977	
<b>CAPITAL ASSETS</b>			
Buildings and fixed equipment	20,682	20,682	
Other structure and improvements	166,248	166,248	
Furniture, machinery and equipment	508,018	508,018	
Total	694,948	694,948	
Less accumulated depreciation	646,211	621,895	
Capital assets, net	48,737	73,053	
Total assets	137,802	151,030	
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	3,299	2,730	
Salaries payable	21,957	20,229	
Payroll taxes and employee benefits payable	3,335	3,078	
Deferred revenue	36,288	30,240	
Due to Iowa Western Community College	24,186	21,700	
Total current liabilities	89,065	77,977	
<b>NET POSITION</b>			
Investment in capital assets	\$ 48,737	\$ 73,053	

**KIWR-FM Radio**  
**(A Public Telecommunications Entity Operated by**  
**Iowa Western Community College, Council Bluffs, Iowa)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<b>Year ended June 30</b>	
	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>		
Local support	\$ 142,830	\$ 129,300
Corporation for Public Broadcasting support	97,566	20,580
Iowa Western Community College support	48,580	—
Underwriting	399,505	502,736
Underwriting, trade	13,490	16,980
Donated professional services and programs	316,353	311,822
Donated material and supplies	8,750	5,675
Total operating revenues	<u>1,027,074</u>	<u>987,093</u>
<b>OPERATING EXPENSES</b>		
Program services		
Programming and production	200,848	175,395
Broadcasting	333,457	314,228
Program information	<u>70,719</u>	<u>72,991</u>
	<u>605,024</u>	<u>562,614</u>
Support services		
Management and general	235,913	230,566
Fundraising and membership development	52,580	74,640
Underwriting and grant solicitation	171,654	200,689
Depreciation expense	<u>24,316</u>	<u>24,390</u>
	<u>484,463</u>	<u>530,285</u>
Total operating expenses	<u>1,089,487</u>	<u>1,092,899</u>
<b>OPERATING LOSS</b>	<u>(62,413)</u>	<u>(105,806)</u>
<b>NONOPERATING REVENUE AND TRANSFERS</b>		
Transfers from Iowa Western Community College	38,080	81,397
Interest on investments	<u>17</u>	<u>19</u>
Net nonoperating revenue and transfers	<u>38,097</u>	<u>81,416</u>
<b>DECREASE IN NET POSITION</b>	<u>(24,316)</u>	<u>(24,390)</u>
<b>NET POSITION</b>		
Beginning of year	<u>73,053</u>	<u>97,443</u>
End of year	<u>\$ 48,737</u>	<u>\$ 73,053</u>

See Notes to Financial Statements.

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

	<b>Year ended June 30</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Local support	\$ 142,830	\$ 129,300
Corporation for Public Broadcasting	97,566	20,580
Iowa Western Community College support	48,580	—
Underwriting	402,011	480,537
Programming and production	(123,897)	(103,247)
Broadcasting	(241,761)	(225,348)
Program information	(52,550)	(58,881)
Management and general	(152,370)	(156,560)
Fundraising and membership development	(38,621)	(54,430)
Underwriting and grant solicitation	(122,351)	(145,274)
Net cash used in operating activities	<u>(40,563)</u>	<u>(113,323)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments and transfers from Iowa Western Community College	40,563	113,323
Net cash provided by capital and related financing activities	<u>40,563</u>	<u>113,323</u>
<b>NET CHANGE IN CASH</b>		
<b>CASH</b>	—	—
Beginning of year	<u>—</u>	<u>—</u>
End of year	<u>\$ —</u>	<u>\$ —</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) OPERATING ACTIVITIES</b>		
Operating loss	\$ (62,413)	\$ (105,806)
Adjustments to reconcile operating loss to net cash (used in) operating activities	24,316	24,390
Depreciation expense	(3,542)	(11,619)
Changes in assets and liabilities	(7,525)	9,849
Accounts receivable	568	(25,623)
Prepaid expenses	1,728	5,392
Accounts payable	257	674
Salaries payable	6,048	(10,580)
Payroll taxes payable	<u>21,850</u>	<u>(7,517)</u>
Total adjustments	\$ (40,563)	\$ (113,323)
Net cash used in operating activities	\$ (40,563)	\$ (113,323)
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Interest income reinvested	\$ 17	\$ 19

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 public, 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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

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 position, a statement of revenues, expenses and changes in net position 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 position into three categories - investment 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, 2013 and 2012 was \$1,620.

**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 Materials, Contributed Services and Use of Facilities**

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, 2013 and 2012 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, 2013 and 2012 which are valued at cost of \$37,273 and \$37,252, respectively, 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**  
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**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 is as follows:

	<u>July 1, 2012 balance</u>	<u>Additions</u>	<u>June 30, 2013 balance</u>
Buildings and fixed equipment	\$ 20,682	\$ —	\$ 20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>508,018</u>	<u>—</u>	<u>508,018</u>
Total capital assets being depreciated	<u>694,948</u>	<u>—</u>	<u>694,948</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>434,965</u>	<u>24,316</u>	<u>459,281</u>
Total accumulated depreciation	<u>621,895</u>	<u>24,316</u>	<u>646,211</u>
Capital assets, net	<u>\$ 73,053</u>	<u>\$ (24,316)</u>	<u>\$ 48,737</u>

Capital asset activity for the year ended June 30, 2012 is as follows:

	<u>July 1, 2011 balance</u>	<u>Additions</u>	<u>June 30, 2012 balance</u>
Buildings and fixed equipment	\$ 20,682	\$ —	\$ 20,682
Other structure and improvements	166,248	—	166,248
Furniture, machinery and equipment	<u>508,018</u>	<u>—</u>	<u>508,018</u>
Total capital assets being depreciated	<u>694,948</u>	<u>—</u>	<u>694,948</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>410,575</u>	<u>24,390</u>	<u>434,965</u>
Total accumulated depreciation	<u>597,505</u>	<u>24,390</u>	<u>621,895</u>
Capital assets, net	<u>\$ 97,443</u>	<u>\$ (24,390)</u>	<u>\$ 73,053</u>

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

**NOTE 4 OPERATING LEASES**

The Radio Station has a lease agreement for the rental of equipment that expires in October 2014. The lease is classified as an operating lease and, accordingly, is charged to expense as incurred. Rental expense under this agreement was \$82,237 for the year ended June 30, 2013 and \$79,845 for the year ended June 30, 2012. 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>
2014	\$ 84,704
2015	<u>28,511</u>
Total	\$ <u>113,215</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 5.78% (5.95% after July 1, 2013) of their annual covered salary and the Radio Station is required to contribute 8.67% (8.93% after July 1, 2013) 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, 2013 and 2012 were \$5,266 and \$4,846, respectively.

The Radio Station contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA-CREF 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 5.78% (5.95% after July 1, 2013) and the Radio Station is required to contribute 8.67% (8.93% after July 1, 2013). The Radio Station's required and actual contributions to TIAA-CREF for the years ended June 30, 2013 and 2012 were \$24,439 and \$21,703, respectively. The employees' required and actual contributions to TIAA-CREF for the years ended June 30, 2013 and 2012 were \$17,516 and \$15,534, respectively.

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

**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 \$316,354 and \$311,822 for the years ended June 30, 2013 and 2012, respectively, is included in revenues under donated professional services and programs. The expense is allocated among the program and supporting services.

For the years ended June 30, 2013 and 2012, the Radio Station owed the College \$24,186 and \$21,700, respectively, for administration support.

**KIWR-FM Radio**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2013

	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		
<b>OPERATING EXPENSES</b>											
Salaries, related payroll costs and fringe benefits	\$ 104,893	\$ 141,914	\$ 27,766	\$ 274,573	\$ 126,489	\$ 15,425	\$ 77,127	\$ —	\$ 219,041	\$ 493,614	
Professional services	—	—	20,435	20,435	—	13,623	34,059	—	—	47,682	68,117
Printing and reproduction services	—	272	273	545	1,091	546	547	—	—	2,184	2,729
Communications	—	309	—	309	720	—	—	—	—	720	1,029
Utilities	—	14,718	—	14,718	3,679	—	—	—	—	3,679	18,397
Equipment rental	—	82,237	—	82,237	—	—	—	—	—	—	82,237
Postage	—	—	259	259	—	907	130	—	—	1,037	1,296
Group meeting	—	—	—	—	759	—	506	—	—	1,265	1,265
Other services	15,593	1,949	—	17,542	1,949	—	—	—	—	1,949	19,491
Materials and supplies	1,296	—	1,296	2,592	5,186	—	5,184	—	—	10,370	12,962
Periodicals	—	577	—	577	144	—	—	—	—	144	721
Building and construction materials	—	339	—	339	—	—	—	—	—	—	339
Vehicle supplies	—	—	428	428	107	—	—	—	—	107	535
Out of state travel	2,564	—	—	2,564	3,589	2,051	2,051	—	—	7,691	10,255
In state travel	381	190	190	761	190	381	571	—	—	1,142	1,903
Purchases for resale	—	—	2,277	2,277	—	5,313	—	—	—	5,313	7,590
Sales tax	—	—	—	—	2,049	—	2,049	—	—	4,098	4,098
Depreciation	—	—	—	—	—	—	—	—	24,316	24,316	24,316
Indirect administration	67,225	90,952	17,795	175,972	81,065	9,886	49,430	—	—	140,381	316,353
Donated personal services of volunteers	8,896	—	—	8,896	8,896	4,448	—	—	—	13,344	22,240
Total operating expenses	\$ 200,848	\$ 333,457	\$ 70,719	\$ 605,024	\$ 235,913	\$ 52,580	\$ 171,654	\$ 24,316	\$ 484,463	\$ 1,089,487	

See accompanying independent auditor's report.

**KIWR-FM Radio**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
Year ended June 30, 2012

	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		
<b>OPERATING EXPENSES</b>											
Salaries, related payroll costs and fringe benefits	\$ 91,057	\$ 130,749	\$ 21,013	\$ 242,819	\$ 119,076	\$ 23,348	\$ 81,718	\$ —	\$ 224,142	\$ 466,961	
Professional services	—	—	30,791	30,791	—	20,527	51,318	—	71,845	102,636	
Printing and reproduction services	—	302	303	605	1,206	603	603	—	2,412	3,017	
Communications	—	307	—	307	716	—	—	—	716	1,023	
Utilities	—	13,475	—	13,475	3,369	—	—	—	3,369	16,844	
Equipment rental	—	79,845	—	79,845	—	—	—	—	—	79,845	
Postage	—	—	389	389	—	1,362	195	—	1,557	1,946	
Group meeting	—	—	—	—	576	—	384	—	960	960	
Other services	10,356	1,295	—	11,651	1,295	—	—	—	1,295	12,946	
Materials and supplies	1,701	—	1,701	3,402	6,804	—	6,804	—	13,608	17,010	
Minor equipment	—	—	—	—	4,225	—	—	—	4,225	4,225	
Periodicals	—	524	—	524	131	—	—	—	131	655	
Building and construction materials	—	211	—	211	—	—	—	—	—	211	
Vehicle supplies	—	—	1,698	1,698	425	—	—	—	425	2,123	
Out of state travel	1,995	—	—	1,995	2,792	1,595	1,595	—	5,982	7,977	
In state travel	419	210	210	839	210	419	629	—	1,258	2,097	
Purchases for resale	—	—	2,855	2,855	—	6,663	—	—	6,663	9,518	
Bad debts	—	—	—	—	—	—	1,710	—	1,710	1,710	
Sales tax	—	—	—	—	1,164	—	1,164	—	2,328	2,328	
Depreciation	—	—	—	—	—	—	—	24,390	24,390	24,390	
Indirect administration	60,805	87,310	14,031	162,146	79,515	15,592	54,569	—	149,676	311,822	
Donated personal services of volunteers	9,062	—	—	9,062	9,062	4,531	—	—	13,593	22,655	
Total operating expenses	\$ 175,395	\$ 314,228	\$ 72,991	\$ 562,614	\$ 230,566	\$ 74,640	\$ 200,689	\$ 24,390	\$ 530,285	\$ 1,092,899	

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, 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, 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, 2013, and have issued our report thereon dated December 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered KIWR-FM Radio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KIWR-FM Radio's internal control. Accordingly, we do not express an opinion on the effectiveness of KIWR-FM Radio's internal control.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether KIWR-FM Radio's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KIWR-FM Radio's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KIWR-FM Radio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Denman & Company, LLP*  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
December 6, 2013