

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS
ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2004

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KWIT-KOJI FM RADIO

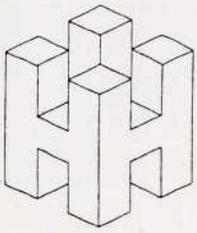
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u>		
Dr. Robert Rasmus	President	2004
Russell Wray	Vice President	2006
Deborah Cook	Member	2004
Derrick Franck	Member	2005
Curt Grigg	Member	2005
Michael Hunter	Member	2006
Norman Lang	Member	2004
William Lyle	Member	2005
Eldon Schroder	Member	2005

Community College

Dr. Robert E. Dunker	President
Troy A. Jasman	Executive Director of Administrative Services and Chief Financial Officer
Brenda S. Bradley	Board Secretary/Treasurer and Executive Director of Human Resources
Gretchen O. Gondek	General Manager



HENJES, CONNER,
WILLIAMS & GRIMSLEY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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505 FIFTH STREET
P.O. BOX 1528
SIOUX CITY, IOWA 51102

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in net assets, cash flows and functional expenses, of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, and its discretely presented component unit, as of and for the year ended June 30, 2004. These financial statements are the responsibility of Community College officials. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions 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 KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College, and its discretely presented component unit at June 30, 2004, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KWIT-KOJI FM Radio has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the statement of net assets, and the related statements of revenues, expenses and changes in net assets, cash flows and functional expenses, which collectively comprise KWIT-KOJI FM Radio's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein), and expressed unqualified opinions on those financial statements.

*Henjes, Conner,
Williams & Gindrey, C.P.A.*
Certified Public Accountants

Sioux City, Iowa
September 1, 2004

FINANCIAL STATEMENTS

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2004

	<u>KWIT-KOJI</u> <u>FM Radio</u>	<u>Component Unit</u> <u>Friends of</u> <u>FM 90</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 347,355	\$ 70,124
Pledges Receivable	<u>2,899</u>	<u>—</u>
Total Current Assets	\$ 350,254	\$ 70,124
<u>OTHER ASSETS</u>		
Endowment Investments - Note 3	-	\$ 746,859
Capital Assets, Net of Accumulated Depreciation		
- Note 4	\$ <u>332,830</u>	<u>—</u>
Total Other Assets	\$ <u>332,830</u>	\$ <u>746,859</u>
Total Assets	\$ <u>683,084</u>	\$ <u>816,983</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable	\$ 890	-
Compensated Absences	<u>19,001</u>	<u>—</u>
Total Current Liabilities	\$ 19,891	-
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 292,261	-
Restricted:		
Non-Expendable	-	\$ 250,000
Expendable	40,569	566,983
Unrestricted	<u>330,363</u>	<u>—</u>
Total Net Assets	\$ <u>663,193</u>	\$ <u>816,983</u>
Total Liabilities and Net Assets	\$ <u>683,084</u>	\$ <u>816,983</u>

See Accompanying Notes to Financial Statements

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2004

	KWIT-KOJI FM Radio	<u>Component Unit</u> Friends of FM 90
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support	\$ 133,000	-
Rental of Facilities	26,809	-
Donated Materials and Services	38,412	-
Gifts and Contributions	-	\$ 187,889
Other Operating Revenues	70,399	-
Special Event	<u>-</u>	<u>251,541</u>
Total Operating Revenues	\$ 268,620	\$ 439,430
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production	\$ 350,073	\$ 5,488
Broadcasting	80,054	-
Program Information	12,404	-
Special Event	<u>-</u>	<u>199,572</u>
	\$ 442,531	\$ 205,060
Management and General	<u>190,086</u>	<u>-</u>
Total Operating Expenses	\$ <u>632,617</u>	\$ <u>205,060</u>
Operating Income (Loss)	\$ (363,997)	\$ 234,370
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support	\$ 204,193	-
College Support - Direct	6,780	-
College Support - Indirect	132,531	-
Federal Support	40,569	-
Investment Income, Net of Investment Expense of \$5,310	-	\$ 55,593
Gifts from Friends of FM 90	167,153	-
Payments to KWIT-KOJI	-	(167,153)
Equipment	(15,714)	-
Donated Facilities	<u>(132,531)</u>	<u>-</u>
Net Non-Operating Revenues (Expenses)	\$ <u>402,981</u>	\$ <u>(111,560)</u>
Change in Net Assets	\$ 38,984	\$ 122,810
Net Assets - Beginning of Year	<u>624,209</u>	<u>694,173</u>
Net Assets - End of Year	\$ <u>663,193</u>	\$ <u>816,983</u>

See Accompanying Notes to Financial Statements

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Operating Grants Received from the Corporation for Public Broadcasting	\$ 133,000	-
Rental Receipts	26,809	-
Cash Received from Donors and Others	70,399	\$ 439,430
Cash Payments to Employees and Others	(572,689)	(205,060)
Net Cash Provided (Used) by Operating Activities	\$ (342,481)	\$ 234,370
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support	\$ 204,193	-
Cash Received from Gifts from Friends of FM 90	126,584	-
Cash Paid for Gifts to KWIT-KOJI	-	\$ (126,584)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ 330,777	\$ (126,584)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Cash Received from Federal Support	\$ 40,569	-
Cash Received from Friends of FM 90 Grant Match	40,569	-
Cash Paid for Grant Match	-	\$ (40,569)
Acquisition of Capital Assets	(81,138)	-
Net Cash (Used) by Capital and Related Financing Activities	-	\$ (40,569)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income	-	\$ 24,851
Cash Paid for Investment Expenses	-	(5,310)
Cash Paid for Purchase of Investments	-	(68,812)
Net Cash (Used) by Investing Activities	-	\$ (49,271)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (11,704)	\$ 17,946
Cash and Cash Equivalents - June 30, 2003	<u>359,059</u>	<u>52,178</u>
Cash and Cash Equivalents - June 30, 2004	\$ <u>347,355</u>	\$ <u>70,124</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT C
(Cont.)

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI</u> <u>FM Radio</u>	<u>Component Unit</u> <u>Friends of</u> <u>FM 90</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (363,997)	\$ 234,370
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	\$ 21,055	-
(Increase) in Pledges Receivable	(795)	-
(Decrease) in Accounts Payable	(3,429)	-
(Decrease) in Salaries and Benefits Payable	(92)	-
Increase in Compensated Absences	<u>4,777</u>	<u>-</u>
Total Adjustments	\$ <u>21,516</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>(342,481)</u>	\$ <u>234,370</u>
 SUPPLEMENTAL SCHEDULE OF SIGNIFICANT		
<u>NON-CASH ACTIVITIES</u>		
College Support - Indirect	\$ <u>132,531</u>	<u>-</u>
Donated Materials and Services	\$ <u>38,412</u>	<u>-</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Program Services</u>			
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total Program Services</u>
Salaries, Related Payroll				
Costs and Fringe				
Benefits	\$ 177,867	\$ 57,782		\$ 235,649
Professional Services				-
Memberships	136,722			136,722
Maintenance and Repair of				
Equipment		942		942
Communications				-
Utilities				-
Postage	250		250	
Data Processing				-
Other Services	5,304	8,245		13,549
Materials and Supplies	659	996		1,655
Periodicals	384			384
Lease Expense				-
Equipment	100			100
Travel and Meeting				
Expense	283	1,337		1,620
Donated Personal Services				
of Volunteers	1,508			1,508
Donated Professional				
Services			\$ 12,404	12,404
Donated Materials and				
Facilities	23,636			23,636
Depreciation	<u>3,610</u>	<u>10,502</u>	<u> </u>	<u>14,112</u>
Total Operating				
Expenses	\$ <u>350,073</u>	\$ <u>80,054</u>	\$ <u>12,404</u>	\$ <u>442,531</u>

Supporting Services

Management
and
General

\$ 114,592

4,736

191

-

661

28,749

4,722

10,903

699

8,782

-

5,328

-

2,916

-

864

-

6,943

\$ 190,086

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KWIT-KOJI FM Radio is a non-profit, non-commercial radio station and an affiliate of the National Public Radio Network. The Radio Station operates with a power of 100,000 watts, including a repeater station. Emphasis is placed on service to eighteen counties in northwest Iowa. KWIT-KOJI FM Radio is operated by, and the financial activity is included in the financial statements of, Western Iowa Tech Community College, Sioux City, Iowa.

A. Reporting Entity

The financial statements of KWIT-KOJI FM Radio include the discrete presentation of Friends of FM-90 (Friends), a legally separate, tax-exempt component unit of the Radio Station. Friends acts primarily as a fund-raising organization to supplement the resources that are available to the Radio Station in support of its programming. Although the Radio Station does not control the timing or amount of receipts from Friends, the majority of resources, or income thereon, that Friends holds and invests are restricted to the activities of the Radio Station by the donors.

During the year ended June 30, 2004, Friends distributed \$126,584 to KWIT-KOJI for unrestricted programming purposes and \$40,569 in matching funds for a federal facilities grant.

B. Basis of Presentation

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt

Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Cont.)

Restricted Net Assets

Nonexpendable

Net assets subject to externally-imposed stipulations that they be maintained permanently by the Radio Station, including permanent endowment funds.

Expendable

Net assets whose use by the Radio Station is subject to externally - imposed stipulations that can be fulfilled by actions of the Radio Station, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets

Net assets that are not subject to externally-imposed situations.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, Cash Flows and Functional Expenses be reported on a consolidated basis. The effect of interfund activity has been removed from these statements.

C._ Measurement Focus and Basis of Accounting

For financial reporting purposes, the Radio Station is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the Radio Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State support is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D._ Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the statement of net assets:

Investments - Investments are stated at fair value.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.) D._ Assets, Liabilities and Net Assets (Cont.)

Capital Assets - Capital assets, which include buildings, radio tower, furniture and equipment, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation. Depreciation expense is recorded on capital assets using the straight-line method over their estimated useful lives. For the year ended June 30, 2004, depreciation expense was \$21,055.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the Radio Station as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

Compensated Absences - Radio Station employees accumulate a limited amount of earned but unused vacation benefits for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities of the appropriate fund. These liabilities have been computed based on current rates of pay.

E._ In-Kind Contributions

Donated personal services of volunteers, professional services and materials are recorded as revenue and expenditures in the accompanying statement of revenues, expenditures and changes in fund balances at estimated fair value.

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

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

E._ In-Kind Contributions (Cont.)

Total recorded in-kind contributions for June 30, 2004, are as follows:

Donated Professional Services of Volunteers:	
Voluntary Services	\$ 1,508
Donated Professional Services and Programs:	
Advertising and Contracted Services	13,268
Donated Materials and Facilities:	
Compact Discs, Other Materials and	
Equipment	23,636
College Facilities	<u>132,531</u>
	\$ <u>170,943</u>

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Allowance for Doubtful Accounts

The allowance for doubtful accounts is maintained at a balance which, in the opinion of management, is adequate to reflect pledges receivable at their net realizable value. No allowance is considered necessary at June 30, 2004.

Note 2 - CASH AND CASH EQUIVALENTS

The Radio Station's deposits in the bank accounts of Western Iowa Tech Community College at June 30, 2004, were entirely covered by the Federal Depository Insurance Corporation, government securities pledged by the banks as collateral on repurchase agreement accounts, 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.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 2 - CASH AND CASH EQUIVALENTS

(Cont.)

For purposes of the Statement of Cash Flows, the Radio Station considers all unrestricted short term debt securities purchased with a maturity of three months or less to be cash equivalents.

Note 3 - ENDOWMENT INVESTMENTS

The Friends of FM 90 Endowment was established by a contributor to benefit the arts organization within the Siouxland Community. This contribution and its earnings were fully restricted until the principal reached \$250,000. Because the principal has surpassed \$250,000, interest earned may now be withdrawn for Radio Station activities. The investments are recorded at market. A summary of the investments is as follows:

	<u>Cost</u>	<u>Market</u>
Wells Fargo Cash Investment Money		
Market	\$ 35,438	\$ 35,438
U. S. Treasury Notes at 5.875%,		
Maturing 11-15-05	9,719	10,472
Federal Home Loan Bank at 5.875%,		
Maturing 11-15-07	25,022	26,735
Wells Fargo Intermediate Government		
Income Fund	25,853	25,062
Wells Fargo Index Fund	85,300	84,172
Wells Fargo Equity Income Fund	139,845	134,345
Wells Fargo Large Company Growth		
Fund	121,046	120,418
Midcap S & P Depository Receipts	27,902	33,330
Oakmark International Fund	30,084	36,875
Federal Home Loan Bank at 4.75%,		
Maturing 1-05-11	25,023	24,492
Federal Home Loan Mortgage		
Corporation at 5.75%, Maturing		
4-15-08	24,727	26,680
Federal National Mortgage Association		
6.375%, Maturing 6-15-09	25,632	27,344
Wells Fargo Institutional Income		
Fund	116,662	113,860
Hawkeye Community College NJTP Bonds		
at 5.65%, Maturing 6-1-11	25,590	24,861
NASDAQ 100 Shares	10,415	11,322
S & P Depository Receipts	<u>10,415</u>	<u>11,453</u>
 Total	 \$ <u>738,673</u>	 \$ <u>746,859</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2004, is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Buildings	\$ 286,625			\$ 286,625
Radio Tower	362,093			362,093
Furniture and Equipment	117,587	\$ 72,205		189,792
Construction in Progress	—	—	—	—
	\$ 766,305	\$ 72,205	—	\$ 838,510
Accumulated Depreciation	(484,624)	(21,056)	—	(505,680)
Net Capital Assets	\$ <u>281,681</u>	\$ <u>51,149</u>	<u>—</u>	\$ <u>332,830</u>

Note 5 - OPERATING LEASES

The Radio Station leases tower and transmitter space to various other communications companies in the area. All of the leases are classified as operating leases. The estimated minimum rent receipts for the next five years are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2005	\$ 18,944
2006	19,202
2007	19,467
2008	<u>9,530</u>
Total	\$ <u>67,143</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 5 - OPERATING LEASES

(Cont.) The Radio Station also leases tower space from which its repeater station, KOJI, transmits. This lease expires June 3, 2012. The future minimum lease payments required by the Radio Station for the lease term are as follows:

Years Ending <u>June 30,</u>	<u>Amount</u>
2005	\$ 5,328
2006	5,328
2007	5,328
2008	5,328
2009	5,328
2010 - 2012	<u>15,540</u>
	\$ <u>42,180</u>

Total lease expense for the year ended June 30, 2004, was \$5,328.

Note 6 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

Western Iowa Tech Community College contributes to the Iowa Public Employees Retirement System (IPERS) on behalf of KWIT-KOJI FM Radio. IPERS 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 3.70% of their annual covered salary and the Community College is required to contribute 5.75% of annual payroll.

Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2004, 2003 and 2002, were \$2,909, \$2,817, and \$2,889, respectively, equal to the required contributions for each year.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 7 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION -
COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

Western Iowa Tech Community College contributes to the TIAA-CREF retirement program, a defined contribution plan, on behalf of KWIT-KOJI FM Radio. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed.

Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.70% and the Community College is required to contribute 5.75%. The Community College's and KWIT-KOJI FM Radio's employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2004, were \$12,344 and \$7,943, respectively.

Note 8 - FUNDRAISING EXPENSES

During the year ended June 30, 2004, the Radio Station conducted various fundraising activities. Management and general expenses listed in Exhibit D, totaling \$52,906, are related to fundraising, as are Friends of FM 90 special event expenses of \$199,572, listed in Exhibit C.

Note 9 - CONTINGENCY

The National Telecommunications and Information Administration, as the federal grantor of funds to KWIT-KOJI FM Radio, holds a 10-year reversionary interest in the digital equipment purchased by the Radio Station during the year ended June 30, 2004. The period of interest expires June 30, 2014. Accordingly, the Radio Station has recorded \$40,569 of expendable restricted net assets.