

**KUNI-FM/KHKE-FM**

A Public Telecommunications Station  
Operated by the University of Northern Iowa

Audited Financial Statements for  
the Years Ended June 30, 2022 and 2021  
and Independent Auditor's Report

KUNI-FM/KHKE-FM

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June 30, 2022

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## KUNI-FM/KHKE-FM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

KUNI Radio Group ("KUNI") provides this Management's Discussion and Analysis as a narrative overview of the financial performance of KUNI as of and for the three years ended June 30, 2022, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes that follow.

KUNI Radio Group was previously owned by the University of Northern Iowa and included the following frequencies: KICJ (88.9 FM), KNSY (89.7 FM), KHKE (89.5 FM), KRNI (1010 AM), KUNI (90.9 FM), KNSM (91.5 FM), KICW (91.1 FM), KNSB (91.1 FM), K214BA (90.7 FM), K233AA (94.5 FM), K249EJ (97.7 FM), K271AF (102.1 FM), K284CN (104.7 FM) and K237GD (95.3 FM). The University of Northern Iowa was the licensee for these frequencies.

The Board of Regents, State of Iowa, established Iowa Public Radio, Inc. ("IPR") to manage the day-to-day operations including management, programming and technical support of the public radio operations at the three Regents' universities. This includes KUNI Radio Group as well as WOI Radio Group ("WOI") previously owned by Iowa State University and WSUI Radio Group ("WSUI") previously owned by University of Iowa.

The Federal Communication Commission ("FCC") licenses, related broadcasting equipment and certain other assets owned by the Board of Regents' universities dedicated to the network of public radio stations in the State of Iowa were transferred to Iowa Public Radio, Inc. This transaction (the "License Transfer") closed with an effective date of June 30, 2022.

IPR is governed by a board of directors consisting of eighteen appointees. The president of the Board of Regents appoints fifteen community directors to represent the interests of Iowa's communities. The president at each of the Regents' universities appoints a university director to represent the interests of each respective university.

The audited financial statements and footnotes of KUNI should be read in conjunction with the audited financial statements and footnotes of IPR.

Iowa Public Radio enriches the civic and cultural life in Iowa through high quality news and cultural programming. IPR delivers three streams of programming statewide, bringing Iowans award-winning national programming and producing local programs that reflect Iowa's sense of place. IPR's mission will be accomplished by focusing on its goals – strengthen the impact, reach and performance of the organization in order to better serve Iowans; grow and engage audience; deliver national, international and local news and cultural programming and develop a sustainable funding model that allows the network to thrive.

#### Using the Audited Financial Statements

This analysis is intended to introduce the basic financial statements of KUNI, which include as a blended component unit, the Friends of KHKE/KUNI, Inc. (the "Friends"). The financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. KUNI prepares its financial statements in accordance with Governmental Accounting Standards Board ("GASB") standards. These financial statements provide information on KUNI as a whole and present both a short-term and long-term view of KUNI's financial position. The basic financial statements also include the Notes to the Financial Statements which further explain and provide detail about the financial statements.

#### The Statements of Net Position

The Statements of Net Position present the assets, liabilities and net position of KUNI using the economic resources

## KUNI-FM/KHKE-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

measurement focus and accrual basis of accounting. The Statements of Net Position represent the financial position at the end of each fiscal year. The difference between assets and liabilities – or net position – is one indicator of the current financial condition. The change in net position shown on the Statement of Revenues, Expenses and Changes in Net Position indicates whether the overall financial condition has improved during the fiscal year.

	June 30,		
	2022	2021	2020
Assets:			
Current assets	\$ 644,972	\$ 1,068,695	\$ 865,541
Capital assets, net	214,441	743,590	847,035
Total assets	<u>\$ 859,413</u>	<u>\$ 1,812,285</u>	<u>\$ 1,712,576</u>
Liabilities:			
Current liabilities	<u>\$ 422,298</u>	<u>\$ 85,721</u>	<u>\$ 93,135</u>
Net position:			
Investment in capital assets	\$ 214,441	\$ 743,590	\$ 847,035
Restricted	-	176,785	75,000
Unrestricted	222,674	806,189	697,406
Total net position	<u>\$ 437,115</u>	<u>\$ 1,726,564</u>	<u>\$ 1,619,441</u>
Total liabilities and net position	<u>\$ 859,413</u>	<u>\$ 1,812,285</u>	<u>\$ 1,712,576</u>

Total assets at June 30, 2022 decreased 52.6% to \$859,413 compared to total assets of \$1,812,285 at the end of the prior fiscal year. Current assets at June 30, 2022 decreased 39.6% to \$644,972 compared to current assets of \$1,068,695 at the end of the prior fiscal year. The decrease in current assets is due to decreases in cash and cash equivalents, investments and prepaid expenses. Current assets at the end of fiscal year 2021 increased compared to current assets at the end of fiscal year 2020 primarily due to increases in cash and cash equivalents and investments.

Capital assets at June 30, 2022 decreased 71.2% to \$214,441 compared to capital assets of \$743,590 at the end of the prior fiscal year. The decrease in capital assets is due to the donation of assets as a result of the License Transfer, the disposal of intangible assets, the recording of depreciation and minimal capital asset purchases. Capital assets at the end of fiscal year 2021 decreased compared to capital assets at the end of fiscal year 2020 due to the recording of depreciation and minimal capital asset purchases.

Current liabilities at June 30, 2022 increased significantly to \$422,298 compared to current liabilities of \$85,721 at the end of the prior fiscal year. The increase in current liabilities is primarily due to an increase in amount due to related party offset by decreases in compensated absences and accounts payable. Current liabilities at the end of fiscal year 2021 decreased compared to current liabilities at the end of fiscal year 2020 due to a decrease in

KUNI-FM/KHKE-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

compensated absences.

Total net position at June 30, 2022 decreased 74.7% to \$437,115 compared to total net position of \$1,726,564 at the end of the prior fiscal year. Capital assets, as referenced above, decreased at June 30, 2022 compared to capital assets at the end of the prior fiscal year. Restricted and unrestricted assets decreased at June 30, 2022 due to the License Transfer and a decrease in investments. Total net position at the end of fiscal year 2021 increased compared to total net position at the end of fiscal year 2020.

The Statements of Revenues, Expenses and Changes in Net Position

The change in net position as presented in the Statements of Net Position is based on the activity presented in the Statements of Revenues, Expenses and Changes in Net Position.

	For the years ended June 30,		
	2022	2021	2020
Total operating revenues	\$ 3,312,493	\$ 3,497,626	\$ 3,709,771
Total operating expenses	3,729,983	3,520,084	3,721,157
Operating loss	(417,490)	(22,458)	(11,386)
Non-operating revenues (expenses) - net	14,025	129,581	51,732
Income (loss) before other revenues, expenses, gains and losses	(403,465)	107,123	40,346
Other revenues, expenses, gains and losses	(885,984)	-	-
Change in net position	\$ (1,289,449)	\$ 107,123	\$ 40,346

Total operating revenues for the year ended June 30, 2022 decreased 5.3% to \$3,312,493 compared to \$3,497,626 for the year ended June 30, 2021. Major components of operating revenues include:

- Support from the Corporation for Public Broadcasting for stabilization funds decreased operating revenues by \$176,785;
- Support from IPR including membership and fundraising campaigns, underwriting revenue and state appropriations decreased operating revenues by \$141,003;
- Support from membership and fundraising campaigns increased operating revenues by \$650;
- Community service grants increased operating revenues by \$33,327; and
- Support from the University of Northern Iowa for institutional, physical plant and occupancy support increased operating revenues by \$98,678.

Total operating revenues for the year ended June 30, 2021 decreased 5.7% to \$3,497,626 compared to \$3,709,771

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

for the year ended June 30, 2020. This decrease was primarily due to a decrease in support from the University of Northern Iowa offset by increases in support from IPR and stabilization funds.

Total operating expenses for the year ended June 30, 2022 increased 6.0% to \$3,729,983 compared to \$3,520,084 for the year ended June 30, 2021. Major components of operating expenses include:

- Management and general related expenses increased operating expenses by \$146,577 primarily due to increases in institutional support from the University of Northern Iowa, direct expenses paid by IPR and professional services;
- Fundraising and membership development related expenses increased operating expenses by \$91,516 primarily due to increases in direct expenses paid by IPR and professional services;
- Programming and production related expenses increased operating expenses by \$32,178 primarily due to increases in direct expenses paid by IPR, programming fees and travel offset by decreases in salaries, wages and benefits and professional services;
- Program information and promotion related expenses decreased operating expenses by \$296 primarily due to a decrease in direct expenses paid by IPR;
- Depreciation expense decreased operating expenses by \$17,756; and
- Broadcast and engineering related expenses decreased operating expenses by \$42,320 primarily due to decreases in direct expenses paid by IPR and repairs and maintenance offset by increases in facilities and travel.

Total operating expenses for the year ended June 30, 2021 decreased 5.4% to \$3,520,084 compared to \$3,721,157 for the year ended June 30, 2020. This decrease was primarily due to decreases in institutional support from the University of Northern Iowa, programming fees, salaries, wages and benefits, depreciation and telecommunications offset by increases in direct expenses paid by IPR and facilities.

Non-operating revenues (expenses) for the year ended June 30, 2022 decreased 89.2% to \$14,025 compared to \$129,581 for the year ended June 30, 2021. This decrease is primarily due to a decrease in investment return.

Non-operating revenues (expenses) for the year ended June 30, 2021 increased 150.5% to \$129,581 compared to \$51,732 for the year ended June 30, 2020. This increase was primarily due to an increase in investment return.

Total other revenues, expenses, gains and losses for the year ended June 30, 2022 decreased significantly to (\$885,984) compared to \$0 for the year ended June 30, 2021. This decrease is due to an increase in expenses related to the License Transfer.

The Statements of Cash Flows

The Statements of Cash Flows provides information about cash receipts and cash disbursements for KUNI for the fiscal year.

KUNI-FM/KHKE-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

	For the years ended June 30,		
	2022	2021	2020
Cash provided (used) by:			
Operating activities	\$ (395,262)	\$ 79,752	\$ 117,596
Non-capital financing activities	53,037	52,264	52,660
Capital financing activities	(29,630)	(5,176)	(8,367)
Investing activities	12,623	1,758	21,285
Net change in cash	(359,232)	128,598	183,174
Cash beginning of year	792,540	663,942	480,768
Cash end of year	\$ 433,308	\$ 792,540	\$ 663,942

Cash from operating activities decreased to (\$395,262) for the year ended June 30, 2022 compared to \$79,752 for the year ended June 30, 2021 primarily due to decreases in cash received from membership and fundraising campaigns and stabilization funds and an increase in cash payments to suppliers for goods and services offset by an increase in cash received from community service grants and a decrease in cash payments to employees for salaries, wages and benefits.

Cash from non-capital financing activities increased to \$53,037 for the year ended June 30, 2022 compared to \$52,264 for the year ended June 30, 2021 primarily due to an increase in cash received from tower rentals.

Cash from capital financing activities decreased to (\$29,630) for the year ended June 30, 2022 compared to (\$5,176) for the year ended June 30, 2021 due to an increase in purchases of capitalized equipment.

Cash from investing activities increased to \$12,623 for the year ended June 30, 2022 compared to \$1,758 for the year ended June 30, 2021 due to an increase in the proceeds from sales of investments offset by an increase in the acquisition of investments.

The net decrease in cash and cash equivalents was (\$359,232) for the year ended June 30, 2022 compared to a net increase of \$128,598 for the year ended June 30, 2021.

#### Capital Assets

At June 30, 2022, capital assets totaled \$283,558, with accumulated depreciation of \$69,117, for net capital assets of \$214,441. At June 30, 2021, capital assets totaled \$2,962,506, with accumulated depreciation of \$2,218,916, for net capital assets of \$743,590. Depreciation charges for the year ended June 30, 2022 totaled \$90,865 compared to \$108,621 for the year ended June 30, 2021. Capital assets, net of accumulated depreciation, are as follows:

KUNI-FM/KHKE-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

	For the years ended June 30,		
	2022	2021	2020
Towers and transmission	\$ -	\$ 298,469	\$ 374,416
Broadcast and production equipment	-	202,540	216,442
Office furniture and equipment	214,441	227,581	241,177
Digital licenses	-	15,000	15,000
Investment in capital assets	<u>\$ 214,441</u>	<u>\$ 743,590</u>	<u>\$ 847,035</u>

Economic Outlook

The License Transfer transaction closed with an effective date of June 30, 2022. This financial report will be the final report for KUNI.

Contacting KUNI Radio Group's Financial Management

This financial report is designed to provide users with a general overview of KUNI's finances and to demonstrate accountability for the funds received. Questions regarding this report or requests for additional information, including information related to the Friends, should be directed to the Finance and Operations Director, Iowa Public Radio, Inc., 2111 Grand Avenue, Suite 100, Des Moines, IA 50312.





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Iowa Public Radio, Inc.

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of KUNI-FM/KHKE-FM, a public telecommunications station operated by the University of Northern Iowa, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise KUNI-FM/KHKE-FM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of KUNI-FM/KHKE-FM as of June 30, 2022 and 2021, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KUNI-FM/KHKE-FM, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### **Emphasis of Matter**

As discussed in Note 1, the financial statements of KUNI-FM/KHKE-FM are intended to present the net position, changes in net position, and cash flows of only that portion of the business type activities of the Iowa State University that is attributable to the transactions of KUNI-FM/KHKE-FM. They do not purport to, and do not present fairly the financial position of the University of Northern Iowa as of June 30, 2022 and 2021, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Phone: 515-276-7000  
Fax: 515-276-7002  
E-Mail: [info@nearmyercpa.com](mailto:info@nearmyercpa.com)  
Web: [www.nearmyercpa.com](http://www.nearmyercpa.com)

6200 Aurora Avenue  
Suite 402W  
Urbandale, IA 50322-2800

#### *Members:*

PCPS Section of the  
American Institute of  
Certified Public Accountants

Iowa Society of Certified  
Public Accountants

Forensic Accountants  
Society of North America

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KUNI-FM/KHKE-FM's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting for error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KUNI-FM/KHKE-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KUNI-FM/KHKE-FM's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 - 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise KUNI-FM/KHKE-FM's basic financial statements. The schedules of functional expenses on pages 28 - 29 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of KUNI-FM/KHKE-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KUNI-FM/KHKE-FM's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KUNI-FM/KHKE-FM's internal control over financial reporting and compliance.



Nearmyer & Associates, P.C.  
Certified Public Accountants  
Urbandale, Iowa

March 16, 2023

KUNI-FM/KHKE-FM  
STATEMENTS OF NET POSITION

June 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 433,308	\$ 792,540
Investments	211,664	267,878
Prepaid expenses	-	7,288
Accounts receivable	-	989
Total current assets	<u>644,972</u>	<u>1,068,695</u>
Capital assets, net	<u>214,441</u>	<u>743,590</u>
Total assets	<u>\$ 859,413</u>	<u>\$ 1,812,285</u>
 <u>LIABILITIES AND NET POSITION</u>		
Accounts payable	\$ 114	\$ 13,189
Due to University of Northern Iowa	3,673	-
Due to related party	418,511	-
Unearned rental revenue	-	3,673
Accrued compensation	-	68,859
Total liabilities	<u>422,298</u>	<u>85,721</u>
Net position		
Investment in capital assets	214,441	743,590
Restricted:		
Expendable	-	176,785
Unrestricted	<u>222,674</u>	<u>806,189</u>
Total net position	<u>437,115</u>	<u>1,726,564</u>
Total liabilities and net position	<u>\$ 859,413</u>	<u>\$ 1,812,285</u>

The accompanying notes are an integral part of these financial statements.

KUNI-FM/KHKE-FM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

<b><u>OPERATING REVENUES</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Support from University of Northern Iowa:		
Institutional, physical plant and occupancy	\$ 671,422	\$ 572,744
Support from Iowa Public Radio, Inc.:		
Memberships and fundraising campaigns	1,726,282	1,949,579
Program underwriting	574,475	492,181
State appropriations	115,223	115,223
Support from Corporation for Public Broadcasting:		
Community service grants	223,941	190,614
Stabilization funds	-	176,785
Memberships and fundraising campaigns	1,150	500
Total operating revenues	<u>3,312,493</u>	<u>3,497,626</u>
<b><u>OPERATING EXPENSES</u></b>		
Program services:		
Programming and production	1,262,034	1,229,856
Broadcasting and engineering	706,227	748,547
Program information and promotion	41,598	41,894
Support services:		
Management and general	1,093,574	946,997
Fundraising and membership development	535,685	444,169
Depreciation	90,865	108,621
Total operating expenses	<u>3,729,983</u>	<u>3,520,084</u>
Operating loss	<u>(417,490)</u>	<u>(22,458)</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Investment return	(43,591)	76,855
Rental revenue	53,566	52,726
Gain on disposal of asset	4,050	-
Total non-operating revenues (expenses) - net	<u>14,025</u>	<u>129,581</u>
Income (loss) before other revenues, expenses, gains and losses	<u>(403,465)</u>	<u>107,123</u>
Loss on disposal of intangible asset	(15,000)	-
License transfer expense	<u>(870,984)</u>	<u>-</u>
Change in net position	(1,289,449)	107,123
Net position, beginning of year	<u>1,726,564</u>	<u>1,619,441</u>
Net position, end of year	<u>\$ 437,115</u>	<u>\$ 1,726,564</u>

The accompanying notes are an integral part of these financial statements.

KUNI-FM/KHKE-FM

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Cash received from community service grants	\$ 223,941	\$ 190,614
Cash received from stabilization funds	-	176,785
Cash received from Iowa Public Radio, Inc. for membership and fundraising campaigns	500,000	830,000
Cash received from major gifts, memberships and fundraising campaigns	1,150	500
Cash payments to employees for salaries, wages and benefits	(419,727)	(456,760)
Cash payments to suppliers for goods and services	(700,626)	(661,387)
Net cash flows provided (used) by operating activities	(395,262)	79,752
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
Cash received from rental income	53,037	52,272
Cash payments to IPR for permanent endowment	-	(8)
Net cash flows provided by non-capital financing activities	53,037	52,264
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Purchase of equipment - capitalized	(33,680)	(5,176)
Cash proceeds from the sale of equipment	4,050	-
Net cash flows used by capital financing activities	(29,630)	(5,176)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from sale of investments	92,838	74,581
Cash received from investment income	4,132	1,676
Acquisition of investments	(84,347)	(74,499)
Net cash flows provided by investing activities	12,623	1,758
Net increase (decrease) in cash and cash equivalents	(359,232)	128,598
Cash and cash equivalents, beginning of year	792,540	663,942
Cash and cash equivalents, end of year	\$ 433,308	\$ 792,540

The accompanying notes are an integral part of these financial statements.

KUNI-FM/KHKE-FM

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>RECONCILIATION OF OPERATING LOSS TO NET</u></b>		
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Operating loss	\$ (417,490)	\$ (22,458)
Transactions not requiring cash:		
Depreciation	90,865	108,621
(Increase) decrease in:		
Prepaid expenses	1,029	995
Increase (decrease) in:		
Accounts payable	(807)	9
Accrued compensation	(68,859)	(7,415)
Net cash flows provided (used) by operating activities	<u>\$ (395,262)</u>	<u>\$ 79,752</u>

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Unrealized losses of (\$70,495) decreased and gains of \$59,060 increased the fair value of investments at June 30, 2022 and 2021, respectively.

The Station donated equipment as part of the License Transfer with a cost of \$2,538,824 and a net book value of \$456,964 for the year ended June 30, 2022.

Accounts receivable of \$1,517, prepaid programming expense of \$2,995, prepaid rent and utilities of \$3,265 and accounts payable of \$12,268 were transferred from the Station as part of the License Transfer for the year ended June 30, 2022.

The accompanying notes are an integral part of these financial statements.

KUNI-FM/KHKE-FM

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

KUNI-FM/KHKE-FM (the "Station") is a department of the University of Northern Iowa (the "University"), under the governance of the Board of Regents, State of Iowa ("Board of Regents"). Since the Board of Regents holds the corporate powers of the Station, it is not deemed to be legally separate. Accordingly, for financial reporting purposes, the Station is included in the financial report of the University and the University is included in the financial report of the State of Iowa, the primary government, as required by U.S. generally accepted accounting principles ("GAAP"). The Station is classified as a state instrumentality under Internal Revenue Code Section 115 and is exempt from federal income taxes. Certain activities of the Station may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 to 514.

The accompanying financial statements of KUNI-FM/KHKE-FM include as a blended component unit, Friends of KHKE/KUNI, Inc., a non-profit Iowa corporation governed by a self-appointed 18-member board. Inter-entity transactions and balances have been eliminated in combination. A copy of the Friend's financial statements may be obtained by contacting the Finance and Operations Director of Iowa Public Radio.

Financial Statement Presentation

The Station's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB").

The Station has the option to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Station has elected not to apply FASB pronouncements issued after the applicable date.

Basis of Accounting

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34* ("GASB 35"). Accordingly, the financial statements of the Station have been prepared using the economic resources measurement focus and the accrual basis of accounting. As a result, revenues are recognized when earned, expenses are recorded when an obligation has been incurred and all significant inter-entity transactions have been eliminated.

Nature of Activities

The Station is dedicated to providing programming devoted to educational, informational and cultural programs suitable for general audiences. A significant portion of the Station's funding is received from Iowa Public Radio, Inc., the Corporation for Public Broadcasting and the University of Northern Iowa.



### Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reported period. Actual results could differ from those estimates.

### Fair Value of Financial Instruments

The carrying amounts of cash, prepaid expenses, accounts payable and unearned rental revenue approximate fair value because of the short maturity of those financial instruments.

The Friends hold certain investments that are required to be measured at fair value on a recurring basis. The financial instruments reported at fair value are classified based on the inputs used to determine the value, as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model based valuation techniques for which all significant assumptions are observable in the market.
- Level 3: Valuations that require inputs that are both significant to the fair value measurement and unobservable in the market.

The Station has the following recurring fair value measurements as of June 30, 2022:

- Stocks held by Friends of \$211,664 are recorded at fair value based on quoted market prices (Level 1).

The Station has the following recurring fair value measurements as of June 30, 2021:

- Stocks held by Friends of \$267,878 are recorded at fair value based on quoted market prices (Level 1).

### Capital Assets

Capital assets are recorded at cost at the date of acquisition or at acquisition value at the date of donation. The Station's capitalization policy for furniture and fixtures and equipment includes all items with a unit cost of at least \$5,000 and an estimated useful life of greater than one year.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, with useful lives ranging from 4 to 40 years. Depreciation expense charged to operations for the years ended June 30, 2022 and 2021 totaled \$90,865 and \$108,621, respectively.

The Station acquired three IBIQUITY digital licenses as part of the digital conversion grants awarded by the Corporation for Public Broadcasting ("CPB"). As part of the License Transfer, the Station no longer holds any broadcast or digital licenses. The Station recognized a loss on disposal of intangible asset of \$15,000 as of June 30, 2022.

### Net Position

The Station's net position is classified as follows:

*Investment in capital assets* - Capital assets, net of accumulated depreciation attributable to the acquisition, construction, or improvement of those assets.

*Restricted, expendable* - Net position subject to externally imposed restrictions on use of resources either legally or contractually.

*Restricted, non-expendable* - Net position subject to externally imposed restrictions in which the donors or other outside sources have stipulated the principal is to be maintained inviolate and retained in perpetuity and invested for the purpose of producing income which will either be expended or added to principal.

*Unrestricted* - Net position not subject to externally imposed restrictions and which may be used to meet current obligations for any purpose or designated for specific purposes by action of management.

When an expense is incurred for which both restricted and unrestricted net position is available, the Station's policy is to first apply the expense against the restricted and then toward the unrestricted asset.

Restricted net position is \$0 and \$176,785 as of June 30, 2022 and 2021, respectively, in stabilization funds from CPB.

#### In-Kind Support

Contributed services are recognized as contributions if the services received, created or enhanced a long-lived asset or required specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Volunteers provide a variety of tasks that assist the Station throughout the year that have not been recognized as contributions in the financial statements because the criteria for recognition was not met. No contributed services were recognized for the years ended June 30, 2022 and 2021, respectively.

#### Pledges and Contributions

The Station encourages individuals, businesses and other organizations to provide support for specific and general programming. Iowa Public Radio, Inc. serves as the primary fundraising entity for the Station engaging in periodic on-air, online and direct mail fundraising campaigns on behalf of the Station. A portion of the contributions are made by pledges or unconditional promises to give. Contributions, including unconditional promises to give, are recognized in the period received, net of an allowance for doubtful accounts, if appropriate. Contributions are classified as operating revenues unless restricted for non-operating purposes. Support from IPR is recognized when an allocation from its fundraising efforts is pledged to the Station.

#### Program Underwriting

Underwriting support is treated as conditional contributions, and recognized when the conditions are met based on the terms of the underwriting agreements, and are recognized primarily on a pro rata basis as the underwriters are acknowledged.

#### Functional Allocation of Expenses

The cost of providing program services, support services and depreciation are summarized on a functional basis in the Statements of Revenues, Expenses and Changes in Net Position and in the Schedules of Functional Expenses. Accordingly, certain costs have been allocated between program and support services on the basis of benefits received.

#### Operating and Non-Operating Activities

Operating activities generally result from the production of program material suitable for public broadcasting. Revenues associated with, or restricted by donors for use for capital assets, and revenues and expenses that

result from financing and investing activities are recorded as non-operating revenues.

### Reclassification

Certain prior year amounts have been reclassified to conform to current year presentations.

### Recent GASB Pronouncements

GASB Statement No. 87, Leases requires the Station to recognize an intangible right-of-use asset and lease liability for certain leases that previously were classified as operating leases. The Station did not implement GASB Statement No. 87. A right-of-use asset and lease liability were not recorded for the Station's operating leases. Current and prior period operating expense reflect rent expense as recognized under the previous standard.

The Station evaluated implementation and determined the standard had an immaterial effect on the Statement of Revenues, Expenses and Changes in Net Position. Implementation and restatement presented concerns for prior period grant reporting to the Corporation for Public Broadcasting given the change in ownership of the FCC licenses and the assignment of leases as part of the License Transfer at June 30, 2022 (see Note 13).

## 2. CONDENSED COMBINING FINANCIAL INFORMATION

The financial statements of the Station include the financial statements of the Friends, as a blended component unit. The following is condensed combining financial information of the Station and its blended component unit as of June 30, 2022.

	<b>Station</b>	<b>Friends</b>	<b>Total</b>
<b>Condensed Statements of Net Position</b>			
Current assets	\$ 422,298	\$ 222,674	\$ 644,972
Capital assets, net	214,441	-	214,441
Total assets	<u>\$ 636,739</u>	<u>\$ 222,674</u>	<u>\$ 859,413</u>
Current liabilities	\$ 422,298	\$ -	\$ 422,298
Long-term liabilities	-	-	-
Total liabilities	<u>\$ 422,298</u>	<u>\$ -</u>	<u>\$ 422,298</u>
Investment in capital assets	\$ 214,441	\$ -	\$ 214,441
Restricted	-	-	-
Unrestricted	-	222,674	222,674
Total net position	<u>\$ 214,441</u>	<u>\$ 222,674</u>	<u>\$ 437,115</u>

## 2. CONDENSED COMBINING FINANCIAL INFORMATION – continued

	<u>Station</u>	<u>Friends</u>	<u>Total</u>
<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>			
Operating revenues	\$ 3,311,343	\$ 1,150	\$ 3,312,493
Operating expenses	<u>3,709,741</u>	<u>20,242</u>	<u>3,729,983</u>
Operating loss	(398,398)	(19,092)	(417,490)
Non-operating revenues (expenses) - net	<u>57,616</u>	<u>(43,591)</u>	<u>14,025</u>
Other revenues, expenses, gains and losses	<u>(885,984)</u>	<u>-</u>	<u>(885,984)</u>
Change in net position	(1,226,766)	(62,683)	(1,289,449)
Net position, beginning of year	<u>1,441,207</u>	<u>285,357</u>	<u>1,726,564</u>
Net position, end of year	<u>\$ 214,441</u>	<u>\$ 222,674</u>	<u>\$ 437,115</u>

	<u>Station</u>	<u>Friends</u>	<u>Total</u>
<b>Condensed Statements of Cash Flows</b>			
Net cash provided (used) by:			
Operating activities	\$ (376,170)	\$ (19,092)	\$ (395,262)
Non-capital financing activities	53,037	-	53,037
Capital and related financing activities	(29,630)	-	(29,630)
Investing activities	<u>-</u>	<u>12,623</u>	<u>12,623</u>
Net change in cash & cash equivalents	(352,763)	(6,469)	(359,232)
Cash & cash equivalents, beginning of year	<u>775,061</u>	<u>17,479</u>	<u>792,540</u>
Cash & cash equivalents, end of year	<u>\$ 422,298</u>	<u>\$ 11,010</u>	<u>\$ 433,308</u>

The financial statements of the Station include the financial statements of the Friends, as a blended component unit. The following is condensed combining financial information of the Station and its blended component unit as of June 30, 2021.

## 2. CONDENSED COMBINING FINANCIAL INFORMATION – continued

	<b>Station</b>	<b>Friends</b>	<b>Total</b>
<b>Condensed Statements of Net Position</b>			
Current assets	\$ 783,338	\$ 285,357	\$ 1,068,695
Capital assets, net	743,590	-	743,590
Total assets	<u>\$ 1,526,928</u>	<u>\$ 285,357</u>	<u>\$ 1,812,285</u>
Current liabilities	\$ 85,721	\$ -	\$ 85,721
Long-term liabilities	-	-	-
Total liabilities	<u>\$ 85,721</u>	<u>\$ -</u>	<u>\$ 85,721</u>
Investment in capital assets	\$ 743,590	\$ -	\$ 743,590
Restricted	176,785	-	176,785
Unrestricted	520,832	285,357	806,189
Total net position	<u>\$ 1,441,207</u>	<u>\$ 285,357</u>	<u>\$ 1,726,564</u>

	<b>Station</b>	<b>Friends</b>	<b>Total</b>
<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>			
Operating revenues	\$ 3,497,126	\$ 500	\$ 3,497,626
Operating expenses	3,509,145	10,939	3,520,084
Operating loss	(12,019)	(10,439)	(22,458)
Non-operating revenues (expenses) - net	52,726	76,855	129,581
Change in net position	40,707	66,416	107,123
Net position, beginning of year	1,400,500	218,941	1,619,441
Net position, end of year	<u>\$ 1,441,207</u>	<u>\$ 285,357</u>	<u>\$ 1,726,564</u>

	<b>Station</b>	<b>Friends</b>	<b>Total</b>
<b>Condensed Statements of Cash Flows</b>			
Net cash provided (used) by:			
Operating activities	\$ 90,191	\$ (10,439)	\$ 79,752
Non-capital financing activities	52,272	(8)	52,264
Capital and related financing activities	(5,176)	-	(5,176)
Investing activities	-	1,758	1,758
Net change in cash & cash equivalents	137,287	(8,689)	128,598
Cash & cash equivalents, beginning of year	637,774	26,168	663,942
Cash & cash equivalents, end of year	<u>\$ 775,061</u>	<u>\$ 17,479</u>	<u>\$ 792,540</u>

### 3. TRANSACTIONS WITH THE UNIVERSITY OF NORTHERN IOWA

The Station receives indirect support from the University, which consists of allocated institutional support, physical plant and office and studio occupancy costs incurred by the University for which the Station received benefits. The value of the indirect support is computed using the valuation method currently advocated by the Corporation for Public Broadcasting, which approximates fair value. The value of the indirect support totaled \$671,422 and \$572,744 for the years ended June 30, 2022 and 2021, respectively.

Program underwriting from various University departments totaled \$10,714 and \$7,832 during the years ended June 30, 2022 and 2021, respectively.

Financial statements for the University of Northern Iowa can be obtained at Office of Business Operations, University of Northern Iowa, 103 Gilchrist Hall, Cedar Falls, IA 50614-0008 or from the University's website at [www.uni.edu](http://www.uni.edu).

### 4. TRANSACTIONS WITH IOWA PUBLIC RADIO, INC.

The Board of Regents established IPR to manage the day-to-day operations including management, programming and technical support of the public radio stations at the three Regents' universities. In addition to the Station, IPR manages the operations of WOI Radio Group ("WOI") at Iowa State University and WSUI Radio Group ("WSUI") at the University of Iowa. IPR is governed by a board of directors consisting of eighteen appointees including one licensee director appointed by the president of each university.

IPR engages in fundraising and underwriting campaigns on behalf of the Station through the use of on-air, online and direct mail fundraising campaigns. As a result of its fundraising efforts, IPR distributes revenue in the form of cash contributions and payment of expenses for the direct benefit of the Station.

IPR receives a state appropriation through the Board of Regents. A portion of the appropriation is included when IPR distributes revenue in the form of payment of expenses for the direct benefit of the Station.

The following summarizes the distributions from IPR for the year ended June 30, 2022:

	<b>Cash Contributions</b>	<b>Payment of Direct Expenses</b>	<b>Total</b>
Memberships and fundraising campaigns	\$ 500,000	\$ 1,226,282	\$ 1,726,282
Program underwriting	-	574,475	574,475
State appropriation	-	115,223	115,223
	<u>\$ 500,000</u>	<u>\$ 1,915,980</u>	<u>\$ 2,415,980</u>

The following summarizes the distributions from IPR for the year ended June 30, 2021:

	<b>Cash Contributions</b>	<b>Payment of Direct Expenses</b>	<b>Total</b>
Memberships and fundraising campaigns	\$ 830,000	\$ 1,119,579	\$ 1,949,579
Program underwriting	-	492,181	492,181
State appropriation	-	115,223	115,223
	<u>\$ 830,000</u>	<u>\$ 1,726,983</u>	<u>\$ 2,556,983</u>

Amount due to related party consisted of cash of \$418,511 and \$0 for the years ended June 30, 2022 and 2021, respectively.

Expenses related to the License Transfer for the year ended June 30, 2022 is as follows:

	<b>2022</b>
Due to related party	
Cash	\$ 418,511
Other items includes in license transfer	
Accounts receivable	1,517
Prepaid programming	2,995
Prepaid rent and utilities	3,265
Accounts payable	(12,268)
Capital assets	456,964
Total license transfer expense	<u>\$ 870,984</u>

Financial statements for Iowa Public Radio, Inc. can be obtained from Iowa Public Radio at 2111 Grand Avenue, Suite 100, Des Moines, IA 50312 or from IPR's website at [www.iowapublicradio.org](http://www.iowapublicradio.org).

## 5. THE CORPORATION FOR PUBLIC BROADCASTING

The Corporation for Public Broadcasting ("CPB") is a private, not-for-profit corporation created by Congress in 1967. As the steward of the federal government's investment in public broadcasting, the CPB helps to support the operations of more than 1,500 locally owned and locally operated public television and radio stations nationwide.

Annually, qualified public broadcasting entities are eligible to receive a Community Service Grant ("CSG") distributed by the CPB. These grants are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act of 1934, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act of 1934, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. In addition, recipients may use the funds to sustain programs initiated with CSG awards from prior years.

Certain provisions must be satisfied in connection with application for and use of the funds to maintain eligibility and meet compliance requirements. These provisions pertain to open meetings, open records, community advisory boards, record keeping and audit requirements, and licensee status with the Federal Communications Commission ("FCC").

The CSG funds are reported on the financial statements as increases in temporarily restricted net position when the Station receives the grant. Upon satisfaction of the time and purpose restrictions, the funds are reported as a release from temporarily restricted net position and an increase in unrestricted net position.

The Station received \$0 and \$176,785 for the years ended June 30, 2022 and 2021, respectively, in stabilization funding from the CPB as part of the RESCUE and CARES acts to prevent, prepare for, and respond to COVID-19.

Funds received and expended from the Corporation for Public Broadcasting during the reported years include:

Year of Grant	Grants Received	Expended		Uncommitted Balance at 6/30/2022
		2021	2022	
2021	\$ 190,614	\$ 190,614	\$ -	\$ -
2021	176,785	-	176,785	-
2022	223,941	-	223,941	-

#### 6. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents of the Station are held by the University and by the Friends and consist of unrestricted cash on hand, in checking, savings, and money market accounts, and highly liquid investments with original maturities of less than three months. Cash equivalents are readily convertible to known amounts of cash.

Investments of the Friends are comprised of stocks and are stated at quoted fair value. Market value for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022	2021
Stocks		
Cost	\$ 212,250	\$ 197,969
Unrealized gain	(586)	69,909
Market value	<u>\$ 211,664</u>	<u>\$ 267,878</u>

Investment return for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022	2021
Investment return		
Dividends and interest	\$ 6,866	\$ 3,960
Realized gains	22,772	16,119
Unrealized gains (losses)	(70,495)	59,060
Investment fees	(2,734)	(2,284)
Total investment return	<u>\$ (43,591)</u>	<u>\$ 76,855</u>

The Station's cash and cash equivalents and investments are subject to the following risks:

##### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

##### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is managed by diversification to multiple counter parties.

##### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2022, the Station's cash and cash equivalents were highly concentrated in University and Friends' cash accounts.



### Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of a depository financial institution, the Station may not be able to recover deposits or collateral securities. As of June 30, 2022 and 2021, the carrying amount of deposits with the University totaled \$422,298 and \$775,061. The cash accounts of the University are FDIC insured or covered by the State of Iowa Sinking Fund. The Friends investments are held by a custodian.

## 7. CAPITAL ASSETS

A summary of capital assets at June 30, 2022 is as follows:

	<b>June 30, 2021</b>	<b>Additions</b>	<b>Transfers (Note 4, 13)</b>	<b>Reductions</b>	<b>June 30, 2022</b>
Non-depreciable capital assets:					
Digital licenses	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -
Total non-depreciable capital assets	15,000	-	-	15,000	-
Depreciable capital assets:					
Towers and transmission equipment	2,146,683	-	2,011,824	134,859	-
Broadcast and production equipment	467,473	-	458,799	8,674	-
Office furniture and equipment	333,350	33,680	68,201	15,271	283,558
Total depreciable capital assets	2,947,506	33,680	2,538,824	158,804	283,558
Less accumulated depreciation:					
Towers and transmission equipment	1,848,214	62,306	1,775,661	134,859	-
Broadcast and production equipment	264,933	10,367	266,626	8,674	-
Office furniture and equipment	105,769	18,192	39,573	15,271	69,117
Total accumulated depreciation	2,218,916	90,865	2,081,860	158,804	69,117
Net depreciable assets	728,590	(57,185)	456,964	-	214,441
Net investment in capital assets	\$ 743,590	\$ (57,185)	\$ 456,964	\$ 15,000	\$ 214,441

A summary of capital assets at June 30, 2021 is as follows:

	June 30, 2020	Additions	Reductions	June 30, 2021
Non-depreciable capital assets:				
Digital licenses	\$ 15,000	\$ -	\$ -	\$ 15,000
Total non-depreciable capital assets	15,000	-	-	15,000
Depreciable capital assets:				
Towers and transmission equipment	2,141,507	5,176	-	2,146,683
Broadcast and production equipment	467,473	-	-	467,473
Office furniture and equipment	333,350	-	-	333,350
Total depreciable capital assets	2,942,330	5,176	-	2,947,506
Less accumulated depreciation:				
Towers and transmission equipment	1,767,091	81,123	-	1,848,214
Broadcast and production equipment	251,031	13,902	-	264,933
Office furniture and equipment	92,173	13,596	-	105,769
Total accumulated depreciation	2,110,295	108,621	-	2,218,916
Net depreciable assets	832,035	(103,445)	-	728,590
Net investment in capital assets	\$ 847,035	\$ (103,445)	\$ -	\$ 743,590

## 8. COMPENSATED ABSENCES

Employees of the Station are paid through the state universities. University employees accumulate vacation and sick leave under the provisions of Chapter 79 and 262 of the Code of Iowa, and it is the policy of the State to liquidate these accrued benefits under specific circumstances. Accrued vacation is paid at 100% of the employees' hourly rate upon retirement, death or termination and accrued sick leave is paid at 100% of the hourly rate up to a maximum of \$2,000 upon retirement. As of June 30, 2022 and 2021, the amount to liquidate accrued vacation and sick leave amounts totaled \$0 and \$68,859, respectively.

## 9. EMPLOYEE BENEFITS AND RETIREMENT PLAN

Station personnel who are employees of the University are entitled to University fringe benefit programs. This includes participation in retirement plans through the University.

### Teachers Insurance and Annuity Association

The University contributes to the Teachers Insurance and Annuity Association ("TIAA") retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents establishes and amends the plan's provision and contribution requirements. As required by the Board of Regent's policy, all eligible University 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 for years 2022 and 2021, each employee through the fifth year of employment contributed 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings. The University, through the fifth year of employment, contributed 6 2/3% of the first \$4,800 of earnings and 10% on earnings above the \$4,800. Upon completion of five years of service, the participant contributed 5% and the University contributed 10% on all earnings.

The Station's share of employer contributions to TIAA is included in salaries, wages and benefits expense for the years ended June 30, 2022 and 2021. The Station's contributions are funded on a monthly basis therefore no liability has been recognized as of June 30, 2022 and 2021, respectively.

## 10. LEASE COMMITMENTS

The University entered into the following operating leases on behalf of the Station:

1. A non-cancellable lease with Cedar Rapids Television Company to affix a radio transmission antenna on their tower for KUNI, expiring January 18, 2025, with rent payments increasing annually based on the CPI, plus utilities. Rent totaled \$71,184 and \$67,848 for the years ended June 30, 2022 and 2021. Utilities totaled \$25,787 and \$25,882 for the years ended June 30, 2022 and 2021, respectively.
2. A non-cancellable lease with Nexstar Broadcasting to affix a radio transmission antenna on their tower for K233AA, expiring December 31, 2023, with rent payments increasing 5% annually. Rent totaled \$12,759 and \$12,151 for the years ended June 30, 2022 and 2021, respectively.
3. A non-cancellable lease with Des Moines Public Schools to affix a radio transmission antenna on their tower for K249EJ, running year-to-year per memo of understanding. Rent totaled \$3,600 for each of the years ended June 30, 2022 and 2021.
4. A non-cancellable lease with Northern Natural Gas Company to affix a radio transmission antenna on their tower for KHKE, expiring January 31, 2025, with annual rent payments of \$550, plus utilities. Rent totaled \$550 for each of the years ended June 30, 2022 and 2021. Utilities totaled \$6,425 and \$6,609 for the years ended June 30, 2022 and 2021, respectively.
5. A non-cancellable lease with Pinnacle Towers to affix a radio transmission antenna on their tower for KNSY, expiring June 30, 2025, with rent payments increasing 3.5% annually. Rent totaled \$14,566 and \$14,073 for the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$1,689 and \$1,624 for the years ended June 30, 2022 and 2021, respectively.
6. A non-cancellable lease with Pinnacle Towers to affix a radio transmission antenna on their tower for KNSB, expiring February 28, 2025, with rent payments increasing annually based on the CPI, plus utilities. Rent totaled \$19,236 and \$18,649 for the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$8,119 and \$8,125 for the years ended June 30, 2022 and 2021, respectively.
7. A non-cancellable lease with River Valley Cooperative to affix a radio transmission antenna on their tower for KUNI, expiring November 11, 2022, with annual rent payments of \$1,000. Rent totaled \$1,000 for each of the years ended June 30, 2022 and 2021.
8. A non-cancellable lease with Tower Asset Sub, Inc. to affix a radio transmission antenna on their tower for KICJ, expiring June 30, 2024, with rent payments increasing 3% annually. Rent totaled \$18,842 and \$18,294 for the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$12,677 and \$12,609 for the years ended June 30, 2022 and 2021, respectively.

The Station's lease obligations were assigned to IPR as part of the License Transfer.

## 11. RISK MANAGEMENT

The Station is exposed to various risks of loss related to property loss, liability under tort, theft, damage to or the destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are subject to the same insurance coverage as the University which includes catastrophic property insurance, self-insured liability losses and limited motor vehicle liability coverage. The COVID-19 outbreak of 2020 has caused business disruption. As COVID-19 continues, the related long-term financial impact and duration cannot be reasonably estimated at this time.

## 12. NON-FEDERAL FINANCIAL SUPPORT

The Corporation for Public Broadcasting allocates a portion of its funds annually to public broadcasting entities, primarily based on non-federal financial support ("NFFS"). NFFS is defined as the total value of cash and the fair market value of property and services received either as a contribution or a payment which meets specific criteria as to recipient, form, source and purpose.

A "contribution" is an unconditional transfer of cash or other assets given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the recipient must be a public broadcasting entity on behalf of a public broadcasting station; (2) the contribution must take the form of a gift, grant, bequest, donation or appropriation; (3) the source must be an entity including state and local government agencies, not-for-profit organizations and foundations, for-profit entities or individuals and excluding the Federal government or other public broadcasting entities; and (4) the purpose must be for the construction or operation of a non-commercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational radio programs and related activities.

The "payment" is a reciprocal transfer of cash or other assets in which each party receives and sacrifices approximately equal value. Support received as a payment by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the recipient must be a public broadcasting entity on behalf of a public broadcasting station; (2) the payment must take the form of an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the source must be an entity including state and local government agencies and educational institutions or organizations; and (4) the purpose must be for materials or services with respect to the provision of educational or instructional radio programs.

## 13. OTHER MATTERS

In October, 2020, the Iowa Public Radio entered into a Letter of Intent with the Board of Regents to pursue transferring the FCC licenses and certain assets related to the radio operations owned by the University of Northern Iowa, Iowa State University and the University of Iowa ("Universities"). The goal in pursuing this potential transaction, the License Transfer, was to protect and ensure the long-term success of the statewide network of public radio stations in the state of Iowa.

Iowa Public Radio entered into an Asset Purchase Agreement with the Board of Regents, with the consent of the Universities, on March 24, 2022. The Asset Purchase Agreement outlined the purchase and sale of assets to include:

- FCC licenses, authorizations and construction permits;
- Ownership interest in real property owned by the University of Northern Iowa, Iowa State University or the University of Iowa to include towers, related support structures and underlying ground leases;
- Conditioned upon receipt of third-party consents, assignment of tower and related lease agreements;
- Equipment and tangible assets that are dedicated to and necessary for the continued operation of the radio stations;
- Other leasehold or right-to-use agreements deemed necessary for the continued operations of the radio stations; and
- The station call signs and intellectual property rights associated with such call signs, and all trademarks, trade names and service marks and other similar intangible property.

In addition to the purchase price of \$1, additional consideration included:

- During the period commencing from the closing date and continuing for 10 years, in the event the Organization should sell certain assets for monetary consideration, such consideration should be transferred to the identified university;
- IPR shall continue to operate the stations consistent with the primary purpose of supporting the network of public radio stations and in a manner that benefits the citizens of the State of Iowa, as long as it is reasonably able to do so;
- IPR shall continue to support students by providing educational opportunities at each of the universities through employment at the stations; and
- IPR shall continue to provide access for Iowa Reading Information Services and Iowa's Emergency Alert Systems, or similar services or entities.

The Board of Regents, with consent of the Universities, and in conjunction with IPR, filed Assignment of Authorization applications with the FCC on March 29, 2022 applying to assign the FCC broadcast licenses to the Organization. On April 1, 2022, the FCC accepted the applications starting the 30-day public comment period. The public comment period ended on May 2, 2022 with no public comments. On June 15, 2022, the FCC approved the Assignment of Authorization applications.

On June 30, 2022, IPR and the Board of Regents, with consent of the Universities, executed a Bill of Sale and Assignment and Assumption Agreement which included a final Asset Purchase Agreement signifying the closing of the transaction. The Public Service Operating Agreement, the agreement under which IPR previously managed the day-to-day operations of the stations, terminated immediately upon closing of the transaction.

On June 30, 2022, IPR filed Notification of Consummation notices with the FCC signifying the closing of the transaction and the assignment of the FCC broadcast licenses.

On August 1, 2022, IPR filed with the Corporation for Public Broadcasting an Application for Recognition as a Radio Community Service Grant Licensee. On September 29, 2022, Consent to Assignment Agreements were filed with CPB by the University of Northern Iowa, Iowa State University and the University of Iowa, as previous licensees of the radio stations and recipients of the community service grants associated with the transferred FCC broadcast licenses. On October 26, 2022, CPB notified IPR it had been approved as a community licensee.

Additional information regarding the assets transferred to IPR as a part of the License Transfer can be found in the Notes to Financial Statements including Transactions With Iowa Public Radio, Inc., Capital Assets and Lease Commitments.

#### 14. SUBSEQUENT EVENTS

The Station has evaluated events and transactions for possible adjustment or disclosure through March 16, 2023, which is the date the financial statements were available to be issued.

At the date of this report, the Station does not have any outstanding construction commitments.

## Supplemental Information

## KUNI-FM/KHKE-FM

## SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services				Support Services			Depreciation	Total
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising & Membership Development	Total Support Services		
Salaries, wages and benefits	\$ 237,624	\$ 113,245	\$ -	\$ 350,869	\$ -	\$ -	\$ -	\$ -	\$ 350,869
Travel	2,977	7,366	-	10,343	186	-	186	-	10,529
Office and other supplies	86	4,212	-	4,298	-	-	-	-	4,298
Direct expenses paid by									
Iowa Public Radio	656,301	307,724	41,598	1,005,623	386,472	523,885	910,357	-	1,915,980
Professional services	-	205	-	205	34,949	11,800	46,749	-	46,954
Postage	-	-	-	-	72	-	72	-	72
Repairs & maintenance	2,378	27,506	-	29,884	473	-	473	-	30,357
Facilities	-	200,724	-	200,724	-	-	-	-	200,724
Programming fees	362,668	-	-	362,668	-	-	-	-	362,668
Prof development	-	-	-	-	-	-	-	-	-
Telecommunications	-	45,245	-	45,245	-	-	-	-	45,245
Institutional, physical plant & occupancy - UNI	-	-	-	-	671,422	-	671,422	-	671,422
Depreciation	-	-	-	-	-	-	-	90,865	90,865
Total expenses	<u>\$ 1,262,034</u>	<u>\$ 706,227</u>	<u>\$ 41,598</u>	<u>\$ 2,009,859</u>	<u>\$ 1,093,574</u>	<u>\$ 535,685</u>	<u>\$ 1,629,259</u>	<u>\$ 90,865</u>	<u>\$ 3,729,983</u>

See Independent Auditor's Report.

## KUNI-FM/KHKE-FM

## SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services				Support Services				
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising & Membership Development	Total Support Services	Depreciation	Total
Salaries, wages and benefits	\$ 334,851	\$ 114,493	\$ -	\$ 449,344	\$ -	\$ -	\$ -	\$ -	\$ 449,344
Travel	468	1,926	-	2,394	10	-	10	-	2,404
Office and other supplies	135	2,146	-	2,281	-	-	-	-	2,281
Direct expenses paid by									
Iowa Public Radio	542,524	359,146	41,894	943,564	347,707	435,712	783,419	-	1,726,983
Professional services	22,245	235	-	22,480	26,047	8,457	34,504	-	56,984
Postage	-	-	-	-	73	-	73	-	73
Repairs & maintenance	382	30,372	-	30,754	416	-	416	-	31,170
Facilities	-	195,038	-	195,038	-	-	-	-	195,038
Programming fees	329,251	-	-	329,251	-	-	-	-	329,251
Prof development	-	-	-	-	-	-	-	-	-
Telecommunications	-	45,191	-	45,191	-	-	-	-	45,191
Institutional, physical plant & occupancy - UNI	-	-	-	-	572,744	-	572,744	-	572,744
Depreciation	-	-	-	-	-	-	-	108,621	108,621
Total expenses	\$ 1,229,856	\$ 748,547	\$ 41,894	\$ 2,020,297	\$ 946,997	\$ 444,169	\$ 1,391,166	\$ 108,621	\$ 3,520,084

See Independent Auditor's Report.





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Phone: 515-276-7000  
Fax: 515-276-7002  
E-Mail: [info@nearmyercpa.com](mailto:info@nearmyercpa.com)  
Web: [www.nearmyercpa.com](http://www.nearmyercpa.com)

To the Board of Directors of  
Iowa Public Radio, Inc.

We have audited, in accordance with the 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 KUNI-FM/KHKE-FM (the "Station"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues and the changes in its net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2023.

6200 Aurora Avenue  
Suite 402W  
Urbandale, IA 50322-2800

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

*Members:*

PCPS Section of the  
American Institute of  
Certified Public Accountants

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.

Iowa Society of Certified  
Public Accountants

Forensic Accountants  
Society of North America

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Nearmyer & Associates, P.C." The signature is written in a cursive, flowing style.

NEARMYER & ASSOCIATES, P.C.  
Certified Public Accountants  
Urbandale, Iowa

March 16, 2023