

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

FINANCIAL REPORT

June 30, 2019 and 2018

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Iowa Western Community College
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees		
Brent Siegrist	President	2021
Connie Hornbeck	Vice President	2019
Dr. John Marshall	Member	2019
Larry Winum	Member	2019
Randy Pash	Member	2021
Scott Robinson	Member	2021
Greg Connell	Member	2019
Kirk Madsen	Member	2021
Kathy Rieger	Member	2021
Community College		
Dr. Dan Kinney	President	
Edwin Holtz	Board Treasurer	
Erin McKee	Board Secretary	



INDEPENDENT AUDITOR'S REPORT

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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise KIWR-FM Radio's basic financial statements as 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.

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, 2019 and 2018, 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'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 our audits 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on 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 audits 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 basic 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 18, 2019, 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 solely 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 effectiveness of KIWR-FM Radio's 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

West Des Moines, Iowa
December 18, 2019

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

Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018 (Unaudited)

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 years ended June 30, 2019 and 2018. 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).

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 – net 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, 2019 and 2018. 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 2019 and 2018, which is then combined with Nonoperating Revenue to provide the total Change 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 remained the same for the years ended June 30, 2019 (fiscal year 2019) and 2018 (fiscal year 2018). The Radio Station continues its strong position in the marketplace as local and regional businesses work with 89.7 The River (KIWR's station name) to reach the 18-34 year old demographic. With an improving economy, the demand for concerts is also improving, but ticket price levels have been slow to increase.

In fiscal year 2019, the Radio Station's Operating Revenues totaled \$1,216,737, while Operating Expenses were \$1,216,838. The Net Operating Loss for fiscal year 2019 was (\$101). Donated program and support services (donated support) totaled \$469,874 for fiscal year 2019, 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.

In fiscal year 2018, the Radio Station's Operating Revenues totaled \$1,126,494, while Operating Expenses were \$1,126,772. The Net Operating Loss for fiscal year 2018 was (\$278). Donated program and support services (donated support) totaled \$396,759 for fiscal year 2018, which represents indirect administration support from IWCC.

The Radio Station's capital assets, net of accumulated depreciation, totaled \$-0- at June 30, 2019 and 2018, respectively. The Radio Station had outstanding current liabilities of \$75,223 and \$174,669 at June 30, 2019 and 2018, respectively, including, salaries payable, payroll taxes payable, deferred revenue, and amounts due to IWCC. The Radio Station had no outstanding debt obligations as of June 30, 2019 and 2018.

FINANCIAL ANALYSIS OF THE STATEMENTS

The Radio Station's condensed comparative financial statements are presented below for fiscal years 2019, 2018, and 2017.

Current Assets consist of investments, accounts receivables, prepaid expenses, and amounts due from IWCC. Capital Assets are presented net of accumulated depreciation of \$694,948 at June 30, 2019, 2018, and 2017. Liabilities consist of accounts payable, salaries payable, payroll taxes and employee benefits payable, deferred revenue, and amounts due to IWCC. Net Position is classified as investment in capital assets.

KIWR-FM Radio Condensed Statements of Net Position

	<u>FY19</u>	<u>FY18</u>	<u>FY17</u>
Assets			
Current Asset	\$ 75,223	\$ 174,669	\$ 95,161
Capital Assets	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities			
Current Liabilities	<u>75,223</u>	<u>174,669</u>	<u>95,161</u>
Net position			
Net investment in capital assets	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>

Operating Revenues consist primarily of local support, Corporation for Public Broadcasting appropriations, college support, underwriting, rental income, fees for services and miscellaneous, and donated support. Operating expenses consist primarily of program services and support services. Nonoperating Revenues consist of interest income from investments.

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

	<u>FY19</u>	<u>FY18</u>	<u>FY17</u>
Local support	\$ 98,801	\$ 129,849	\$ 113,477
Corporation for Public Broadcasting	164,876	38,165	113,417
Iowa Western Community College support	85,486	10,164	80,079
Underwriting	308,457	347,008	323,756
Rental income	71,494	62,628	62,969
Fees for services and miscellaneous	17,749	141,921	30,327
Donated support	<u>469,874</u>	<u>396,759</u>	<u>336,491</u>
Total operating revenues	<u>1,216,737</u>	<u>1,126,494</u>	<u>1,060,516</u>
Program services	814,463	727,438	675,013
Support services	<u>402,375</u>	<u>399,334</u>	<u>385,525</u>
Total operating expenses	<u>1,216,838</u>	<u>1,126,772</u>	<u>1,060,538</u>
Operating (loss)	<u>(101)</u>	<u>(278)</u>	<u>(22)</u>
Nonoperating revenues			
Interest on investments	<u>101</u>	<u>278</u>	<u>22</u>
Net nonoperating revenues	<u>101</u>	<u>278</u>	<u>22</u>
Change in net position	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SIGNIFICANT MATTERS

89.7 The River 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 18-34. The popularity of The River continues to provide a key marketing asset in the promotion of Iowa Western Community College to prospective students.

The regional economy has improved at a somewhat faster pace than the U.S. economy and that improvement has translated to the concert scene. Ticket prices have slowly started to rise as discretionary income has loosened due to lower oil prices. The Radio Station will continue to focus on smaller events for the immediate future.

Operating Revenues were up \$90,243 in fiscal year 2019 totaling \$1,216,737. Expenses in fiscal year 2019 increased to \$1,216,838 compared to \$1,126,772 in fiscal year 2018. Local Support decreased 23.91% versus fiscal year 2018. Direct support from IWCC increased to \$85,486 in fiscal year 2019 from \$10,164 in fiscal year 2018. CPB funding increased by 332.0% or \$126,711. Underwriting revenues decreased by 11.1% or \$38,551. Rental income increased by 14.2% or \$8,866. Fees for services and miscellaneous decreased by 87.5% or \$124,172. Finally, donated support was higher due to increased costs of services provided by the College.

Operating Revenues were up \$65,978 in fiscal year 2018 totaling \$1,126,494. Expenses in fiscal year 2018 increased to \$1,126,772 compared to \$1,060,538 in fiscal year 2017. Local Support increased 14.43% versus fiscal year 2017. Direct support from IWCC decreased to \$10,164 in fiscal year 2018 from \$80,079 in fiscal year 2017. CPB funding decreased by 66.3% or \$75,252. Underwriting revenues increased by 7.2% or \$23,252. Rental income decreased by 0.5% or \$341. Fees for services and miscellaneous increased by 368.0% or \$111,594. Finally, donated support was higher due to increased costs of services provided by the College.

The Board of Trustees and Administration of Iowa Western Community College continue to recognize the value the Radio Station provides to IWCC. With its popularity in the 18-34 year old demographic, IWCC benefits from the continued exposure provided during daily broadcasts. Secondly, IWCC broadcasting students receive “on-the-job live” experiences while working at the Radio 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

	June 30	
ASSETS	2019	2018
CURRENT ASSETS		
Investments	\$ 37,729	\$ 37,628
Accounts receivable	28,483	137,041
Prepaid expenses	8,681	-
Due from Iowa Western Community College	330	-
Total current assets	75,223	174,669
CAPITAL ASSETS		
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	694,948	694,948
Capital assets, net	-	-
Total assets	75,223	174,669
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Salaries payable	12,093	12,914
Payroll taxes and employee benefits payable	2,045	2,109
Deferred revenue	61,085	123,606
Due to Iowa Western Community College	-	36,040
Total current liabilities	75,223	174,669
NET POSITION		
Net investment in capital assets	\$ -	\$ -

See Notes to Financial Statements.

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

	<u>Year ended June 30</u>	
	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Local support	\$ 98,801	\$ 129,849
Corporation for Public Broadcasting support	164,876	38,165
Iowa Western Community College support	85,486	10,164
Underwriting	155,897	197,848
Underwriting, Iowa Western Community College	147,000	144,000
Rental income	71,494	62,628
Fees for services	15,103	141,619
Miscellaneous	2,646	302
Underwriting, trade	5,560	5,160
Donated program and support services	<u>469,874</u>	<u>396,759</u>
Total operating revenues	<u>1,216,737</u>	<u>1,126,494</u>
OPERATING EXPENSES		
Program services		
Programming and production	291,537	275,799
Broadcasting	470,626	389,164
Program information	<u>52,300</u>	<u>62,475</u>
	<u>814,463</u>	<u>727,438</u>
Support services		
Management and general	146,730	133,763
Fundraising and membership development	52,412	75,020
Underwriting and grant solicitation	<u>203,233</u>	<u>190,551</u>
	<u>402,375</u>	<u>399,334</u>
Total operating expenses	<u>1,216,838</u>	<u>1,126,772</u>
OPERATING LOSS	<u>(101)</u>	<u>(278)</u>
NONOPERATING REVENUE		
Interest on investments	<u>101</u>	<u>278</u>
Net nonoperating revenue	<u>101</u>	<u>278</u>
CHANGE IN NET POSITION	-	-
NET POSITION		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</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

	Year ended June 30	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Local support	\$ 98,801	\$ 129,849
Corporation for Public Broadcasting	164,876	38,165
Iowa Western Community College support	85,486	10,164
Underwriting	411,455	254,172
Rental income	8,973	137,007
Fees for services	15,103	141,619
Miscellaneous	2,646	302
Programming and production	(154,477)	(159,386)
Broadcasting	(324,067)	(266,135)
Program information	(34,713)	(47,640)
Management and general	(88,702)	(69,634)
Fundraising and membership development	(39,576)	(64,097)
Underwriting and grant solicitation	<u>(109,435)</u>	<u>(111,425)</u>
Net cash provided by (used in) operating activities	<u>36,370</u>	<u>(7,039)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments and transfers to Iowa Western Community College	<u>(36,370)</u>	<u>7,039</u>
Net cash provided by (used in) capital and related financing activities	<u>(36,370)</u>	<u>7,039</u>
NET CHANGE IN CASH	-	-
CASH		
Beginning of year	<u>-</u>	<u>-</u>
End of year	\$ <u>-</u>	\$ <u>-</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	\$ <u>(101)</u>	\$ <u>(278)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Changes in assets and liabilities		
Accounts receivable	108,558	(87,676)
Prepaid expenses	(8,681)	8,446
Accounts payable	-	(780)
Salaries payable	(821)	(997)
Payroll taxes and employee benefits payable	(64)	(133)
Deferred revenue	<u>(62,521)</u>	<u>74,379</u>
Total adjustments	<u>36,471</u>	<u>(6,761)</u>
Net cash provided by (used in) operating activities	<u>\$ 36,370</u>	<u>\$ (7,039)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest income reinvested	\$ <u>101</u>	\$ <u>278</u>

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 its 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 – net 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.

Investments

Investments consist of nonnegotiable certificates of deposit which are stated at cost.

Accounts Receivable

Accounts receivable are presented net of an allowance for doubtful accounts. The allowance as of June 30, 2019 and 2018 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 Program and Support Services

The Radio Station receives the use of facilities and administrative support from Iowa Western Community College. The donated facilities from the 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 the College consists of allocated financial and student development department costs and certain other expenses incurred by the College on behalf of the Radio Station.

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, 2019 and 2018 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 ensure 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, 2019 and 2018 which are valued at cost of \$37,729 and \$37,628, 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
Iowa Western Community College, Council Bluffs, Iowa)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	<u>July 1, 2018</u> <u>balance</u>	<u>Additions</u>	<u>June 30, 2019</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>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>508,018</u>	<u>—</u>	<u>508,018</u>
Total accumulated depreciation	<u>694,948</u>	<u>—</u>	<u>694,948</u>
Capital assets, net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Capital asset activity for the year ended June 30, 2018 is as follows:

	<u>July 1, 2017</u> <u>balance</u>	<u>Additions</u>	<u>June 30, 2018</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>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>508,018</u>	<u>—</u>	<u>508,018</u>
Total accumulated depreciation	<u>694,948</u>	<u>—</u>	<u>694,948</u>
Capital assets, net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</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 2022. The lease is classified as an operating lease and, accordingly, is charged to expense as incurred. Rental expense under this agreement was \$102,836 for the year ended June 30, 2019 and \$98,880 for the year ended June 30, 2018. 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>
2020	\$ 106,252
2021	109,436
2022	112,716
2023	<u>37,940</u>
Total	<u>\$ 366,344</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 (TIAA) retirement program. 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. Information and disclosures regarding the net pension liability, deferred outflows of resources, and deferred inflows of resources as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* attributed to the employees of the Radio Station are included as a component of these respective amounts as reported in the Iowa Western Community College June 30, 2019 financial statements. Sufficient information is not available to allow management of the Radio Station to estimate the net pension liability, deferred outflows of resources, and deferred inflows of resources attributable to its employees. Plan members were required to contribute 6.29% of their covered salary in fiscal year 2019 and 5.95% of their covered salary in fiscal year 2018. The Radio Station was required to contribute 9.44% of annual payroll in fiscal year 2019 and 8.93% of annual payroll in fiscal year 2018. Contribution requirements are established by State statute. The Radio Station's required and actual contributions to IPERS for the years ended June 30, 2019 and 2018 were \$11,851 and \$11,632, respectively.

The Radio Station contributes to the TIAA 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, and in accordance with the Code of Iowa, each employee was required to contribute 6.29% of their annual salary, including overtime pay, in fiscal year 2019 and 5.95% of their annual salary, including overtime pay, in fiscal year 2018, and the Radio Station was required to contribute 9.44% in fiscal year 2019 and 8.93% in fiscal year 2018. The Radio Station's required and actual contributions to TIAA for the years ended June 30, 2019 and 2018 were \$20,625 and \$21,716, respectively. The employees' required and actual contributions to TIAA for the years ended June 30, 2019 and 2018 were \$14,572 and \$15,234, respectively.

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

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Iowa Western Community College administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for retirees and their eligible dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Radio Station employees are eligible for these OPEB benefits administered by the College.

Individuals who are employed by the College, including those employed by the Radio Station, and who are also eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement if they are age 55 with 10 years of service. Coverage during retirement continues in the group health and dental plans. Employees covered by the plan made contributions toward the plan premiums.

The College obtains an actuarial valuation in order to determine its total OPEB liability. Information and disclosures regarding the total OPEB liability and deferred outflows of resources and deferred inflows of resources as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* attributed to the employees of the Radio Station are included as a component of these respective amounts as reported in the Iowa Western Community College June 30, 2019 financial statements. Sufficient information is not available to allow management of the Radio Station to estimate the total OPEB liability and deferred outflows of resources and deferred inflows of resources attributable to its employees.

There were no benefit payments made under this plan to eligible Radio Station employees during the years ended June 30, 2019 and 2018.

NOTE 7 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 \$469,874 and \$396,759 for the years ended June 30, 2019 and 2018, respectively, is included in revenues under donated program and support services. The expense is allocated among the program and support services.

Underwriting support from the College of \$147,000 and \$144,000 for the years ended June 30, 2019 and 2018, respectively, is included in revenues. Additionally, direct support from the College of \$85,486 and \$10,164 for the years ended June 30, 2019 and 2018, respectively, is included in revenues under Iowa Western Community College support.

For the years ended June 30, 2019 and 2018, the Radio Station had a receivable from the College in the amount of \$330 and \$-0-, respectively.

For the years ended June 30, 2019 and 2018, the Radio Station owed the College \$-0- and \$36,040, respectively, for administration support.

KIWR-FM Radio
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
Year ended June 30, 2019

	Program services				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	Total support services	
OPERATING EXPENSES										
Salaries, related payroll costs and fringe benefits	\$ 136,955	\$ 148,864	\$ 17,864	\$ 303,683	\$ 65,501	\$ 11,909	\$ 95,273	\$ —	\$ 172,683	\$ 476,366
Professional services	—	—	14,681	14,681	—	24,469	9,788	—	34,257	48,938
Memberships	252	—	—	252	108	—	—	—	108	360
Repair of equipment	—	55,865	—	55,865	—	—	—	—	—	55,865
Printing and reproduction services	—	—	81	81	82	407	244	—	733	814
Communications	—	576	—	576	1,345	—	—	—	1,345	1,921
Utilities	—	12,330	—	12,330	3,082	—	—	—	3,082	15,412
Equipment rental	—	102,836	—	102,836	—	—	—	—	—	102,836
Postage	—	—	114	114	—	399	57	—	456	570
Group meeting	—	—	—	—	331	—	220	—	551	551
Other services	15,748	1,969	—	17,717	1,968	—	—	—	1,968	19,685
Materials and supplies	919	—	919	1,838	3,676	—	3,676	—	7,352	9,190
Minor equipment	—	—	—	—	3,328	—	—	—	3,328	3,328
Building and construction materials	—	775	—	775	—	—	—	—	—	775
Vehicle supplies	—	22	3	25	2	—	—	—	2	27
Out of state travel	338	541	—	879	473	—	—	—	473	1,352
In state travel	12	12	3	27	3	—	—	—	3	30
Purchases for resale	—	—	1,015	1,015	—	2,369	—	—	2,369	3,384
Indirect administration	135,089	146,836	17,620	299,545	64,607	11,747	93,975	—	170,329	469,874
Donated personal services of volunteers	<u>2,224</u>	<u>—</u>	<u>—</u>	<u>2,224</u>	<u>2,224</u>	<u>1,112</u>	<u>—</u>	<u>—</u>	<u>3,336</u>	<u>5,560</u>
Total operating expenses	<u>\$ 291,537</u>	<u>\$ 470,626</u>	<u>\$ 52,300</u>	<u>\$ 814,463</u>	<u>\$ 146,730</u>	<u>\$ 52,412</u>	<u>\$ 203,233</u>	<u>\$ —</u>	<u>\$ 402,375</u>	<u>\$1,216,838</u>

See accompanying independent auditor's report.

KIWR-FM Radio
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES (continued)
Year ended June 30, 2018

	Program services				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	Total support services	
OPERATING EXPENSES										
Salaries, related payroll costs and fringe benefits	\$ 131,297	\$ 142,714	\$ 17,126	\$ 291,137	\$ 62,794	\$ 11,417	\$ 91,337	\$ —	\$ 165,548	\$ 456,685
Professional services	—	—	24,295	24,295	—	40,491	16,196	—	56,687	80,982
Memberships	344	—	—	344	147	—	—	—	147	491
Advertising	—	—	375	375	—	375	—	—	375	750
Printing and reproduction services	—	—	96	96	96	481	288	—	865	961
Communications	—	638	—	638	1,489	—	—	—	1,489	2,127
Utilities	—	14,167	—	14,167	3,542	—	—	—	3,542	17,709
Equipment rental	—	98,880	—	98,880	—	—	—	—	—	98,880
Postage	—	—	19	19	—	65	9	—	74	93
Group meeting	—	—	—	—	1,096	—	730	—	1,826	1,826
Other services	24,463	3,058	—	27,521	3,058	—	—	—	3,058	30,579
Materials and supplies	660	—	659	1,319	2,639	—	2,639	—	5,278	6,597
Building and construction materials	—	1,594	—	1,594	—	—	—	—	—	1,594
Vehicle supplies	—	131	17	148	16	—	—	—	16	164
Out of state travel	1,818	2,909	—	4,727	2,546	—	—	—	2,546	7,273
In state travel	1,085	1,085	271	2,441	271	—	—	—	271	2,712
Purchases for resale	—	—	5,288	5,288	—	12,339	—	—	12,339	17,627
Other expense	—	—	(549)	(549)	(549)	(1,099)	—	—	(1,648)	(2,197)
Indirect administration	114,068	123,988	14,878	252,934	54,554	9,919	79,352	—	143,825	396,759
Donated personal services of volunteers	<u>2,064</u>	<u>—</u>	<u>—</u>	<u>2,064</u>	<u>2,064</u>	<u>1,032</u>	<u>—</u>	<u>—</u>	<u>3,096</u>	<u>5,160</u>
Total operating expenses	<u>\$ 275,799</u>	<u>\$ 389,164</u>	<u>\$ 62,475</u>	<u>\$ 727,438</u>	<u>\$ 133,763</u>	<u>\$ 75,020</u>	<u>\$ 190,551</u>	<u>\$ —</u>	<u>\$ 399,334</u>	<u>\$1,126,772</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, 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, 2019, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 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 on 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

West Des Moines, Iowa
December 18, 2019