

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS  
ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

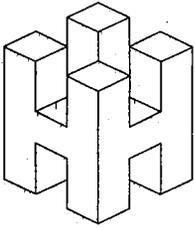
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u> <u>(After September, 2013 Election)</u>		
Dr. Robert Rasmus	President	2015
Russell Wray	Vice President	2017
Deborah Cook	Member	2017
Derrick Franck	Member	2015
Curt Grigg	Member	2015
Michael Hunter	Member	2017
Neal Adler	Member	2017
William Lyle	Member	2015
Eldon Schroder	Member	2015

Board of Directors  
(Before September, 2013 Election)

Dr. Robert Rasmus	President	2015
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2015
Curt Grigg	Member	2015
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2015
Eldon Schroder	Member	2015

Community College

Dr. Terry Murrell	President
Troy A. Jasman	Vice President of Finance and Administrative Services
Brenda S. Bradley	Board Secretary/Treasurer and Dean of Quality and Human Resources
Gretchen O. Gondek	General Manager



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, as of and for the years ended June 30, 2014 and 2013, which collectively comprise the Radio Station'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.

**Auditors' Responsibility**

Our responsibility is to express opinions 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 of 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 auditors' 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 the entity'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 of the effectiveness of the entity'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 opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, for the years then ended in conformity 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 information on pages 4 through 10 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014, on our consideration of the Radio Station'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 the Radio Station's internal control over financial reporting and compliance.

*Henje, Coover & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
September 26, 2014



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College provides this Management's Discussion and Analysis of the Radio Station's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014 for KWIT-KOJI FM Radio and does not discuss the component unit of Friends of FM 90. We would encourage the reader to consider this information in conjunction with the radio station's financial statements which follow.

## **FINANCIAL HIGHLIGHTS**

- Operating revenues increased 3.0%, or \$8,160, from fiscal year 2013 (FY13). Rental of facilities, donated materials and services, and other operating revenues increased while Corporation for Public Broadcasting support decreased.
- Operating expenses were 0.9%, or \$7,447, less in FY14 than in FY13. Programming and production and program information decreased while broadcasting and management and general increased.
- Net non-operating revenue increased 0.3%, or \$1,347, from FY13 due to an increase in state support and college support - indirect offset by a decrease in gifts from Friends of FM90.
- The Radio Station's net assets decreased 5.5%, or \$34,328 from FY13.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides management's analytical overview of the Radio Station's financial activities.

The basic financial statements consist of statements of net assets, statements of revenues, expenses and changes in net assets, statements of cash flows and statements of functional expenses. These statements provide information about the activities of the Radio Station as a whole and present an overall view of the Radio Station's finances.

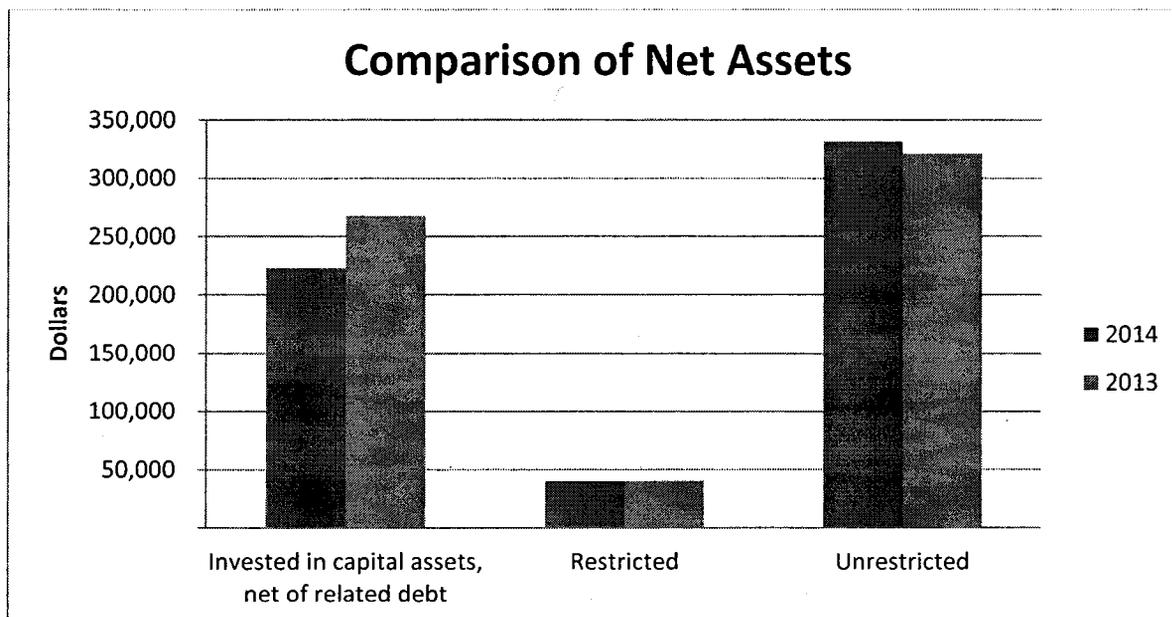
Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

## REPORTING THE RADIO STATION AS A WHOLE

### The Statements of Net Assets

The Statements of Net Assets presents the assets, liabilities and net assets of the Radio Station as a whole, as of June 30, 2014 which is the end of the fiscal year. The Statements of Net Assets are point-in-time financial statements. The purpose of the statements is to present a fiscal snapshot of the Radio Station to the readers of the financial statements. The Statements of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the Radio Station's financial position by analyzing the increases and decreases in net assets. These statements are also a good source for readers to determine how much the Radio Station owes to outside vendors and creditors. The statements also present the available assets that can be used to satisfy those liabilities.

	<b>Net Assets</b>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Current assets	\$ 364,089	\$ 349,006
Capital assets, net of accumulated depreciation	<u>263,343</u>	<u>308,746</u>
<b>Total assets</b>	<b>\$ <u>627,432</u></b>	<b>\$ <u>657,752</u></b>
Current liabilities	\$ 31,985	\$ 27,977
<b>Total liabilities</b>	<b>\$ 31,985</b>	<b>\$ 27,977</b>
<b>Net assets:</b>		
Invested in capital assets	\$ 222,774	\$ 268,177
Restricted	40,569	40,569
Unrestricted	<u>332,104</u>	<u>321,029</u>
<b>Total net assets</b>	<b>\$ <u>595,447</u></b>	<b>\$ <u>629,775</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>627,432</u></b>	<b>\$ <u>657,752</u></b>



The largest portions of the Radio Station's net assets (37%) are invested in capital assets (e.g., buildings and equipment) and (56%) unrestricted net assets that can be used to meet the Radio Station's obligations as they come due. The remaining net assets (7%) are the restricted portion of the net assets that includes resources that are subject to external restrictions.

#### Statements of Revenues, Expenses and Changes in Net Assets

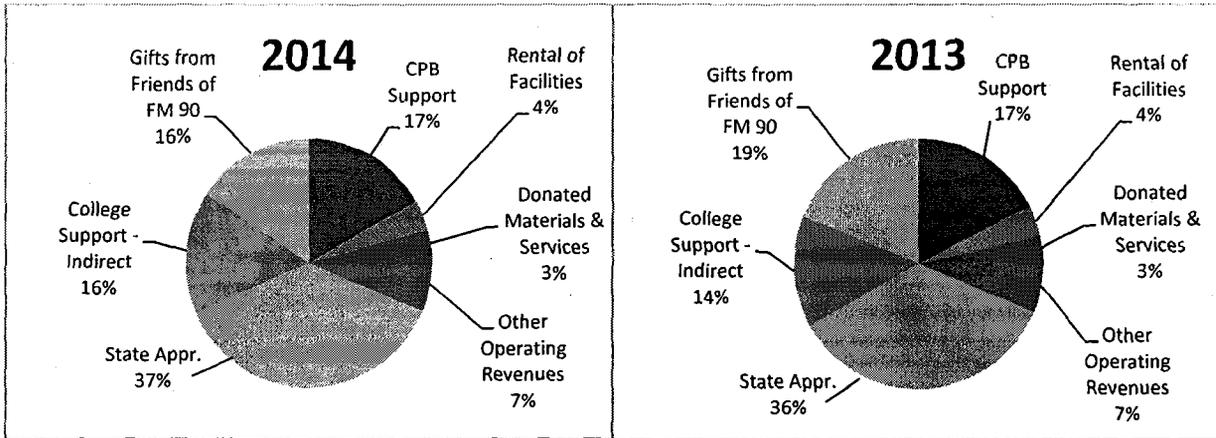
Changes in total net assets as presented on the Statements of Net Assets are based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Assets. The purpose of the statements is to present the revenues received by the Radio Station, both operating and non-operating, and the expenses paid by the Radio Station, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Radio Station.

In general, a public radio station, such as KWIT-KOJI FM Radio, will report an operating loss since the financial reporting model classifies state support, college support and gifts as non-operating revenues. Operating revenues are received from the Corporation for Public Broadcasting, rental of facilities, donated materials and supplies as well as other operating revenues of the Radio Station. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the Radio Station. Non-operating revenues are revenues received for which goods and services are not directly provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

	<b>Changes in Net Assets</b>	
	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>
Operating revenue:		
Corporation for Public Broadcasting Support	\$ 150,276	\$ 152,207
Rental of Facilities	36,357	35,177
Donated Materials and Services	31,057	25,797
Other Operating Revenues	<u>63,607</u>	<u>59,956</u>
Total operating revenue	\$ <u>281,297</u>	\$ <u>273,137</u>
Total operating expenses	\$ 790,781	\$ 798,228
Operating loss	(509,484)	(525,091)
Non-operating revenues (expenses)		
State Support	\$ 334,876	\$ 309,699
College Support - Indirect	141,860	125,430
Gifts from Friends of FM 90	140,280	164,110
Donated Facilities	(141,860)	(125,430)
Net non-operating revenues	\$ <u>475,156</u>	\$ <u>473,809</u>
Change in net assets	( 34,328)	( 51,282)
Net assets at the beginning of the year	<u>629,775</u>	<u>681,057</u>
Net assets at the end of the year	\$ <u>595,447</u>	\$ <u>629,775</u>

The Statements of Revenues, Expenses and Changes in Net Assets reflect a decrease in the net assets at the end of the fiscal year.

### Total Revenues by Source

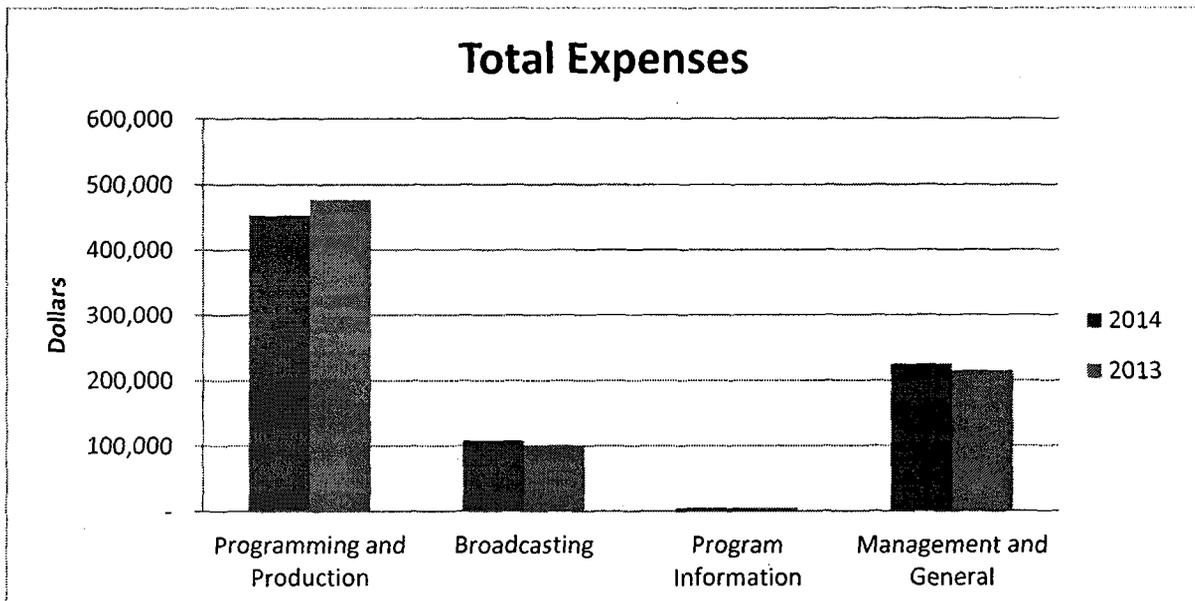


In fiscal year 2014, operating revenues increased by \$8,160 or 3.0%. The increase was a result of the following changes:

Rental of facilities (tower rental), donated materials and services, and other operating revenues increased while Corporation for Public Broadcasting support revenue decreased.

### Operating Expenses

	Year Ended June 30, 2014	Year Ended June 30, 2013
Program Services:		
Programming and Production	\$ 452,769	\$ 477,203
Broadcasting	108,579	101,294
Program Information	4,800	4,899
Management and General	<u>224,633</u>	<u>214,832</u>
<b>Total</b>	<b>\$ <u>790,781</u></b>	<b>\$ <u>798,228</u></b>



In fiscal year 2014, operating expenses decreased by \$7,447 or 0.9%. The following factors explain some of the changes:

Program Services, consisting of programming and production, broadcasting and program information decreased \$17,248 due to decreased membership costs and repairs and maintenance on the tower offset by an increase in salaries and related payroll costs.

Supporting Services consisting of management and general increased \$9,801. This was due to the increased costs for salaries and related costs, utilities, other services and materials and supplies.

#### Statements of Cash Flows

Statements of Cash Flows are included in KWIT-KOJI's basic financial statements. These Statements of Cash Flows are an important tool in helping users assess the Radio Station's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

	<b>Cash Flows</b>	
	<u>Year Ended June 30, 2014</u>	<u>Year Ended June 30, 2013</u>
Cash provided (used) by:		
Operating Activities	\$(460,018)	\$(478,527)
Non-capital Financing Activities	475,156	473,809
Capital Activities	-	-
Investing Activities	-	-
Net Increase (Decrease) in Cash	<u>\$ 15,138</u>	<u>\$( 4,718)</u>
Cash at the beginning of the year	<u>347,471</u>	<u>352,189</u>
Cash at the end of the year	<u>\$ 362,609</u>	<u>\$ 347,471</u>

Cash provided by operating activities includes grants received from the Corporation for Public Broadcasting, rental of tower space and donor contributions. Cash used by operating activities include salary and benefit and vendor payments. Cash provided by non-capital financing activities includes state support and gifts from Friends of FM 90. Cash used by capital activities include the purchase of capital assets (equipment). KWIT-KOJI FM90 did not have any cash flow from investing activities.

#### Statements of Functional Expenses

The Statements of Functional Expense provide the reader with detailed information regarding the program services consisting of programming and production, broadcasting and program information expenses as well as the supporting services of management and general expenses.

## CAPITAL ASSETS

At June 30, 2014, the Radio Station had \$263,343 invested in capital assets, net of accumulated depreciation of \$858,096. Depreciation charges totaled \$45,403 for Fiscal Year 2014. Details of the capital assets are shown below.

	<b>Capital Assets, Net, at Year End</b>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Buildings	\$ 286,625	\$ 286,625
Radio Tower	570,814	570,814
Furniture and equipment	<u>264,000</u>	<u>264,000</u>
	\$ 1,121,439	\$ 1,121,439
Accumulated Depreciation	( <u>858,096</u> )	( <u>812,693</u> )
Total	\$ <u>263,343</u>	\$ <u>308,746</u>

There are no planned capital expenditures for the fiscal year to end June 30, 2015.

## DEBT

At June 30, 2014, the Radio Station had no debt outstanding.

## ECONOMIC FACTORS

KWIT-KOJI FM 90 continues to monitor its financial position in times of uncertain funding from the Corporation for Public Broadcasting. Funding from state support and gifts from the Friends of FM 90 continue to play a more significant part of the operations of the Radio Station. Some of the realities that may potentially become challenges for the Radio Station to meet are:

State support for fiscal year 2015 is expected to increase approximately \$11,879 over the prior year.

Expenses will continue to increase. Costs associated with serving radio listeners will continue to increase. The increased cost of health insurance benefits continues to prove problematic in budgeting.

With the exception of state support, the Radio Station anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Radio Station's ability to react to unknown issues.

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

This financial report is designed to provide our customers, radio listeners and taxpayers in the community college merged area and our creditors with a general overview of the Radio Station's finances and to demonstrate the Radio Station's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Western Iowa Tech Community College, 4647 Stone Avenue, Sioux City, Iowa 51106.

KWIT-KOJI FM RADIO

EXHIBIT A

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2014

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash .....	\$ 362,609	\$ 15,179
Pledges Receivable .....	<u>1,480</u>	<u>          </u>
Total Current Assets .....	\$ 364,089	\$ 15,179
<u>OTHER ASSETS</u>		
Endowment Investments - Note 3 .....		\$ 1,509,938
Capital Assets, Net of Accumulated Depreciation - Note 4 .....	\$ <u>263,343</u>	<u>          </u>
Total Other Assets .....	\$ <u>263,343</u>	\$ <u>1,510,652</u>
Total Assets .....	\$ <u>627,432</u>	\$ <u>1,525,117</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable .....	\$ 10,183	
Compensated Absences .....	<u>21,802</u>	<u>          </u>
Total Current Liabilities .....	\$ 31,985	-
<u>NET ASSETS</u>		
Invested in Capital Assets .....	\$ 222,774	
Restricted:		
Non-Expendable .....		\$ 250,000
Expendable .....	40,569	1,275,261
Unrestricted .....	<u>332,104</u>	( <u>144</u> )
Total Net Assets .....	\$ <u>595,447</u>	\$ <u>1,525,117</u>
Total Liabilities and Net Assets .....	\$ <u>627,432</u>	\$ <u>1,525,117</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT A

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2013

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash .....	\$ 347,471	\$ 32,181
Pledges Receivable .....	<u>1,535</u>	<u>          </u>
Total Current Assets .....	\$ 349,006	\$ 32,181
<u>OTHER ASSETS</u>		
Endowment Investments - Note 3 .....		\$ 1,339,530
Capital Assets, Net of Accumulated Depreciation - Note 4 .....	\$ <u>308,746</u>	<u>          </u>
Total Other Assets .....	\$ <u>308,746</u>	\$ <u>1,339,530</u>
Total Assets .....	\$ <u>657,752</u>	\$ <u>1,371,711</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable .....	\$ 9,927	
Compensated Absences .....	<u>18,050</u>	<u>          </u>
Total Current Liabilities .....	\$ 27,977	-
<u>NET ASSETS</u>		
Invested in Capital Assets .....	\$ 268,177	
Restricted:		
Non-Expendable .....		\$ 250,000
Expendable .....	40,569	1,133,515
Unrestricted .....	<u>321,029</u>	( <u>11,804</u> )
Total Net Assets .....	\$ <u>629,775</u>	\$ <u>1,371,711</u>
Total Liabilities and Net Assets .....	\$ <u>657,752</u>	\$ <u>1,371,711</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, 2014

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support .....	\$ 150,276	
Rental of Facilities .....	36,357	
Donated Materials and Services .....	31,057	
Gifts and Contributions .....		\$ 129,451
Other Operating Revenues .....	<u>63,607</u>	
Total Operating Revenues .....	\$ 281,297	\$ 129,451
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production .....	\$ 452,769	\$ 6,214
Broadcasting .....	108,579	
Program Information .....	<u>4,800</u>	
Management and General .....	\$ 566,148	\$ 6,214
	<u>224,633</u>	
Total Operating Expenses .....	\$ 790,781	\$ 6,214
Operating Income (Loss) .....	\$( 509,484)	\$ 123,237
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support .....	\$ 334,876	
College Support - Indirect .....	141,860	
Investment Income, Net of Investment Expense of \$10,729 .....		\$ 170,449
Gifts from Friends of FM 90 .....	140,280	
Payments to KWIT-KOJI .....		( 140,280)
Donated Facilities .....	<u>( 141,860)</u>	
Net Non-Operating Revenues (Expenses) .....	\$ 475,156	\$ 30,169
Change in Net Assets .....	\$( 34,328)	\$ 153,406
Net Assets - Beginning of Year .....	<u>629,775</u>	<u>1,371,711</u>
Net Assets - End of Year .....	\$ <u>595,447</u>	\$ <u>1,525,117</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT B

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, 2013

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support .....	\$ 152,207	
Rental of Facilities .....	35,177	
Donated Materials and Services .....	25,797	
Gifts and Contributions .....		\$ 124,039
Other Operating Revenues .....	<u>59,956</u>	
Total Operating Revenues .....	\$ 273,137	\$ 124,039
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production .....	\$ 477,203	\$ 6,235
Broadcasting .....	101,294	
Program Information .....	<u>4,899</u>	
Management and General .....	\$ 583,396	\$ 6,235
	<u>214,832</u>	
Total Operating Expenses .....	\$ 798,228	\$ 6,235
Operating Income (Loss) .....	\$( 525,091)	\$ 117,804
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support .....	\$ 309,699	
College Support - Indirect .....	125,430	
Investment Income, Net of Investment Expense of \$9,939 .....		\$ 148,220
Gifts from Friends of FM 90 .....	164,110	
Payments to KWIT-KOJI .....		( 164,110)
Donated Facilities .....	( <u>125,430</u> )	
Net Non-Operating Revenues (Expenses) .....	\$ 473,809	\$( 15,890)
Change in Net Assets .....	\$( 51,282)	\$ 101,914
Net Assets - Beginning of Year .....	<u>681,057</u>	<u>1,269,797</u>
Net Assets - End of Year .....	\$ <u>629,775</u>	\$ <u>1,371,711</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT C

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

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 .....	\$ 150,276	
Rental Receipts .....	36,357	
Cash Received from Donors and Others .....	63,662	\$ 129,451
Cash Payments to Employees and Others .....	( 710,313)	( 6,214)
Net Cash Provided (Used) by Operating Activities .....	\$( 460,018)	\$ 123,237
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support .....	\$ 334,876	
Cash Received from Gifts from Friends of FM 90 .....	140,280	
Cash Paid for Gifts to KWIT-KOJI .....	_____	\$( 140,280)
Net Cash Provided (Used) by Non-Capital Financing Activities .....	\$ 475,156	\$( 140,280)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income .....		\$ 54,782
Cash Paid for Investment Expenses .....		( 10,729)
Proceeds from Sale of Investments .....		727,051
Purchase of Investments .....		( 771,063)
Net Cash Provided by Investing Activities .....	_____ -	\$ 41
Net Increase (Decrease) in Cash and Cash Equivalents ....	\$ 15,138	\$( 17,002)
Cash and Cash Equivalents - June 30, 2013 .....	347,471	32,181
Cash and Cash Equivalents - June 30, 2014 .....	\$ 362,609	\$ 15,179

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, 2014

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>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u> <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss) .....	\$( 509,484)	\$ 123,237
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation .....	\$ 45,403	
Decrease in Pledges Receivable .....	55	
Increase in Salaries and Benefits Payable .....	256	
Increase in Compensated Absences .....	<u>3,752</u>	
Total Adjustments .....	\$ <u>49,466</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities .....	\$( <u>460,018</u> )	\$ <u>123,237</u>
 <u>SUPPLEMENTAL SCHEDULE OF SIGNIFICANT</u> <u>NON-CASH ACTIVITIES</u>		
College Support - Indirect .....	\$ <u>141,860</u>	<u>-</u>
Donated Materials and Services .....	\$ <u>31,057</u>	<u>-</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT C

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

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 .....	\$ 152,207	
Rental Receipts .....	35,177	
Cash Received from Donors and Others .....	58,981	\$ 124,039
Cash Payments to Employees and Others .....	(724,892)	( 6,235)
Net Cash Provided (Used) by Operating Activities .....	\$(478,527)	\$ 117,804
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support .....	\$ 309,699	
Cash Received from Gifts from Friends of FM 90 .....	164,110	
Cash Paid for Gifts to KWIT-KOJI .....	_____	\$( 164,110)
Net Cash Provided (Used) by Non-Capital Financing Activities .....	\$ 473,809	\$( 164,110)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income .....		\$ 39,101
Cash Paid for Investment Expenses .....		( 9,939)
Proceeds from Sale of Investments .....		79,432
Purchase of Investments .....		( 57,545)
Net Cash Provided by Investing Activities .....	_____ -	\$ 51,049
Net Increase (Decrease) in Cash and Cash Equivalents ....	\$( / 4,718)	\$ 4,743
Cash and Cash Equivalents - June 30, 2012 .....	<u>352,189</u>	<u>27,438</u>
Cash and Cash Equivalents - June 30, 2013 .....	\$ <u>347,471</u>	\$ <u>32,181</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, 2013

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>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u> <u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss) .....	\$( 525,091)	\$ 117,804
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation .....	\$ 51,337	-
(Increase) in Pledges Receivable .....	( 975)	-
(Decrease) in Salaries and Benefits Payable .....	( 1,007)	-
(Decrease) in Compensated Absences .....	( 2,791)	-
Total Adjustments .....	\$ 46,564	-
Net Cash Provided (Used) by Operating Activities .....	\$( 478,527)	\$ 117,804
 <u>SUPPLEMENTAL SCHEDULE OF SIGNIFICANT</u> <u>NON-CASH ACTIVITIES</u>		
College Support - Indirect .....	\$ 125,430	-
Donated Materials and Services .....	\$ 25,797	-

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, 2014

	<u>Program Services</u>			<u>Total Program Services</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	
Salaries, Related Payroll Costs and Fringe Benefits .....	\$ 260,458	\$ 87,308		\$ 347,766
Professional Services .....	15			15
Memberships .....	137,139	153		137,292
Communications .....	875			875
Utilities .....				-
Postage .....				-
Other Services .....	2,526			2,526
Materials and Supplies .....	34	895		929
Periodicals .....	4,170			4,170
Lease Expense .....				-
Equipment .....				-
Travel and Meeting Expense .....	165	3,829		3,994
Donated Personal Services of Volunteers .....	1,928			1,928
Donated Professional Services .....			\$ 4,800	4,800
Donated Materials and Facilities ....	23,393			23,393
Repairs and Maintenance .....				-
Depreciation .....	<u>22,066</u>	<u>16,394</u>		<u>38,460</u>
 Total Operating Expenses .....	 \$ <u>452,769</u>	 \$ <u>108,579</u>	 \$ <u>4,800</u>	 \$ <u>566,148</u>

<u>Supporting Services</u> Management and <u>General</u>	Total <u>Expenses</u>
\$ 129,037	\$ 476,803
6,905	6,920
175	137,467
665	1,540
52,444	52,444
2,480	2,480
1,884	4,410
13,980	14,909
242	4,412
8,777	8,777
165	165
	3,994
	1,928
936	5,736
	23,393
	-
<u>6,943</u>	<u>45,403</u>
\$ <u>224,633</u>	\$ <u>790,781</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, 2013

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information	
Salaries, Related Payroll Costs and Fringe Benefits .....	\$ 251,412	\$ 80,742		\$ 332,154
Professional Services .....				-
Memberships .....	152,753	267		153,020
Communications .....				-
Utilities .....				-
Postage .....				-
Other Services .....	2,404			2,404
Materials and Supplies .....	146	469		615
Periodicals .....	350			350
Lease Expense .....				-
Equipment .....		730		730
Travel and Meeting Expense .....	1,309	2,512		3,821
Donated Personal Services of Volunteers .....	1,508			1,508
Donated Professional Services .....			\$ 4,899	4,899
Donated Materials and Facilities ....	18,454			18,454
Repairs and Maintenance .....	21,047			21,047
Depreciation .....	<u>27,820</u>	<u>16,574</u>		<u>44,394</u>
 Total Operating Expenses .....	 \$ <u>477,203</u>	 \$ <u>101,294</u>	 \$ <u>4,899</u>	 \$ <u>583,396</u>

<u>Supporting Services</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
\$ 126,335	\$ 458,489
7,075	7,075
880	153,900
690	690
50,145	50,145
2,729	2,729
650	3,054
7,250	7,865
208	558
9,220	9,220
1,731	2,461
40	3,861
	1,508
936	5,835
	18,454
	21,047
<u>6,943</u>	<u>51,337</u>
\$ <u>214,832</u>	\$ <u>798,228</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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.

Friends distributed \$140,280 and \$164,110 to KWIT-KOJI for unrestricted programming purposes, during the years ended June 30, 2014 and 2013, respectively.

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.

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.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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

Unrestricted Net Assets (Continued)

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.

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 years ended June 30, 2014 and 2013, depreciation expense was \$45,403 and \$51,337, respectively.

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 rates of pay in effect at year end.

E. In-Kind Contributions

Donated professional services and materials are recorded as revenue and expenditures in the accompanying statements of revenues, expenses and changes in net assets at estimated fair value.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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

E. In-Kind Contributions (Continued)

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 expenses 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.

Total recorded in-kind contributions for June 30, 2014 and 2013, are as follows:

	<u>2014</u>	<u>2013</u>
Donated Professional Services of Volunteers:		
Voluntary Services .....	\$ 1,928	\$ 1,508
Donated Professional Services and Programs:		
Advertising and Contracted Services .....	5,736	5,835
Donated Materials and Facilities:		
Compact Discs, Other Materials and Equipment .....	23,393	18,454
College Facilities .....	<u>141,860</u>	<u>125,430</u>
	\$ <u>172,917</u>	\$ <u>151,227</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 Uncollectible Pledges

The allowance for uncollectible pledges is maintained at a balance which, in the opinion of management, is adequate to reflect pledges receivable at their net realizable value. Management reviews its pledge listing annually to determine the collectibility of pledges. If management believes a pledge is uncollectible, an allowance is established. No allowance was considered necessary at June 30, 2014 or 2013.

H. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of personnel time and space used.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 2 - CASH AND CASH EQUIVALENTS

The Radio Station's deposits in the bank accounts of Western Iowa Tech Community College at June 30, 2014 and 2013, 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.

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>2014</u> <u>Cost</u>	<u>2014</u> <u>Market</u>
Federated Prime Management Obligations Fund .....	\$ 79,254	\$ 79,254
Federated Floating Rate Strategic Income Inst .....	115,000	114,856
Federated Total Return Bond .....	285,000	286,044
Goldman Sachs Strategic Income Fund Inst .....	113,000	113,805
Third Avenue Focused Credit Fund .....	57,000	59,279
Delaware Group Value FD Sml Cap Value .....	35,780	48,831
Goldman Sachs Growth Opportunities Fund .....	38,399	60,370
Mainstay Funds Large Cap Growth Fund Class I .....	115,157	169,794
Principal Mid Cap Blend .....	39,920	64,788
Royce Total Return Inst .....	19,632	30,037
T Rowe Price Equity Income .....	32,451	54,854
Weitz Value Portfolio .....	46,382	84,996
Oakmark International .....	65,095	103,449
Harding Loevner Instl Emerging Market .....	42,000	46,545
Oppenheimer Developing Markets Fund .....	55,000	60,211
Goldman Sachs Absolute Return Tracker Fund .....	64,000	66,737
Goldman Sachs TR II MLTMN AL .....	<u>62,000</u>	<u>66,088</u>
Total .....	\$ <u>1,265,070</u>	\$ <u>1,509,938</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 3 - ENDOWMENT INVESTMENTS  
(Cont.)

	<u>2013</u>	<u>2013</u>
	<u>Cost</u>	<u>Market</u>
Federated Prime Management Obligations Fund .....	\$ 12,190	\$ 12,190
Wells Fargo and Co. at 4.95%, Maturing 10-16-13 (A2) .....	70,735	65,786
Morgan Stanley Global Sub at 4.75%, Maturing 4-1-14 (Baa 1) ..	51,610	51,086
Goldman Sachs Group Ser D at 3.70%, Maturing 8-1-15 (A3) ..	50,734	52,093
National Rural Utilities COOP at 5.45%, Maturing 4-10-17 (A2)	50,204	56,616
Federal National Mortgage Association at 2.75%, Maturing 3-13-14 (Aaa) .....	24,906	25,444
Federal Home Loan Bank at 4.75%, Maturing 12-12-14 (Aaa) ...	51,279	53,148
Federal Home Loan Bank at 5.00%, Maturing 12-11-15 (Aaa) ..	25,769	27,659
Federal Farm Credit Bank @ 3.40%, Maturing 6-4-18 (Aaa) ....	56,288	54,051
Federated Emerging Market Debt Fund .....	22,195	24,169
Federated Total Return Bond .....	25,000	23,561
Goldman Sachs High Yield Bond Inst Shares .....	46,893	48,492
Principal Mid Cap Blend .....	47,608	63,643
Goldman Sachs Growth Opportunities Fund Investment .....	43,966	59,027
Third Avenue Real Estate Value .....	38,000	42,986
PIMCO Commodity Real Return Strategy Instl .....	13,000	10,344
Mainstay Funds Large Cap Growth Fund Class .....	139,189	169,312
Oakmark International .....	76,976	103,903
Royce Total Return Inst .....	36,040	46,158
T Rowe Price Equity Income .....	66,166	91,209
Weitz Value Portfolio .....	61,002	94,285
I Shares MSCI Emerging Markets Index Fund .....	40,917	50,050
Goldman Sachs Absolute Return Tracker Fund In .....	64,000	64,912
Delaware Group Value FD Small Cap Value .....	44,265	49,406
Total .....	\$ <u>1,158,932</u>	\$ <u>1,339,530</u>

Interest Rate Risk: The Radio Station, as a part of Western Iowa Tech Community College, has an investment policy that limits the investment of operating funds (funds expected to be expended in the current budget year or within fifteen 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.

Credit Risk: The endowment investments that were rated by Moody's Investors Service at June 30, 2014 and 2013 have their ratings denoted in parentheses above. The remaining investments have either not been rated or are not exposed to credit risk.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Concentration of Credit Risk: The Radio Station's policy is to diversify its investments by limiting investments in prime bankers acceptances or commercial paper to no more than 10% of its portfolio maturities. At June 30, 2014 and 2013, the following investment types exceeded 5% of the total endowment investment portfolio:

2014

Federated Prime Management Obligations Fund  
Federated Floating Rate Strategic Income Inst  
Federated Total Return Bond  
Goldman Sachs Strategic Income Fund Inst  
Mainstay Funds Large Cap Growth Fund Class I  
Weitz Value Portfolio  
Oakmark International

2013

Oakmark International Fund  
Mainstay Funds Large Cap Growth Fund Class  
Weitz Value Portfolio  
T Rowe Price Equity Income

On July 1, 2008, the State of Iowa adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) which assisted organizations in managing their endowment funds. The Friends of FM 90 Endowment consists of one individual fund. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Law

The directors of Friends have reviewed the endowment fund for purposes of classifying as permanently restricted net assets, the historic dollar value of endowment funds received. The term "historic dollar value" is defined as the aggregate fair value in dollars of:

- (1) The original values of the gifts donated to the permanent endowment,
- (2) Each subsequent donation to the fund at the time it is made, and
- (3) Each accumulation made pursuant to a provision in the applicable gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that are not classified as permanently restricted net assets shall be classified as temporarily restricted net assets until appropriated for expenditure by Friends in a manner consistent with the Standard of Prudence prescribed by UPMIFA.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Endowment Net Asset Composition by Type of Fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - Restricted Funds	\$( <u>144</u> )	\$ <u>1,260,082</u>	\$ <u>250,000</u>	\$ <u>1,509,938</u>

Changes in Endowment Net Assets for the fiscal year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, June 30, 2013	\$( 11,804 )	\$ 1,101,334	\$ 250,000	\$ 1,339,530
Investment Gains (Losses):				
Investment Income		\$ 44,013		44,013
Net Appreciation:				
Realized		62,126		\$ 62,840
Unrealized	_____	<u>64,269</u>	_____	<u>64,269</u>
Total Investment Gains	-	\$ 170,408	-	\$ 171,122
Other Changes:				
Transfers	\$ <u>11,660</u>	\$( <u>11,660</u> )	_____	_____
Endowment Net Assets, June 30, 2014	\$( <u>144</u> )	\$ <u>1,260,082</u>	\$ <u>250,000</u>	\$ <u>1,509,938</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Endowment Net Asset Composition by Type of Fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor - Restricted Funds	\$ ( <u>11,804</u> )	\$ <u>1,101,334</u>	\$ <u>250,000</u>	\$ <u>1,339,530</u>

Changes in Endowment Net Assets for the fiscal year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, June 30, 2012	\$ ( 7,207 )	\$ 999,566	\$ 250,000	\$ 1,242,359
Investment Gains (Losses):				
Investment Income		\$ 29,113		29,113
Net Appreciation:				
Realized		7,799		\$ 7,799
Unrealized	_____	<u>111,259</u>	_____	<u>111,259</u>
Total Investment Gains	-	\$ 148,171	-	\$ 148,171
Appropriation of Endowment Assets for Expenditure		\$ ( 51,000 )		\$ ( 51,000 )
Other Changes:				
Transfers	\$ ( <u>4,597</u> )	\$ <u>4,597</u>	_____	_____ -
Endowment Net Assets, June 30, 2013	\$ ( <u>11,804</u> )	\$ <u>1,101,334</u>	\$ <u>250,000</u>	\$ <u>1,339,530</u>

The following table shows the Endowment's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	<u>Less Than 12 Months</u>		<u>More Than 12 Months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Mutual Funds - Fixed	\$ <u>114,856</u>	\$ ( <u>144</u> )	_____	_____	\$ <u>114,856</u>	\$ ( <u>144</u> )
2014 Total	\$ <u>114,856</u>	\$ ( <u>144</u> )	_____ -	_____ -	\$ <u>114,856</u>	\$ ( <u>144</u> )

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 3 - ENDOWMENT INVESTMENTS  
(Cont.)

	<u>Less Than 12 Months</u>		<u>More Than 12 Months</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Unrealized Losses</u>
Bonds - Corporate			\$ 116,872	\$( 5,473)	\$ 116,872	\$( 5,473)
Bonds - U.S. Government Agencies	\$ 54,051	\$( 2,236)			54,051	( 2,236)
Mutual Funds - Fixed	23,561	( 1,439)			23,561	( 1,439)
Mutual Funds - Alternatives			10,344	( 2,656)	10,344	( 2,656)
2013 Total	\$ <u>77,612</u>	\$( <u>3,675</u> )	\$ <u>127,216</u>	\$( <u>8,129</u> )	\$ <u>204,828</u>	\$( <u>11,804</u> )

Friends has determined that the unrealized losses are deemed to be temporary impairments as of June 30, 2014. Friends believes that the unrealized losses generally are caused by liquidity discounts and increases in the risk premiums required by market participants rather than a materially adverse change in cash flows or a fundamental weakness in the credit quality of the issuer or underlying asset.

Friends is primarily invested in well diversified mutual funds one of which incurred losses due to the market environment of the past few years. Friends has the ability and intent to hold these investments for a reasonable period of time sufficient for the recovery of fair value. Friends does not consider these investments to be other than temporarily impaired at June 30, 2014.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Friends to retain as a fund of perpetual duration. In accordance with the Codification, deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of temporarily restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$144 and \$11,804 for June 30, 2014 and 2013, respectively. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

Friends has adopted investment and spending policies for endowment assets that attempt to achieve long-term preservation and conservative growth of the sums received as donations. Endowment assets include those assets of donor-restricted funds that Friends must hold in perpetuity or for a donor-specified period(s) as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that will obtain the maximum possible total return, taking into account both income and appreciation, that is consistent with an acceptable level of risk.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 3 - ENDOWMENT INVESTMENTS

(Cont.) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Friends relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Friends targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Friends has a policy of appropriating for distribution each year a certain percent, not to exceed four percent, of its endowment fund's market value on December 31<sup>st</sup> of the preceding year.

Note 4 - CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2014 and 2013, is as follows:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Buildings	\$ 286,625			\$ 286,625
Radio Tower	570,814			570,814
Furniture and Equipment	<u>264,000</u>	—	—	<u>264,000</u>
	\$ 1,121,439	-	-	\$ 1,121,439
Accumulated Depreciation	( <u>812,693</u> )	\$ ( <u>45,403</u> )	—	( <u>858,096</u> )
Net Capital Assets	\$ <u>308,746</u>	\$ ( <u>45,403</u> )	—	\$ <u>263,343</u>

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2013</u>
Buildings	\$ 286,625			\$ 286,625
Radio Tower	570,814			570,814
Furniture and Equipment	<u>264,000</u>	—	—	<u>264,000</u>
	\$ 1,121,439	-	-	\$ 1,121,439
Accumulated Depreciation	( <u>761,356</u> )	\$ ( <u>51,337</u> )	—	( <u>812,693</u> )
Net Capital Assets	\$ <u>360,083</u>	\$ ( <u>51,337</u> )	—	\$ <u>308,746</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

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 remainder of the lease terms are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2015 .....	\$ 37,028
2016 .....	14,367
2017 .....	<u>1,197</u>
Total .....	\$ <u>52,592</u>

The Radio Station also leases tower space from which its repeater station, KOJI, transmits. This lease expires October 1, 2017. The future minimum lease payments required by the Radio Station for the lease term are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2015 .....	\$ 10,500
2016 .....	10,500
2017 .....	<u>2,625</u>
Total .....	\$ <u>23,625</u>

Total lease expense for the years ended June 30, 2014 and 2013 were \$8,777 and \$9,220, respectively.

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.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 6 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

(Cont.) For the year ended June 30, 2014, Plan members are required to contribute 5.95% of their annual covered salary and the Community College is required to contribute 8.93% of annual payroll. For the year ended June 30, 2013, the required contributions percentages were 5.78% and 8.67%, respectively. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2014 and 2013 were \$9,359 and \$6,363, respectively, equal to the required contributions for each year.

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. For the year ended June 30, 2014, as specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee was required to contribute 5.95% and the Community College was required to contribute 8.93%. For the year ended June 30, 2013, the required contribution percentages were 5.78% and 8.67%, respectively. The Community College's required and actual contributions to TIAA-CREF for the years ended June 30, 2014 and 2013, were \$21,591 and \$23,100, respectively. The employees' required and actual contributions to TIAA-CREF for the years ended June 30, 2014 and 2013, were \$14,386 and \$15,400, respectively.

Note 8 - FUNDRAISING EXPENSES

During the years ended June 30, 2014 and 2013, the Radio Station conducted various fundraising activities. Management and general expenses related to fundraising for the years ended June 30, 2014 and 2013, total \$44,735 and \$41,164, respectively.

Note 9 - CONTINGENCIES

The National Telecommunications and Information Administration, as the federal grantor of funds to KWIT-KOJI FM Radio, holds a 10-year reversionary interest in digital equipment purchased by the Radio Station during the year ended June 30, 2004. The period of interest expires July 1, 2014. Accordingly, the Radio Station has \$40,569 of expendable restricted net assets.

KWIT-KOJI FM RADIO

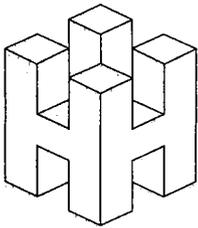
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WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

Note 10 - SUBSEQUENT EVENTS

The Radio Station has evaluated all subsequent events through September 26, 2014, the date the financial statements were available to be issued.



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' 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***

To the Board of Directors  
Western Iowa Tech Community College  
Sioux City, 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 the business-type activities and discretely presented component unit of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements and have issued our report thereon dated September 26, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Radio Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Radio Station'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 Radio Station's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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

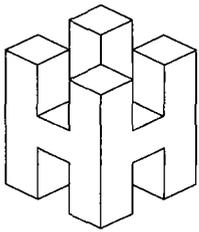
As part of obtaining reasonable assurance about whether the Radio Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 the Radio Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Radio Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Henjes, Conner & Wilkins, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
September 26, 2014



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of KWIT - KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated August 15, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by KWIT - KOJI FM Radio are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Radio Station during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciable lives of capital assets. We evaluated the key factors and assumptions used to develop the depreciable lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of In-Kind Contributions in Note 1, Endowment Investments in Note 3 and Capital Assets in Note 4 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material misstatements detected as a result of audit procedures were corrected by management:

There were three material audit adjustments made to the original trial balance presented to us at the beginning of our audit. These entries primarily related to the recording of in-kind contributions for the year.

There were no uncorrected misstatements that were not considered trivial, of the financial statements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 26, 2014.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Radio Station's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of KWIT - KOJI FM Radio and is not intended to be and should not be used by anyone other than these specified parties.

*Herjes, Connor & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
September 26, 2014