

Iowa Public Radio, Inc.

2020

**ANNUAL
REPORT**

*Financial Statements and Supplemental Information
for the Years Ended June 30, 2020 and 2019
and Independent Auditor's Report*

IOWA PUBLIC RADIO, INC.

Audited Financial Statements
for the Years Ended
June 30, 2020 and 2019 and
Independent Auditor's Report

IOWA PUBLIC RADIO, INC.

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June 30, 2020

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IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2020, 2019 and 2018

Iowa Public Radio, Inc. ("IPR") provides this Management's Discussion and Analysis as a narrative overview of the financial performance of IPR as of and for the three years ended June 30, 2020, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes that follow.

The Board of Regents, State of Iowa, established Iowa Public Radio, Inc. 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 the stations of the KUNI Radio Group ("KUNI") owned by the University of Northern Iowa, the stations of the WOI Radio Group ("WOI") owned by Iowa State University and the stations of WSUI Radio Group ("WSUI") owned by the University of Iowa. IPR is governed by a board of directors consisting of fifteen appointees. The President of the Board of Regents appoints twelve 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 IPR should be read in conjunction with the audited financial statements and footnotes of each of the radio stations.

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 IPR which consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. IPR prepares its financial statements in accordance with Governmental Accounting Standards Board ("GASB") standards. These financial statements provide information on IPR as a whole and present both a short-term and long-term view of IPR'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 IPR using the economic resources 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.

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2020, 2019 and 2018

	June 30,		
	2020	2019	2018
Assets:			
Current assets	\$ 2,991,085	\$ 2,366,433	\$ 2,134,362
Non-current assets	796,303	783,525	682,689
Capital assets, net	278,945	227,417	123,900
Total assets	<u>\$ 4,066,333</u>	<u>\$ 3,377,375</u>	<u>\$ 2,940,951</u>
Liabilities:			
Current liabilities	<u>\$ 569,228</u>	<u>\$ 549,972</u>	<u>\$ 479,839</u>
Net position:			
Investment in capital assets	\$ 278,945	\$ 227,417	\$ 123,900
Restricted	655,892	611,230	544,400
Unrestricted	2,562,268	1,988,756	1,792,812
Total net position	<u>\$ 3,497,105</u>	<u>\$ 2,827,403</u>	<u>\$ 2,461,112</u>
Total liabilities and net position	<u>\$ 4,066,333</u>	<u>\$ 3,377,375</u>	<u>\$ 2,940,951</u>

Total assets at June 30, 2020 increased 20.4% to \$4,066,333 compared to total assets of \$3,377,375 at the end of the prior fiscal year. Current assets at June 30, 2020 increased 26.4% to \$2,991,085 compared to current assets of \$2,366,433 at the end of the prior fiscal year. The increase in current assets is due to increases in cash and cash equivalents, inventory, unconditional promises to give and prepaid expenses offset by decreases in underwriting receivable and accounts receivable. Current assets at the end of fiscal year 2019 increased compared to current assets at the end of fiscal year 2018 due to increases in cash and cash equivalents, underwriting receivable, prepaid expenses, inventory and unconditional promises to give offset by decreases in accounts receivable and amounts due from related party.

Non-current assets at June 30, 2020 increased 1.6% to \$796,303 compared to non-current assets of \$783,525 at the end of the prior fiscal year. The increase in non-current assets is due to increases in investments and restricted cash and cash equivalents. Non-current assets at the end of fiscal year 2019 increased compared to non-current assets at the end of fiscal year 2018 due to increases in investments and restricted cash and cash equivalents.

Capital assets at June 30, 2020 increased 22.7% to \$278,945 compared to capital assets of \$227,417 at the end of the prior fiscal year. The increase in capital assets is due to capital asset purchases offset by the recording of depreciation. Capital assets at the end of fiscal year 2019 increased compared to capital assets at the end of fiscal year 2018 due to capital asset purchases offset by the recording of depreciation.

Current liabilities at June 30, 2020 increased 3.5% to \$569,228 compared to current liabilities of \$549,972 at the end

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2020, 2019 and 2018

of the prior fiscal year. The increase in current liabilities is due to an increase in accrued compensation offset by decreases in accounts payable and advance payments on underwriting agreements. Current liabilities at the end of fiscal year 2019 increased compared to current liabilities at the end of fiscal year 2018 due to increases in accounts payable and accrued compensation offset by a decrease in advance payments on underwriting agreements.

Total net position at June 30, 2020 increased 23.7% to \$3,497,105 compared to total net position of \$2,827,403 at the end of the prior fiscal year. Capital assets, as referenced above, increased at June 30, 2020 compared to capital assets at the end of the prior fiscal year. Restricted assets increased at June 30, 2020 due to an increase in assets restricted for programming offset by a decrease in assets restricted for endowment. Unrestricted assets increased at June 30, 2020 due to the current year income. Total net position at the end of fiscal year 2019 increased compared to the total net position at the end of fiscal year 2018.

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,		
	2020	2019	2018
Total operating revenues	\$ 7,234,132	\$ 6,591,218	\$ 6,242,069
Total operating expenses	6,924,360	6,627,037	6,217,381
Operating income (loss)	309,772	(35,819)	24,688
Non-operating revenues (expenses) - net	354,630	384,837	393,180
Income before other revenues, expenses, gains and losses	664,402	349,018	417,868
Other revenues, expenses, gains and losses	5,300	17,273	12,600
Change in net position	\$ 669,702	\$ 366,291	\$ 430,468

Total operating revenues for the year ended June 30, 2020 increased 9.8% to \$7,234,132 compared to \$6,591,218 for the year ended June 30, 2019. Major components of operating revenues include:

- Contributions, net of allowances, increased operating revenues by \$412,323;
- Revenue from major gifts increased operating revenues by \$207,119;
- Underwriting revenue, net of allowances, increased operating revenues by \$33,779;
- Online ad revenue decreased operating revenues by \$2,507; and
- Revenue from special events and projects decreased operating revenues by \$7,800.

Total operating revenues for the year ended June 30, 2019 increased 5.6% to \$6,591,218 compared to \$6,242,069 for the year ended June 30, 2018. This increase was due to increases in contributions, underwriting revenue,

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2020, 2019 and 2018

revenue from major gifts and revenue from special events and projects offset by a decrease in online ad revenue.

Total operating expenses for the year ended June 30, 2020 increased 4.5% to \$6,924,360 compared to \$6,627,037 for the year ended June 30, 2019. Major components of operating expenses include:

- Programming and production related expenses increased operating expenses by \$153,107 primarily due to increases in salaries, wages and benefits and professional services offset by decreases in programming fees, supplies, travel and professional development;
- Broadcasting and engineering related expenses increased operating expenses by \$130,158 primarily due to increases in salaries, wages and benefits and telecommunications offset by a decrease in supplies;
- Program information and promotion related expenses increased operating expenses by \$126,887 primarily due to increases in salaries, wages and benefits, professional services, printing and travel;
- Depreciation expense increased operating expenses by \$30,309;
- Fundraising and membership development related expenses increased operating expenses by \$27,188 primarily due to increases in salaries, wages and benefits, printing, postage and supplies offset by a decrease in professional services; and
- Management and general related expenses decreased operating expenses by \$170,326 primarily due to decreases in contribution expense, salaries, wages and benefits, travel and recruitment offset by increases in professional services, facilities and repairs and maintenance.

Total operating expenses for the year ended June 30, 2019 increased 6.6% to \$6,627,037 compared to \$6,217,381 for the year ended June 30, 2018. This increase was primarily due to increases in salaries, wages and benefits, professional services, supplies, programming fees and repairs and maintenance.

Non-operating revenues (expenses) for the year ended June 30, 2020 decreased 7.8% to \$354,630 compared to \$384,837 for the year ended June 30, 2019. This decrease is primarily due to a decrease in investment return offset by an increase in rental revenue.

Non-operating revenues (expenses) for the year ended June 30, 2019 decreased 2.1% to \$384,837 compared to \$393,180 for the year ended June 30, 2018. This decrease was primarily due to decreases in investment return and rental revenue.

The Statements of Cash Flows

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

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2020, 2019 and 2018

	For the years ended June 30,		
	2020	2019	2018
Cash provided (used) by:			
Operating activities	\$ 298,926	\$ 36,924	\$ 11,624
Non-capital financing activities	357,098	354,233	355,413
Capital financing activities	(120,836)	(142,515)	(57,875)
Investing activities	73,032	(22,408)	(574,513)
Net change in cash	608,220	226,234	(265,351)
Cash beginning of year	2,088,164	1,861,930	2,127,281
Cash end of year	\$ 2,696,384	\$ 2,088,164	\$ 1,861,930

Cash from operating activities increased to \$298,926 for the year ended June 30, 2020 compared to \$36,924 for the year ended June 30, 2019 due to increases in cash received from membership and fundraising campaigns and underwriting and a decrease in cash payments to state universities for membership and fundraising offset by increases in cash payments to employees for salaries, wages and benefits and to suppliers for goods and services.

Cash from non-capital financing activities increased to \$357,098 for the year ended June 30, 2020 compared to \$354,233 for the year ended June 30, 2019 due to an increase in cash received for rental revenue.

Cash from capital financing activities increased to (\$120,836) for the year ended June 30, 2020 compared to (\$142,515) for the year ended June 30, 2019 due to a decrease in the purchase of capitalized equipment.

Cash from investing activities increased to \$73,032 for the year ended June 30, 2020 compared to (\$22,408) for the year ended June 30, 2019 due to an increase in cash received from the proceeds from the sale of donated securities and investment income offset by a decrease in the acquisition of investments.

The net increase in cash and cash equivalents is \$608,220 for the year ended June 30, 2020 compared to a net increase of \$226,234 for the year ended June 30, 2019.

Capital Assets

At June 30, 2020, capital assets totaled \$471,147, with accumulated depreciation of \$192,202, for net capital assets of \$278,945. At June 30, 2019, capital assets totaled \$365,963, with accumulated depreciation of \$138,546, for net capital assets of \$227,417. Depreciation charges for the year ended June 30, 2020 totaled \$69,307 compared to \$38,998 for the year ended June 30, 2019. Capital assets, net of accumulated depreciation, are as follows:

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2020, 2019 and 2018

	For the years ended June 30,		
	2020	2019	2018
Furniture and fixtures	\$ 3,258	\$ 1,997	\$ 3,213
Equipment	262,523	218,238	112,915
Leasehold improvement	13,164	7,182	7,772
Investment in capital assets	<u>\$ 278,945</u>	<u>\$ 227,417</u>	<u>\$ 123,900</u>

Economic Outlook

The management of IPR is not aware of any extraordinary items that would impact the viability of IPR going forward and IPR is fully engaged in its effort to assure its sustainability for the coming years.

Contacting Iowa Public Radio, Inc.'s Financial Management

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



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Iowa Public Radio, Inc. (a nonprofit organization), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Iowa Public Radio, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to an express opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 on 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.

Phone: 515-276-7000

Fax: 515-276-7002

E-Mail: info@nearmyercpa.co

Web: www.nearmyercpa.co

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Iowa Public Radio, Inc. as of June 30, 2020 and 2019, 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.

Other Matter

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, 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.

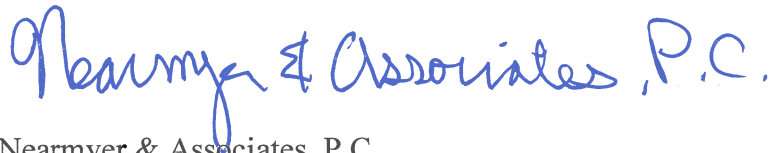
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Public Radio, Inc.'s basic financial statements. The schedules of functional expenses on pages 24 - 25 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The schedules of functional expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020 on our consideration of Iowa Public Radio, Inc.'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 Iowa Public Radio, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Nearmyer & Associates, P.C." in a cursive script.

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

December 1, 2020

IOWA PUBLIC RADIO, INC.

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,690,231	\$ 2,082,246
Unconditional promises to give, less allowance for doubtful accounts; \$1,940 in 2020 and \$411 in 2019	17,462	3,700
Underwriting receivable, less allowance for doubtful accounts; \$7,691 in 2020 and \$12,201 in 2019	149,111	178,929
Accounts receivable	3,356	4,407
Prepaid expenses	90,793	78,415
Inventory	40,132	18,736
Total current assets	<u>2,991,085</u>	<u>2,366,433</u>
Investments	790,150	777,607
Restricted cash and cash equivalents	6,153	5,918
Capital assets, net	<u>278,945</u>	<u>227,417</u>
Total non-current assets	<u>1,075,248</u>	<u>1,010,942</u>
Total assets	<u><u>\$ 4,066,333</u></u>	<u><u>\$ 3,377,375</u></u>
<u>LIABILITIES AND NET POSITION</u>		
Accounts payable	\$ 49,152	\$ 75,299
Advance payments on underwriting agreements	99,688	116,524
Accrued compensation	<u>420,388</u>	<u>358,149</u>
Total liabilities	<u>569,228</u>	<u>549,972</u>
Net position		
Investment in capital assets	278,945	227,417
Restricted:		
Expendable		
Programming	110,281	47,345
Non-expendable		
Permanent endowment	545,611	563,885
Unrestricted	<u>2,562,268</u>	<u>1,988,756</u>
Total net position	<u>3,497,105</u>	<u>2,827,403</u>
Total liabilities and net position	<u><u>\$ 4,066,333</u></u>	<u><u>\$ 3,377,375</u></u>

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

IOWA PUBLIC RADIO, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2020 and 2019

<u>OPERATING REVENUES</u>	<u>2020</u>	<u>2019</u>
Contributions - net	\$ 4,841,437	\$ 4,429,114
Program underwriting - net	1,711,615	1,677,836
Major gifts	602,192	395,073
Special events and projects	62,419	70,219
Online ad revenue	16,469	18,976
Total operating revenues	<u>7,234,132</u>	<u>6,591,218</u>
<u>OPERATING EXPENSES</u>		
Program services:		
Programming and production	1,614,641	1,461,534
Broadcasting and engineering	873,126	742,968
Program information and promotion	140,663	13,776
Support services:		
Management and general	2,899,071	3,069,397
Fundraising and membership development	1,327,552	1,300,364
Depreciation	69,307	38,998
Total operating expenses	<u>6,924,360</u>	<u>6,627,037</u>
Operating income (loss)	<u>309,772</u>	<u>(35,819)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State appropriations	350,648	350,658
Investment return	(1,668)	30,504
Rental revenue	5,650	3,675
Equipment grant revenue	-	41,986
Contribution expense - capital projects	-	(41,986)
Total non-operating revenues (expenses) - net	<u>354,630</u>	<u>384,837</u>
Income before other revenues, expenses, gains and losses	664,402	349,018
Contributions to permanent operating endowment	5,300	17,273
Total other revenues, expenses, gains and losses	<u>5,300</u>	<u>17,273</u>
Change in net position	669,702	366,291
Net position, beginning of year	2,827,403	2,461,112
Net position, end of year	<u>\$ 3,497,105</u>	<u>\$ 2,827,403</u>

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

IOWA PUBLIC RADIO, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2020</u>	<u>2019</u>
Cash received from memberships and fundraising campaigns	\$ 5,347,724	\$ 4,792,367
Cash received from program underwriting	1,741,698	1,637,358
Cash received from special events and other operating receipts	62,419	106,010
Cash payments to employees for salaries, wages and benefits	(3,475,100)	(3,045,246)
Cash payments to suppliers for goods and services	(1,454,434)	(1,307,114)
Cash payments to state universities for memberships and fundraising campaigns	<u>(1,923,381)</u>	<u>(2,146,451)</u>
Net cash flows provided by operating activities	<u>298,926</u>	<u>36,924</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash received from permanent operating endowment	200	200
Cash received from state appropriations	350,648	350,658
Cash received from rental income	6,250	3,375
Cash received from equipment grants	-	41,986
Cash payments to state universities for capital projects	<u>-</u>	<u>(41,986)</u>
Net cash flows provided by non-capital financing activities	<u>357,098</u>	<u>354,233</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of equipment - capitalized	<u>(120,836)</u>	<u>(142,515)</u>
Net cash flows used by capital financing activities	<u>(120,836)</u>	<u>(142,515)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of donated securities	82,494	31,201
Cash received from investment income	28,190	25,473
Purchase of investments	<u>(37,652)</u>	<u>(79,082)</u>
Net cash flows provided (used) by investing activities	<u>73,032</u>	<u>(22,408)</u>
Net increase in cash and cash equivalents	608,220	226,234
Cash and cash equivalents, beginning of year	<u>2,088,164</u>	<u>1,861,930</u>
Cash and cash equivalents, end of year	<u>\$ 2,696,384</u>	<u>\$ 2,088,164</u>

Continued.....

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

IOWA PUBLIC RADIO, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</u>		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ 309,772	\$ (35,819)
Transactions not requiring cash:		
Depreciation	69,307	38,998
Donated securities	(82,142)	(30,612)
(Increase) decrease in:		
Accounts receivable	451	33,627
Due from related party	-	3,210
Pledges and underwriting receivable	16,056	(33,210)
Inventory	(21,396)	(2,958)
Prepaid expenses	(12,378)	(6,446)
Increase (decrease) in:		
Accounts payable	(26,147)	60,396
Advance payments on underwriting agreements	(16,836)	(25,289)
Salaries and wages payable	62,239	35,027
Net cash flows provided by operating activities	<u>\$ 298,926</u>	<u>\$ 36,924</u>
		Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Iowa Public Radio, Inc. received donated securities in the amount of \$82,142 and \$30,612 for the years ended June 30, 2020 and 2019, respectively.

Iowa Public Radio, Inc. owns a donated life insurance policy in which the premiums were historically paid by the donor. In May, 2018, the policy was converted to a paid-up policy. The cash surrender value of the policy increased \$402 and \$374 for the years ended June 30, 2020 and 2019, respectively.

Iowa Public Radio, Inc. received contributions to the Iowa Public Radio Fund at the Community Foundation of Greater Des Moines in the amount of \$5,100 and \$17,073 for the years ended June 30, 2020 and 2019, respectively.

Net unrealized gain (loss) on investments was (\$31,358) and \$3,499 for the years ended June 30, 2020 and 2019, respectively.

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

IOWA PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Iowa Public Radio, Inc. (the "Organization") is organized as a public benefit corporation under the Revised Iowa Non-Profit Corporation Act, Chapter 504 of the Code of Iowa. The Organization was formed to support the welfare and growth of the network of public radio stations in the State of Iowa, including, but not limited to, the public radio stations currently owned and licensed to the University of Northern Iowa, Iowa State University and the University of Iowa. The state universities are divisions of the State of Iowa, governed by the Board of Regents, State of Iowa ("Board of Regents"). The Organization is governed by a fifteen member board, with one licensee director appointed by each university president to represent the interest of the station licensee. Upon dissolution of the Corporation, the Organization shall distribute all of the assets of the Corporation to the Board of Regents or at the direction of the Board of Regents, the Organization shall distribute all of the assets of the Corporation to one or more non-profit organizations which are operated exclusively for charitable or educational purposes.

The Organization has been determined to be a component unit of the State of Iowa. The Organization's financial statements are included in the State's Comprehensive Annual Financial Report.

Financial Statement Presentation

The Organization'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").

Basis of Accounting

For financial reporting purposes, the Organization is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the Organization have been prepared using the economic resources measurement focus and the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Nature of Activities

The Organization is operated exclusively for charitable and educational purposes. The Organization's mission is to inform, enrich and engage Iowans through high quality news and cultural programming. The Organization delivers three streams of programming statewide, bringing Iowans award-winning national programming and producing local programs that reflect Iowa's sense of place. The Organization is primarily supported by contributions from the public.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles

("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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unconditional Promises to Give

Unconditional promises to give are periodically evaluated for collectability based on payment history with the donor, time elapsed since the pledge was received and the number of collection attempts the Organization has made. Based on these criteria, management determines an appropriate allowance for doubtful accounts. The allowance for doubtful accounts totaled \$1,940 and \$411 as of June 30, 2020 and 2019, respectively.

Underwriting Receivables

Underwriting receivables are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines an appropriate allowance for doubtful accounts by identifying past due accounts and by using historical experience applied to an aging of accounts. Underwriting receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for doubtful accounts totaled \$7,691 and \$12,201 as of June 30, 2020 and 2019, respectively.

Inventory

Inventory is carried at the lower of cost or market. Item costs are determined using the first-in, first-out method. Inventory, which is reported as a current asset in the Statements of Net Position, consists of merchandise held for sale and premiums. Inventory totaled \$40,132 and \$18,736 as of June 30, 2020 and 2019, respectively.

Fair Value of Financial Instruments

The carrying amounts of cash, promises to give, underwriting receivable, accounts receivable, prepaid expenses, inventory, accounts payable, advance payments on underwriting agreements and accrued expenses approximate fair value because of the short maturity of those financial instruments.

The Organization holds 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 Organization has the following recurring fair value measurements as of June 30, 2020:

- Long-term growth portfolio fund of \$777,651 is recorded at fair value based on market price obtained from an external investment manager (Level 2).

The Organization has the following recurring fair value measurements as of June 30, 2019:

- Long-term growth portfolio fund of \$765,510 is recorded at fair value based on market price obtained from an external investment manager (Level 2).

Capital Assets

Capital assets are recorded at cost at the date of acquisition or at acquisition value at the date of donation. The Organization's capitalization policy for furniture and fixtures and equipment includes all items with a unit cost of at least \$1,000 and an estimated useful life of greater than one year. Improvements to leased property are charged to operations in the year in which the expense is incurred unless the improvements are significant and determined to meet the Organization's capitalization policy.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 5-10 years for furniture and fixtures, 3-10 years for equipment and 3-20 years for leasehold improvements. Depreciation expense charged to operations for the years ended June 30, 2020 and 2019 totaled \$69,307 and \$38,998, respectively.

Program Underwriting and Advance Payments on Underwriting Agreements

The Organization assumes all billing and collection activities of program underwriting for the radio stations licensed to the state universities. 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.

Net Position

The Organization'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 Organization's policy is to first apply the expense against the restricted and then toward the unrestricted asset.

Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the unconditional promise is made. Sustaining pledges are recognized as revenue when payment is received. Contributions of assets other than cash are recorded at their estimated fair value. Grants are recognized as revenue in the period the grant is awarded. Grants and contributions are considered available for unrestricted use, unless specifically restricted by the grantor or donor.

Contributed Services

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 Organization throughout the year that have not been recognized as contributions in the financial statements because the criteria for recognition was not met.

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.

Advertising

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expense charged to operations for the years ended June 30, 2020 and 2019 totaled \$24,120 and \$12,315, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from State of Iowa income taxes; therefore, there is no provision for either federal or state income taxes.

The Organization has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. The years from June 30, 2017 through current are subject to U.S. federal income tax examinations by tax authorities. The Organization has not been notified of any impending examinations by tax authorities, and no examinations are in process.

Operating and Non-Operating Activities

Operating activities generally result from the management, programming, technical support and fundraising for the radio stations licensed to the state universities. Revenues restricted by donors for the use of capital improvements 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.

2. TRANSACTIONS WITH STATE UNIVERSITIES

In May, 2007, the Organization entered into a Public Service Operating Agreement ("PSOA") to manage the day-to-day operations of the radio stations on behalf of the Board of Regents and the universities consistent with Federal Communications Commission ("FCC") requirements for licensee control. The PSOA expired June 30, 2013 and was renewed by the Board of Regents through June 30, 2019 and was extended through June 30, 2020. The Organization is currently operating under the automatic 3-year renewal provision in the 2019 agreement. The Organization provides services to each of the universities including management, programming and technical support and serves as the primary fundraising entity. Contribution expense for

operating activity and capital projects for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Contribution expense		
University of Northern Iowa (Licensee: KUNI)	\$ 750,000	\$ 800,000
Iowa State University (Licensee: WOI)	598,381	796,451
University of Iowa (Licensee: KSUI)	<u>575,000</u>	<u>550,000</u>
Total contribution expense	<u>\$ 1,923,381</u>	<u>\$ 2,146,451</u>

	<u>2020</u>	<u>2019</u>
Contribution expense - capital projects		
University of Northern Iowa (Licensee: KUNI)	\$ -	\$ 28,333
Iowa State University (Licensee: WOI)	-	<u>13,653</u>
Total contribution expense - capital projects	<u>\$ -</u>	<u>\$ 41,986</u>

There were no contributions payable as of June 30, 2020 and 2019.

Financial statements for the universities can be obtained from the University of Northern Iowa's Office of Business Operations, 103 Gilchrist Hall, Cedar Falls, IA 50614-0008, Iowa State University's Controller's Department, 1640 Administrative Services Building, 2221 Wanda Daley Drive, Ames, IA 50011-1004 and the University of Iowa's Controller's Office, Jessup Hall, 5 West Jefferson Street, Iowa City, IA 52242.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents of the Organization are held by Iowa State University (the "University") and Iowa State University Foundation (the "Foundation") and consist of restricted and 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 are made in accordance with Chapter 12B.10 of the Code of Iowa and Board of Regents policy. Investments contributed to the Organization include donated securities and a life insurance policy. The donated securities are recorded at fair value on the date of the gift. The Organization sells the donated securities upon receipt and held no securities as of June 30, 2020 and 2019. The life insurance policy is recorded at the cash surrender value.

Investments managed by the Organization include the Iowa Public Radio Operating Endowment Fund and the Second Century Fund at the Foundation and the Iowa Public Radio Fund at the Community Foundation of Greater Des Moines. Investments held by the Foundation are invested in the long-term pool. Investments held by the Community Foundation of Greater Des Moines are invested in a long-term growth portfolio.

Investments were comprised of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments		
Iowa Public Radio Operating Endowment	\$ 498,548	\$ 521,751
Iowa Public Radio Second Century Fund	238,193	207,542
Community Foundation of Greater Des Moines	40,910	36,217
Cash surrender value of life insurance policy	<u>12,499</u>	<u>12,097</u>
Total investments	<u>\$ 790,150</u>	<u>\$ 777,607</u>

Investments were comprised of the following balances as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Pooled investments		
Public equity	\$ 402,330	\$ 393,923
Diversifying equity	125,246	138,566
Private equity	112,025	103,296
Fixed income	87,096	86,415
Real assets	46,945	39,217
Alternatives	4,009	4,093
Total pooled investments	777,651	765,510
Other investments		
Cash surrender value of life insurance policy	12,499	12,097
Total investments	<u>\$ 790,150</u>	<u>\$ 777,607</u>

Investment return for the years ended June 30, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Investment return		
Dividends and interest	\$ 29,473	\$ 26,419
Management fees	(265)	(320)
Net realized and unrealized gains (losses)	(30,876)	4,405
Total investment return	<u>\$ (1,668)</u>	<u>\$ 30,504</u>

The Organization'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. The Foundation manages credit risk by diversification to multiple counterparties.

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, 2020, the Organization's cash and cash equivalents were highly concentrated in the University and Foundation cash accounts.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of a depository financial institution, the Organization may not be able to recover deposits or collateral securities. The cash accounts of the University are FDIC insured or covered by the State of Iowa Sinking Fund.

As of June 30, 2020 and 2019, the carrying amount of deposits with the Foundation totaled \$2,256,421 and \$2,029,143, respectively.

The Foundation maintains deposits in various financial institutions. Deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit per bank are swept into a collateralized overnight repurchase account with the same institution, eliminating the risk of uninsured cash balance. Therefore, there were no uncollateralized amounts in excess of the FDIC insured limit as of June 30, 2020 or 2019. The Foundation has not experienced any losses in such accounts and Foundation management believes it is not exposed to any significant credit risk.

Financial statements for the Foundation can be obtained from the Iowa State University Foundation at 2505 University Boulevard, Ames, IA 50010-2230.

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are pledges made to the Organization and consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give		
Receivable in less than one year	\$ 19,402	\$ 4,111
Less allowance for uncollectible promises to give	<u>(1,940)</u>	<u>(411)</u>
Net unconditional promises to give	<u>\$ 17,462</u>	<u>\$ 3,700</u>

5. ENDOWMENTS

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the Organization to appropriate an amount of realized and unrealized appreciation as the Organization determines to be prudent.

The Organization's spending policy provides for quarterly distributions to the Organization limited to the spending percentage multiplied by the deemed pool value which is the greater of \$500,000 or the average market value for the prior twelve quarters. The current spending policy provides a spending percentage of 4.25%.

Net appreciation (depreciation) of permanent endowment funds, which totaled (\$3,324) and \$19,844 at June 30, 2020 and 2019, respectively, is recorded in restricted non-expendable net position.

6. CAPITAL ASSETS

A summary of capital assets at June 30, 2020 is as follows:

	June 30, 2019	Additions	Reductions	June 30, 2020
Furniture & fixtures	\$ 12,278	\$ 2,465	\$ -	\$ 14,743
Equipment	333,882	111,600	4,702	440,780
Leasehold improvements	19,804	6,770	10,950	15,624
Total	<u>365,964</u>	<u>120,835</u>	<u>15,652</u>	<u>471,147</u>
Less accumulated depreciation:				
Furniture & fixtures	10,281	1,204	-	11,485
Equipment	115,644	67,315	4,702	178,257
Leasehold improvements	12,622	788	10,950	2,460
Total	<u>138,547</u>	<u>69,307</u>	<u>15,652</u>	<u>192,202</u>
Net investment in capital assets	<u>\$ 227,417</u>	<u>\$ 51,528</u>	<u>\$ -</u>	<u>\$ 278,945</u>

A summary of capital assets at June 30, 2019 is as follows:

	June 30, 2018	Additions	Reductions	June 30, 2019
Furniture & fixtures	\$ 12,278	\$ -	\$ -	\$ 12,278
Equipment	217,312	142,515	25,945	333,882
Leasehold improvements	19,804	-	-	19,804
Total	<u>249,394</u>	<u>142,515</u>	<u>25,945</u>	<u>365,964</u>
Less accumulated depreciation:				
Furniture & fixtures	9,066	1,215	-	10,281
Equipment	104,396	37,193	25,945	115,644
Leasehold improvements	12,032	590	-	12,622
Total	<u>125,494</u>	<u>38,998</u>	<u>25,945</u>	<u>138,547</u>
Net investment in capital assets	<u>\$ 123,900</u>	<u>\$ 103,517</u>	<u>\$ -</u>	<u>\$ 227,417</u>

7. LEASE COMMITMENTS

The Organization had two leases for studio and administrative space in Des Moines. The leases have been classified as operating leases and, accordingly, rent is charged to expense as incurred. The first lease expired on January 31, 2019 and required a minimum monthly base rent of \$3,400 through January 31, 2019. Effective February 1, 2019, the monthly base rent increased to \$3,945. The Organization exercised its option to occupy the entire building and assumed such on September 1, 2019. Effective September 1, 2019, upon which the expansion term of 10 years commenced, the monthly base rent increased to \$7,400. The second lease expired December 31, 2019 and required a minimum monthly base rent of \$2,122. The Organization terminated the lease agreement effective October 31, 2019.

Lease expense charged to operations for base rent for the years ended June 30, 2020 and 2019 totaled \$89,459 and \$68,809, respectively. Expenses charges to operations for pass-through charges, utilities and property taxes for the years ended June 30, 2020 and 2019 totaled \$33,410 and \$30,013, respectively.

Future minimum lease payments under all non-cancellable operating leases for the next five years and beyond are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 88,800
2022	88,800
2023	88,800
2024	88,800
2025	96,800
2026-2030	410,000
	<u>\$ 862,000</u>

8. COMPENSATED ABSENCES

Employees of the Organization are paid through Oasis, a Paychex Company, and accumulate vacation and sick leave. Accumulated leave, or compensated absences, is included in accrued compensation. It is the policy of the Organization to liquidate these accrued benefits under specific circumstances. Accrued vacation is paid at 100% of the employees' hourly rate upon retirement, death or termination. As of June 30, 2020 and 2019, the amount to liquidate accrued vacation leave is approximately \$412,639 and \$352,003, respectively.

9. EMPLOYEE BENEFITS

Employees of the Organization participate in the Iowa Public Radio Defined Contribution Plan administered by Teachers Insurance and Annuity Association ("TIAA"). The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Directors establishes and amends the plan's provisions and contribution requirements. As required by IPR's policy, all eligible 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 2020 and 2019, 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 Organization, 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 Organization contributed 10% on all earnings.

The Organization's required and actual contributions totaled \$245,284 and \$218,867 respectively for the years ended June 30, 2020 and 2019. The required and actual contributions of the employees totaled \$122,543 and \$109,264, respectively for the years ended June 30, 2020 and 2019.

10. RISK MANAGEMENT AND UNCERTAINTIES

The Organization 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 insurance coverage of catastrophic property, general liability, employee dishonesty, worker's compensation, multi-media liability and director and officers' policies. The COVID-19 outbreak of 2020 has caused business disruption. The related long-term financial impact and duration cannot be reasonably estimated at this time.

11. SUBSEQUENT EVENTS

The Organization entered into a letter of intent dated October 1, 2020 with the Board of Regents, State of Iowa, to pursue a possible transfer of the FCC licenses and certain assets related to the radio operations owned by Iowa State University, the University of Northern Iowa and the University of Iowa.

The Organization has evaluated events and transactions for possible adjustment or disclosure through December 1, 2020 which is the date the financial statements were available to be issued.

As of the date of this report, the Organization does not have any outstanding construction commitments.

Supplemental Information

IOWA PUBLIC RADIO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	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	Total
Contribution expense - stations	\$ -	\$ -	\$ -	\$ -	\$ 1,923,381	\$ -	\$ 1,923,381	\$ -
Salaries, wages and benefits	1,404,521	701,734	101,126	2,207,381	560,903	769,056	1,329,959	-
Services	56,508	2,167	35,812	94,487	205,175	369,587	574,762	-
Facilities	-	-	-	-	122,869	-	122,869	-
Supplies	16,699	86,715	-	103,414	12,473	32,682	45,155	-
Printing	-	-	2,092	2,092	1,516	90,322	91,838	-
Prof development	3,035	451	155	3,641	4,678	5,075	9,753	-
Travel	14,527	4,210	1,464	20,201	5,376	9,259	14,635	-
Telecommunications	417	58,743	-	59,160	-	-	-	-
Recruitment	-	-	-	-	6,485	-	6,485	-
Postage	-	-	14	14	10,412	51,571	61,983	-
Programming fees	118,934	-	-	118,934	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Repairs & maintenance	-	-	-	-	-	-	-	69,307
Total expenses	\$ 1,614,641	\$ 873,126	\$ 140,663	\$ 2,628,430	\$ 2,899,071	\$ 1,327,552	\$ 4,226,623	\$ 69,307
								\$ 6,924,360

See Independent Auditor's Report.

IOWA PUBLIC RADIO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	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	Total
Contribution expense - stations	\$ -	\$ -	\$ -	\$ -	\$ 2,146,451	\$ -	\$ 2,146,451	\$ 2,146,451
Salaries, wages and benefits	1,215,593	543,677	-	1,759,270	601,853	719,149	1,321,002	3,080,272
Services	44,187	2,635	13,461	60,283	140,195	401,454	541,649	601,932
Facilities	-	-	-	-	98,822	-	98,822	98,822
Supplies	32,297	128,643	-	160,940	15,207	30,459	45,666	206,606
Printing	-	-	315	315	1,841	84,885	86,726	87,041
Prof development	5,455	818	-	6,273	5,467	4,810	10,277	16,550
Travel	25,871	5,369	-	31,240	10,933	10,563	21,496	52,736
Telecommunications	1,496	45,844	-	47,340	-	-	-	47,340
Recruitment	-	-	-	-	11,723	-	11,723	11,723
Postage	-	-	-	-	14,050	49,044	63,094	63,094
Programming fees	136,635	-	-	136,635	-	-	-	136,635
Depreciation	-	-	-	-	-	-	-	-
Repairs & maintenance	-	15,982	-	15,982	-	-	-	38,998
Total expenses	\$ 1,461,534	\$ 742,968	\$ 13,776	\$ 2,218,278	\$ 3,069,397	\$ 1,300,364	\$ 4,369,761	\$ 6,627,037

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
Web: 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 Iowa Public Radio, Inc. (a nonprofit), which comprise the statement of net position as of June 30, 2020, 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 December 1, 2020.

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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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.

Members:

PCPS Section of the
American Institute of
Certified Public Accountants

Iowa Society of Certified
Public Accountants

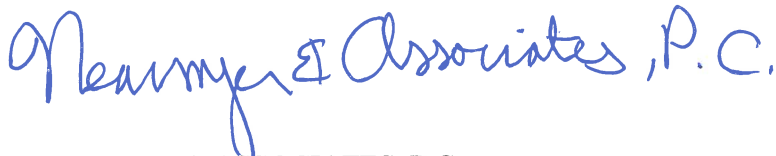
Forensic Accountants
Society of North America

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization'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

December 1, 2020