

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
FINANCIAL STATEMENTS
June 30, 2020 and 2019**

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
FINANCIAL STATEMENTS**

June 30, 2020 and 2019

TABLE OF CONTENTS

	<u>Page Number</u>
Report of Independent Auditors	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12-19
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	20-21
Management Letter	22-23



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

Report of Independent Auditors

To the Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of WQCS FM Radio, a public telecommunications entity operated by Indian River State College, as of June 30, 2020, as listed in the table of contents, and the related notes to the financial statements, which collectively comprise WQCS FM Radio's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Fort Pierce / Stuart

- 1 -

Member AICPA

Member AICPA Division for CPA Firms
Private Companies practice Section

Member FICPA



Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WQCS FM Radio, a public telecommunications entity operated by Indian River State College, as of June 30, 2020, and the respective changes in its' financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the accompanying financial statements were prepared to present financial position, changes in financial position and cash flows of WQCS FM Radio, a public telecommunications entity operated by Indian River State College, and are not intended to be a complete presentation of the Indian River State College's financial statements.

Report on Summarized Comparative Information

We have previously audited WQCS FM Radio's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding 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.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2021 on our consideration of WQCS FM Radio's internal control over financial reporting and our tests of its' compliance with certain provisions of laws, regulations, contracts and grant agreements. 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 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 WQCS FM Radio's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 4, 2021

**Indian River State College
WQCS FM Radio
Management's Discussion and Analysis**

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of WQCS Radio Station 88.9 FM for the comparative years ending June 30, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The station is located on the Main Campus of Indian River State College (IRSC) in Fort Pierce, Florida. WQCS broadcasts National Public Radio, Public Radio International, and local programs that inform, enrich, and entertain the public. WQCS serves listeners with the comprehensive music and information programs that reflect current affairs, history, and cultures.

Using the Financial Statements

The financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and Statement of Cash Flows. These financial statements and accompanying Notes to Financial Statements are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

Statement of Net Position

The Statement of Net Position presents a financial picture of WQCS's financial condition at the end of the fiscal year by reporting assets (current and non-current), liabilities (current and non-current), and net position (assets less liabilities).

Assets

Total assets of WQCS at the end of the fiscal year 2020 were \$5,863,140, of which cash and cash equivalents represented the largest portion. This group of assets totaled \$4,344,688 or 74% and capital assets were \$1,452,558 (net of depreciation), or 25% of total assets. For 2020, total assets increased by \$149,659, or 3% compared to 2019, primarily due to the increase in cash.

Liabilities

Total liabilities at the end of fiscal year 2020 were \$220,384, a decrease over prior year of \$122,938 or 37%. This is primarily attributed to a decrease in unearned revenues.

**Indian River State College
WQCS FM Radio
Management's Discussion and Analysis**

Net Position

Net position of \$5,642,756 is divided into two major categories, defined as follows:

- Net Investment in Capital Assets – This category represents WQCS's net position in property, plant and equipment.
- Unrestricted – This category represents the net position held by WQCS that have no formal restrictions placed upon them.

Condensed Balance Sheets

	FY 2020	FY 2019
Assets		
Current assets	\$ 4,410,582	\$ 4,227,951
Capital assets, net	1,452,558	1,485,530
Total Assets	\$ 5,863,140	\$ 5,713,481
Liabilities		
Current liabilities	\$ 193,729	\$ 229,918
Non-current liabilities	26,655	113,404
Total Liabilities	\$ 220,384	\$ 343,322
Net Position		
Net investment in capital assets	\$ 1,452,558	\$ 1,485,530
Unrestricted	4,190,198	3,884,629
Total Net Position	\$ 5,642,756	\$ 5,370,159

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position, which is generally referred to as the activities statement, presents the total revenues (operating and non-operating) received and earned by WQCS; expenses (operating and non-operating) paid and owed; and income or loss from operations for the fiscal years ended June 30, 2020 and 2019.

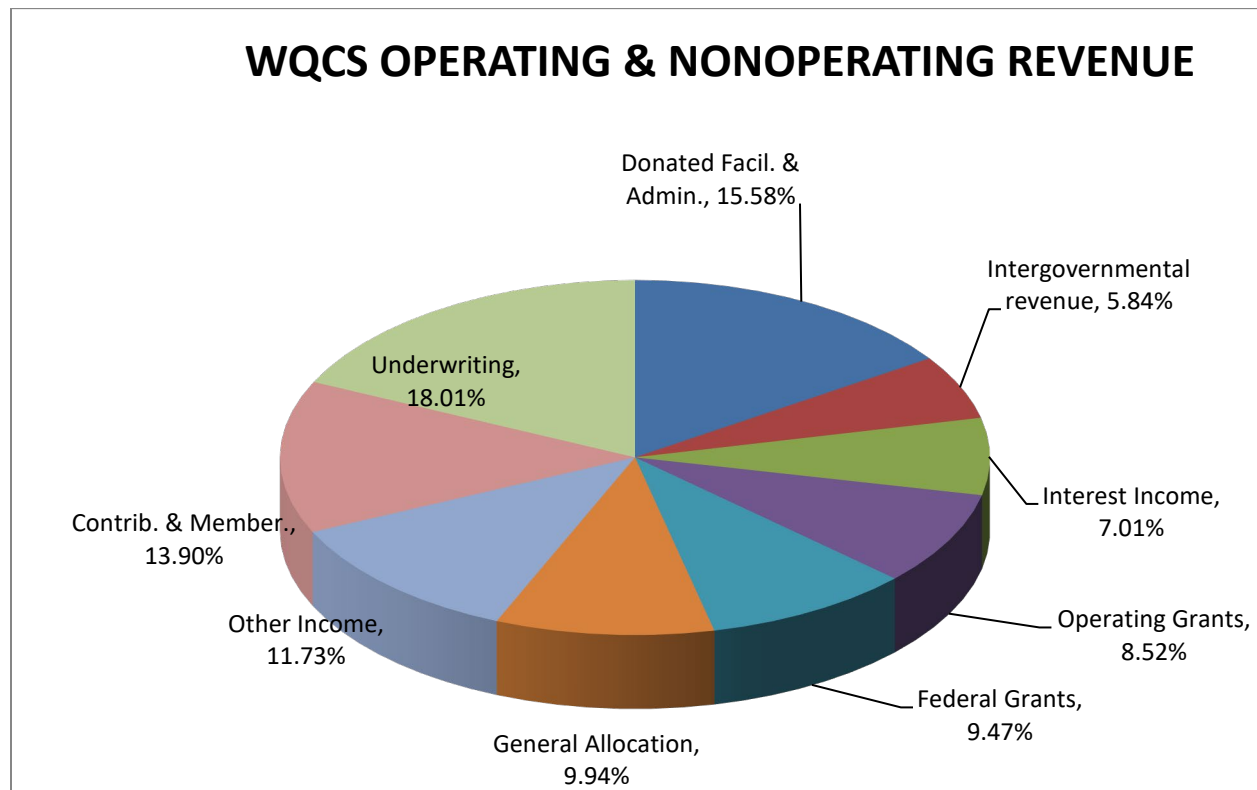
**Indian River State College
WQCS FM Radio
Management's Discussion and Analysis**

Revenues

Total operating revenues for fiscal years 2020 and 2019 were \$1,117,396 and \$1,217,613, respectively, a decrease of \$100,217, or 8%. This decrease is primarily the result of a decrease in Underwriting and Memberships/Contributions.

Non-operating revenues for fiscal years 2020 and 2019 totaled \$1,024,657 and \$839,158, respectively, an increase of \$185,499 or 22.1%. This increase is primarily the result of an increase in contribution and investment income.

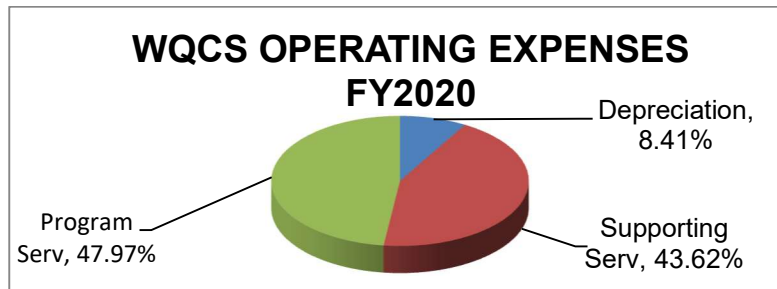
Grants and contracts revenues related to non-exchange type agreements are classified as non-operating revenues. In a non-exchange agreement, WQCS receives dollars from another party without directly giving a service or product of equal value in exchange.



**Indian River State College
WQCS FM Radio
Management's Discussion and Analysis**

Expenses

Total operating expenses of WQCS for fiscal years 2020 and 2019 were \$1,869,456 and \$1,807,032, respectively, representing an increase of \$62,424, or 3%. This total increase is primarily due to an increase in depreciation. Depreciation expenses for fiscal years 2020 and 2019 totaled \$157,250 and \$29,297, respectively, and is allocated to Program and Support Services.



Condensed Statement of Revenues, Expenses and Changes in Net Position

	FY 2020	FY 2019
Operating Revenues:		
Underwriting income	\$ 385,870	\$ 476,336
Contributions and memberships	297,661	376,948
Other income	251,293	258,700
Grants and contracts	182,572	105,629
Total Operating Revenues	1,117,396	1,217,613
Operating Expenses:		
Program services	896,769	866,709
Support services	815,437	911,026
Depreciation	157,250	29,297
Total Operating Expenses	1,869,456	1,807,032
Operating Loss	(752,060)	(589,419)
Non-Operating Revenues:		
Interest income	150,085	128,195
Federal grants	202,825	128,481
Intergovernmental revenues	125,000	-
Donated facilities and admin. support	333,757	369,097
General allocation from IRSC	212,990	213,385
Total Non-Operating Revenues	1,024,657	839,158
Change in Net Position	272,597	249,739
Net Position - Beginning of Year	5,370,159	5,120,420
Net Position - End of Year	\$ 5,642,756	\$ 5,370,159

**Indian River State College
WQCS FM Radio
Management's Discussion and Analysis**

Statement of Cash Flows

The Statement of Cash Flows provides a summary of the sources and uses of cash by categories. The primary purpose of the Statement of Cash Flows is to provide information about WQCS's cash receipts and payments during the year and to help assess WQCS's ability to generate future net cash flows and meet future obligations.

The major source of cash from operating activities was contributions and underwriting of \$682,972. The most significant uses of cash for operating activities were payments to employees of \$622,886 and suppliers of \$809,900.

The cash flows from noncapital financing activities include \$212,990 received as allocations from Indian River State College and \$202,825 as receipts from grants and contracts.

The cash flows provided by capital and related financing activities related to the acquisition and construction of capital assets of \$124,278, as well as capital appropriations from the State of Florida of \$125,000.

The cash flows from investing activities represent the interest income earned on investments totaling \$150,085.

Economic Factors That Will Affect the Future

Overall, WQCS's financial position is strong; however, changing economic conditions due to the pandemic and the negative economic growth linked to the COVID-19 virus will continue to have an impact upon the underwriting and fundraising efforts of WQCS.

Request for Information

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to Barry Keim, Vice President of Financial Services, CFO, Indian River State College, 3209 Virginia Avenue, Fort Pierce, FL 34981.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENTS OF NET POSITION
June 30, 2020
(With Comparative Totals at June 30, 2019)**

ASSETS		2020	2019
Current Assets			
Cash and cash equivalents		\$ 4,344,688	\$ 4,166,292
Accounts receivable		51,638	51,079
Prepaid expenses		14,256	10,580
TOTAL CURRENT ASSETS		<u>4,410,582</u>	<u>4,227,951</u>
Noncurrent Assets			
Capital assets, net		<u>1,452,558</u>	<u>1,485,530</u>
TOTAL ASSETS		<u><u>\$ 5,863,140</u></u>	<u><u>\$ 5,713,481</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable		\$ 4,205	\$ 5,480
Accrued liabilities		388	7,938
Unearned revenues		130,548	202,825
Accrued compensated leave - current portion		58,588	13,675
TOTAL CURRENT LIABILITIES		<u>193,729</u>	<u>229,918</u>
Noncurrent Liabilities			
Accrued compensated leave		<u>26,655</u>	<u>113,404</u>
TOTAL LIABILITIES		<u><u>\$ 220,384</u></u>	<u><u>\$ 343,322</u></u>
NET POSITION			
Net investment in capital assets		\$1,452,558	\$ 1,485,530
Unrestricted		<u>4,190,198</u>	<u>3,884,629</u>
TOTAL NET POSITION		<u><u>\$ 5,642,756</u></u>	<u><u>\$ 5,370,159</u></u>

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2020
(With Comparative Totals For The Year Ended June 30, 2019)**

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Underwriting income	\$ 385,870	\$ 476,336
Contributions and memberships	297,661	376,948
Operating grants	182,572	105,629
Other income	251,293	258,700
Total Operating Revenues	<u>1,117,396</u>	<u>1,217,613</u>
Operating Expenses		
Program Services:		
Programming and production	744,481	619,145
Broadcasting	260,658	266,101
Program information	1,704	1,971
Total Program Services	<u>1,006,843</u>	<u>887,217</u>
Support Services:		
Management and general	599,416	645,939
Fundraising and membership development	245,295	267,325
Underwriting	17,902	6,551
Total Support Services	<u>862,613</u>	<u>919,815</u>
Total Operating Expenses	<u>1,869,456</u>	<u>1,807,032</u>
Operating Loss	<u>(752,060)</u>	<u>(589,419)</u>
Nonoperating Revenues		
Interest income	150,085	128,195
Federal grants	202,825	128,481
Intergovernmental revenues	125,000	-
Allocated facilities and administrative support	333,757	369,097
Indian River State College Allocation	<u>212,990</u>	<u>213,385</u>
Total Nonoperating Income	<u>1,024,657</u>	<u>839,158</u>
Change in Net Position	272,597	249,739
Net Position, Beginning of year	<u>5,370,159</u>	<u>5,120,420</u>
Net Position, End of year	<u><u>\$ 5,642,756</u></u>	<u><u>\$ 5,370,159</u></u>

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2020
(With Comparative Totals For The Year Ended June 30, 2019)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributions and underwriting	\$ 682,972	\$ 862,927
Receipts from operating grants	110,295	179,973
Receipts from tower rental and others	251,293	258,700
Payments to employees	(622,886)	(772,212)
Payments to suppliers	(809,900)	(695,004)
Net Cash Used by Operating Activities	<u>(388,226)</u>	<u>(165,616)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from grants and contracts	202,825	128,481
Indian River State College Allocation	212,990	213,385
Net Cash Provided by Noncapital Financing Activities	<u>415,815</u>	<u>341,866</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriations	125,000	1,044,659
Acquisition and construction of capital assets	(124,278)	(1,019,416)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>722</u>	<u>25,243</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>150,085</u>	<u>128,195</u>
Net Increase in Cash and Cash Equivalents	178,396	329,688
Cash and Cash Equivalents - Beginning of year	<u>4,166,292</u>	<u>3,836,604</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 4,344,688</u></u>	<u><u>\$ 4,166,292</u></u>
Reconciliation of net operating (loss) to net cash used by operating activities		
	2020	2019
Cash flows from operating activities:		
Operating income (loss)	\$ (752,060)	\$ (589,419)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	157,250	29,297
Allocated facilities and administrative support	333,757	369,097
Changes in assets and liabilities		
Decrease (Increase) in accounts receivable	(559)	9,643
(Decrease) Increase in prepaid expenses	(3,676)	5,375
Decrease in accrued liabilities	(7,550)	(7,420)
(Decrease) Increase in accounts payable	(1,275)	(51,854)
Increase (Decrease) in unearned revenues	(72,277)	74,344
(Decrease) Increase in accrued compensated absences	(41,836)	(4,679)
Total adjustments	<u>363,834</u>	<u>423,803</u>
Net Cash Used by Operating Activities	<u><u>\$ (388,226)</u></u>	<u><u>\$ (165,616)</u></u>

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

WQCS FM Radio (the “Station”) is a public telecommunications entity owned and operated by Indian River State College (the “College”) in Fort Pierce, Florida. It is governed by the District Board of Trustees of the College, who are appointed by the Governor of the State of Florida. The financial statements include funds received by Friends of WQCS, an unincorporated College activity for subscription and other fundraising activities. The use of these funds is limited to benefit WQCS FM Radio with the distribution of funds at the discretion of the station manager and administration of Indian River State College.

The accompanying financial statements were prepared to present financial position, results of operations and cash flows of WQCS FM Radio and are not intended to be a complete presentation of the College’s financial statements. The financial reporting entity does not include or exclude any component units.

Measurement Focus, Basis of Accounting and Basis of Presentation

The Station’s accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Government Accounting Standards Board (GASB). GASB allows public colleges various reporting options. The Station elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and reporting to include the following components:

- ◆ Management’s Discussion and Analysis (MD&A)
- ◆ Basic Financial Statements
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - Statement of Cash Flows
 - Notes to Financial Statements

In evaluating the College as the reporting entity, management has addressed all potential component units. To be includable in the College’s financial statements, the component unit must be financially accountable or the exclusion of the nature and significance of their relationship with the College would cause the financial statements to be misleading or incomplete. Blended component units must be financially accountable to the College; there must be a financial burden/benefit relationship and the entity, although legally separate, must operate like a fund or department of the College. WQCS FM Radio is deemed to be a blended component unit of the College.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Station's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The Station's principal operating activity is broadcasting. Operating expenses include all fiscal transactions related to programming and broadcasting as well as administration, grant and underwriting support, and membership fundraising activities. Non-operating revenues include federal, state and local grants and investment income.

The statement of net position is presented in a classified format to distinguish between current and non-current assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Station's policy to first apply the restricted resources to such programs followed by the use of unrestricted resources.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank, and money market deposits with institutions qualified as public depositories under Chapter 280, Florida Statutes. For cash flow purposes the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Capital Assets

Capital assets, which consist of equipment, are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of receipt. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and improvements.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. A full year's depreciation is taken the year placed in service. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40 years
Other Structures and Improvements	10 years
Furniture, Machinery and Equipment	3-10 years
Assets Under Capital Leases and Leasehold Improvements	10 years

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Pursuant to the provisions of Chapter 1012, Part IV, Florida Statutes, State Board of Education rules and Board policies, employees earn annual vacation and sick leave based on the length of service, but subject to certain limitations regarding the amount that will be paid upon termination. These earnings for accumulated leave are recorded as a liability in the Station's financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

Cash as reported on the Statement of Net Position, includes the following:

	FY 2020	FY 2019
Cash in bank	\$ 821,853	\$ 793,542
Cash equivalents	3,522,835	3,372,750
Total	<u>\$ 4,344,688</u>	<u>\$ 4,166,292</u>

Cash for the operation of the Station is combined with other cash of the District Board of Trustees of Indian River State College.

Banks qualified as public depositories under Chapter 280, Florida Statutes hold cash deposits of the College. In addition to insurance provided by the Federal Depository Insurance Corporation, all demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

The Station's investments (cash equivalents) are subject to the following types of risks:

Interest Rate Risk – The Station does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Station's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The Station has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Station places no limit on the amount it may invest.

The types of deposits and investments and their level of risk exposure as of June 30, 2020 and 2019 were typical of these items during the fiscal year then ended. The Station considers any decline in fair value for certain investments to be temporary.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE C – CHANGES IN CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	June 30, 2020			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,936,368	\$ -	\$ -	\$ 1,936,368
Furniture and equipment	849,649	124,278	(218,752)	755,175
Accumulated depreciation	(1,300,487)	(157,250)	218,752	(1,238,985)
Total Capital Assets Being Depreciated	<u>\$ 1,485,530</u>	<u>\$ (32,972)</u>	<u>\$ -</u>	<u>\$ 1,452,558</u>
	June 30, 2019			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 206,448	\$ -	\$ (206,448)	\$ -
Capital assets being depreciated:				
Buildings and improvements	710,504	1,225,864	-	1,936,368
Furniture and equipment	849,649	-	-	849,649
Accumulated depreciation	(1,271,190)	(29,297)	-	(1,300,487)
Total Capital Assets Being Depreciated	<u>288,963</u>	<u>1,196,567</u>	<u>-</u>	<u>1,485,530</u>
Capital Assets, Net	<u>\$ 495,411</u>	<u>\$ 1,196,567</u>	<u>\$ (206,448)</u>	<u>\$ 1,485,530</u>

Depreciation expense for the periods ended June 30, 2020 and 2019 was \$157,250 and \$29,297, respectively.

NOTE D – ACCRUED COMPENSATED LEAVE

A summary of changes in accrued compensated leave is as follows:

	June 30, 2020			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated leave	<u>\$ 127,079</u>	<u>\$ 46,983</u>	<u>\$ (88,819)</u>	<u>\$ 85,243</u>

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE D – ACCRUED COMPENSATED LEAVE (CONTINUED)

	June 30, 2019		
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>
	<u>Ending Balance</u>		
Compensated leave	\$ 131,758	\$ 22,901	\$ (27,580)
	<u>\$ 127,079</u>		

NOTE E – RETIREMENT PLAN

The contribution rates for Plan members are established, and may be amended, by the State of Florida. Contribution rates during the fiscal year ended June 30, 2020 and 2019, are presented in the following table:

	Percent of Gross Salary		
		2020	2019
<u>Class or Plan</u>	<u>Employee</u>	<u>Employer (B)</u>	<u>Employer (B)</u>
Florida Retirement System, Regular and PEORP	3.00	8.47	8.26
Florida Retirement System, CCORP	3.00	8.71	8.45
Florida Retirement System, Special Risk	3.00	25.48	24.5
Deferred Retirement Option Program - Applicable to			
Members from All of the Above Classes or Plan	-	14.6	14.03
Florida Retirement System, Reemployed Retiree	(A)	(A)	(A)

(A) Contribution rates are dependent upon retirement class or plan in which reemployed.

(B) Employer rates include the post-employment health insurance supplement of 1.66 and 1.66 percent for June 30, 2020 and 2019, respectively, as well as a .06 and .06 percent, respectively, for administrative costs of the Public Employee Optional Retirement Program.

Most employees working in regularly established positions of the College are covered by the Florida Retirement system, a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (the "Plan"). All instructors and supporting staff of the Station are employed by Indian River State College. Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 605 Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified ages or number of years of service depending upon the employee's classification. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE E – RETIREMENT PLAN (CONTINUED)

The Station recognizes the unfunded pension obligation at the entity level. Any amount of this obligation allowable to WQCS FM Radio is deemed immaterial.

The Station's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Station. The Station's contributions to the Plan for the fiscal years ended June 30, 2020, 2019, and 2018, totaled \$49,820, \$48,017 and \$44,318, respectively, which were equal to the required contributions for the fiscal year.

Public Employee Optional Retirement Program (PEORP) – Pursuant to Section 121.4501, Florida Statutes, and the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program. The program is an option to the Florida Retirement System and is self-directed by the employee. A retirement account is established for each employee who selects this option and an employer contribution is directed to the individual account. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. The Station had five employees enrolled in the Public Employee Optional Retirement Program for the fiscal year ended June 30, 2020 and six in 2019 and required contributions of \$13,422 and \$15,514, respectively, were made to the Plan.

State Community College System Optional Retirement Program (CCORP) – Pursuant to Section 1012.875, Florida statutes, the Florida Legislature created the State Community College system Optional Retirement Program (the "Program") for eligible community college instructors and administrators. The Program is designed to aid the community college in recruiting employees by offering more portability to those employees who are not expected to remain in the Florida Retirement System for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions are allowed to make an irrevocable election to participate in the Program, rather than the Florida retirement system, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing community college contributes on behalf of the participant 5.15 percent of the participant's salary. The participant is required to contribute 3 percent of gross salary and may contribute, by salary reduction, an amount not to exceed the percentage contributed by the community college to the participant's annuity account. The Station had no employees enrolled in the State Community College System Optional Retirement Program for the fiscal year ended June 30, 2020 and 2019 and no contributions were required to be made to the Plan.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE E – RETIREMENT PLAN (CONTINUED)

A Deferred Retirement Option Program (DROP) – Subject to the provisions of Section 121.091, Florida Statutes, employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with the Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest. The Station had one employees enrolled in the Deferred Retirement Option Program for the fiscal year ended June 30, 2020 and required contributions of \$2,951 were made to the Plan. The station had no employees enrolled in the DROP for fiscal year 2019.

The Plan's financial statements and other supplemental information are included in the State's Comprehensive Annual Financial Report, which may be obtained by contacting the Florida Department of Financial Services in Tallahassee, Florida. Also, an annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report and other relevant information may be obtained from the Florida Department of Management Services, Division of Retirement in Tallahassee, Florida.

NOTE F – DONATED FACILITIES AND SERVICES

The Station's non-operating revenues and operating expenses include an allocation for indirect operating costs of the College, such as physical plant operations and institutional support services performed by the College. A general allocation from the College for the payment of payroll, benefits and other costs has also been included as revenue and expense on the statement of revenues, expenses and changes in net position.

NOTE G – RISK MANAGEMENT

The Station is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Station is insured for these risks through the Florida Community Colleges Risk Management Consortium. The Consortium was created under authority of Section 1001.64(27), Florida Statutes by the Boards of Trustees of the Florida Public Community Colleges for the purpose of joining a cooperative effort to develop, implement and participate in a coordinated statewide community college risk management program. The Consortium is to be self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Insurance coverage obtained through the Consortium included health, dental, fire and extended property, general and automobile liability, workers' compensation and other liability coverage. Settled claims resulting from these risks have not exceeded coverage.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019**

NOTE H – COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the organization.



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

To the Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

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 WQCS FM Radio, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise WQCS FM Radio's basic financial statements, and have issued our report thereon dated January 4, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

Board of Trustees
Indian River State College
WQCS FM Radio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WQCS FM Radio's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 4, 2021



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

Management Letter

To the Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

Report on the Financial Statements

We have audited the financial statements of WQCS FM Radio, a public telecommunications entity owned and operated by Indian River State College as of and for the year ended June 30, 2020, and have issued our report thereon dated January 4, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedule

We have issued our 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*. Disclosures in that report, which is dated January 4, 2021, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of the Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

Board of Trustees
Indian River State College
WQCS FM Radio

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, member of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

January 4, 2021