

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
FINANCIAL STATEMENTS
June 30, 2023**

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

June 30, 2023

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Report of Independent Auditors

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

Opinion

We have audited the accompanying financial statements of WQCS FM Radio, a public telecommunications entity, by Indian River State College (the "Station"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Station as of June 30, 2023, and the respective changes in its' financial position and cash flows thereof for the year 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 the financial position, changes in financial position and cash flows of the Station 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 the Station's June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis for Opinion

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. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of financial statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.



Board of Trustees
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WQCS FM Radio
Fort Pierce, Florida

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



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Fort Pierce, Florida

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 inquiries of management regarding the methods of measurement and presentation of the supplementary information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2024 on our consideration of the Station'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 the Station'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 10, 2024

**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, 2023 and 2022. 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 2023 were \$5,395,122, of which cash and cash equivalents represented the largest portion. This group of assets totaled \$3,415,071 or 63% and capital assets/leases, right-of-use assets were \$1,087,902 (net of depreciation/amortization), or 22% of total assets. Other assets totaled \$824,665, or 15% of total assets. For 2023, total assets decreased by \$(252,134), or (4.5)% compared to 2022, primarily due to the decrease in capital assets.

Liabilities

Total liabilities at the end of fiscal year 2023 were \$258,442, a decrease over prior year of \$(9,016) or (3)%. 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 \$5,136,680 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 2023	FY 2022
Assets		
Current assets	\$ 3,482,555	\$ 3,582,462
Capital assets, net	1,087,902	1,240,129
Other assets	824,665	824,665
Total Assets	\$ 5,395,122	\$ 5,647,256
Liabilities		
Current liabilities	\$ 208,592	\$ 220,578
Non-current liabilities	49,850	46,880
Total Liabilities	\$ 258,442	\$ 267,458
Net Position		
Net investment in capital assets	\$ 1,086,727	\$ 1,231,909
Unrestricted	4,049,953	4,147,889
Total Net Position	\$ 5,136,680	\$ 5,379,798

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, 2023 and 2022.

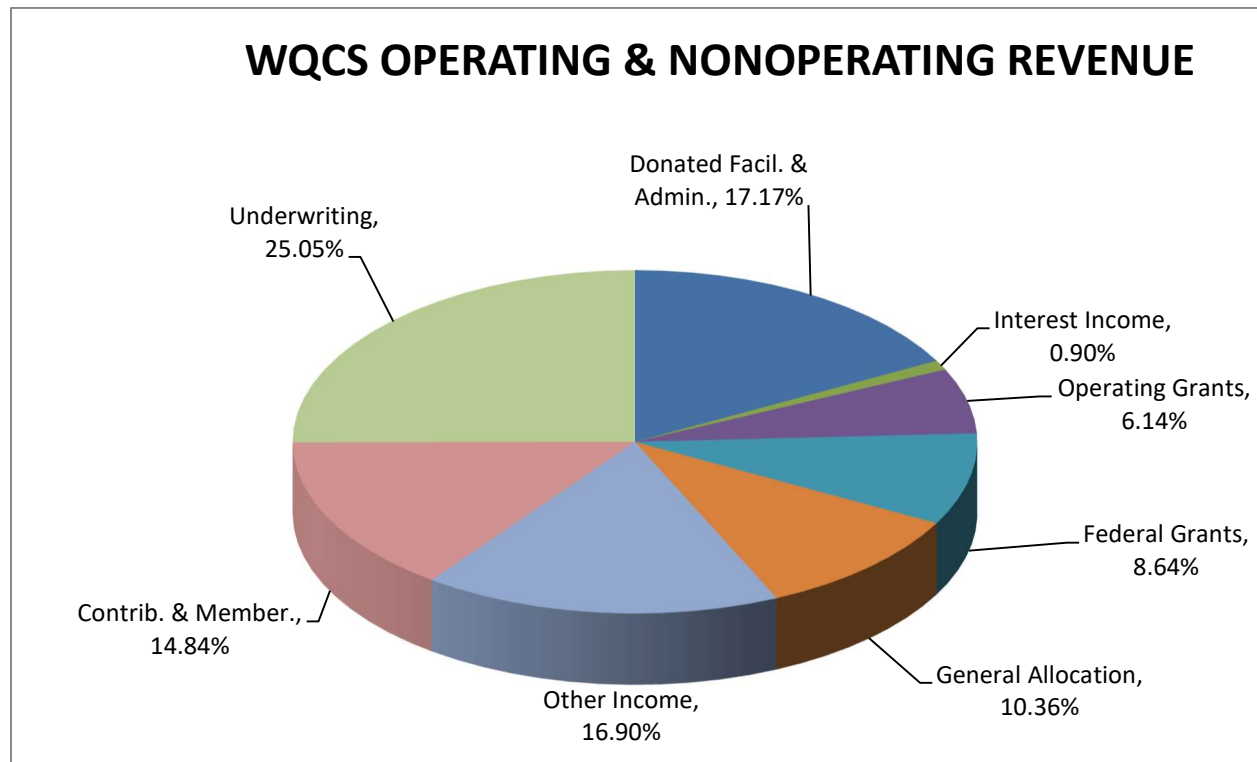
**Indian River State College
WQCS FM Radio
Management's Discussion and Analysis**

Revenues

Total operating revenues for fiscal years 2023 and 2022 were \$1,488,667 and \$1,616,624, respectively, a decrease of \$127,957, or 7.9%. This decrease is primarily the result of a decrease in Operating Grants, and Indian River State College Allocation.

Non-operating revenues for fiscal years 2023 and 2022 totaled \$157,023 and \$371,384, respectively, a decrease of \$(214,361) or (58)%. This decrease is primarily the result of a decrease in Federal Grants and intergovernmental revenues in excess of the increases in investment income.

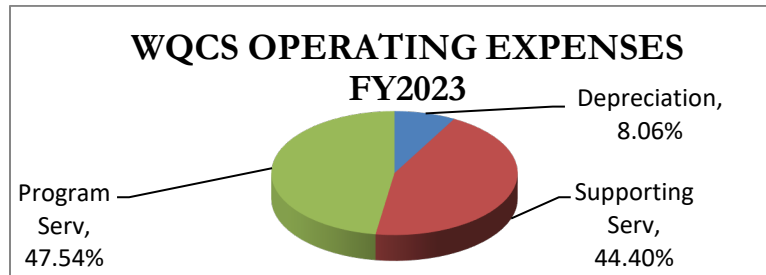
Grants and contracts revenues related to non-exchange type agreements are classified as non-operating revenues. In a non-exchange agreement, WQCS receives dollars from another party without directly giving a service or product of equal value in exchange.



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

Expenses

Total operating expenses of WQCS for fiscal years 2023 and 2022 were \$1,888,808 and \$2,198,070 respectively, representing a decrease of \$309,262, or 14%. This total decrease is mostly related to the decreases in programming and production, broadcasting, management and general, and fundraising and membership development. Depreciation and amortization expenses for fiscal years 2023 and 2022 totaled \$152,227 and \$165,178, respectively, and is allocated to Program and Support Services.



Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>FY2023</u>	<u>FY 2022</u>
Operating Revenues:		
Underwriting income	\$ 412,254	\$ 347,118
Contributions and memberships	244,282	263,812
Other income	278,058	271,516
Grants and contracts	101,019	242,856
Donated facilities and admin. support	282,636	334,440
General allocation from IRSC	170,418	156,882
Total Operating Revenues	<u>1,488,667</u>	<u>1,616,624</u>
Operating Expenses:		
Program services	897,960	1,075,490
Support services	838,621	950,357
Depreciation	152,227	172,223
Total Operating Expenses	<u>1,888,808</u>	<u>2,198,070</u>
Operating Loss	(400,141)	(581,446)
Non-Operating Revenues:		
Interest income	14,764	(114,608)
Federal grants	142,259	327,792
Intergovernmental revenues	-	158,200
Total Non-Operating Revenues	<u>157,023</u>	<u>371,384</u>
Change in Net Position	(243,118)	(210,062)
Net Position - Beginning of Year	5,379,798	5,589,860
Net Position - End of Year	<u>\$ 5,136,680</u>	<u>\$ 5,379,798</u>

**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 \$630,537. The most significant uses of cash for operating activities were payments to employees of \$880,328 and suppliers of \$397,170.

The cash flows from noncapital financing activities includes \$142,259 as receipts from grants and contracts.

The cash flows provided by investing activities represent the interest income earned on investments totaling \$14,764.

Economic Factors That Will Affect the Future

Overall, WQCS's financial position is strong; however, changing economic conditions due to the negative economic growth 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 Marvin Pyles, Vice President of Financial Services, CFO, Indian River State College, 3209 Virginia Avenue, Fort Pierce, Florida 34981.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENTS OF NET POSITION
June 30, 2023
(With Comparative Totals at June 30, 2022)**

ASSETS		2023	2022
Current Assets			
Cash and cash equivalents		\$ 3,415,071	\$ 3,542,215
Accounts receivable		55,825	29,826
Prepaid expenses		11,659	10,421
TOTAL CURRENT ASSETS		<u>3,482,555</u>	<u>3,582,462</u>
Noncurrent Assets			
Capital assets, net		1,086,727	1,231,909
Leases, right to use, net		1,175	8,220
TOTAL NONCURRENT ASSETS		<u>1,087,902</u>	<u>1,240,129</u>
Other Assets			
Licenses, net		824,665	824,665
TOTAL ASSETS		<u><u>\$ 5,395,122</u></u>	<u><u>\$ 5,647,256</u></u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses		\$ 20,850	\$ 10,433
Unearned revenues		126,697	142,980
Accrued compensated leave - current portion		59,839	60,053
Leases payable		1,206	7,112
TOTAL CURRENT LIABILITIES		<u>208,592</u>	<u>220,578</u>
Noncurrent Liabilities			
Accrued compensated leave		49,850	45,674
Leases payable		-	1,206
TOTAL NONCURRENT LIABILITIES		<u>49,850</u>	<u>46,880</u>
TOTAL LIABILITIES		<u><u>\$ 258,442</u></u>	<u><u>\$ 267,458</u></u>
NET POSITION			
Net investment in capital assets		\$ 1,086,727	\$ 1,231,909
Unrestricted		4,049,953	4,147,889
TOTAL NET POSITION		<u><u>\$ 5,136,680</u></u>	<u><u>\$ 5,379,798</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, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Underwriting income	\$ 412,254	\$ 347,118
Contributions and memberships	244,282	263,812
Operating grants	101,019	242,856
Allocated facilities and administrative support	282,636	334,440
Indian River State College Allocation	170,418	156,882
Other income	278,058	271,516
Total Operating Revenues	<u>1,488,667</u>	<u>1,616,624</u>
Operating Expenses		
Program Services:		
Programming and production	665,790	819,196
Broadcasting	337,220	366,629
Program information	1,508	10,221
Total Program Services	<u>1,004,518</u>	<u>1,196,046</u>
Support Services:		
Management and general	699,112	703,543
Fundraising and membership development	168,140	272,792
Underwriting	17,038	25,689
Total Support Services	<u>884,290</u>	<u>1,002,024</u>
Total Operating Expenses	<u>1,888,808</u>	<u>2,198,070</u>
Operating Loss	<u>(400,141)</u>	<u>(581,446)</u>
Nonoperating Revenues		
Interest income	14,764	(114,608)
Federal grants	142,259	327,792
Intergovernmental revenues	<u>-</u>	<u>158,200</u>
Total Nonoperating Income	<u>157,023</u>	<u>371,384</u>
Change in Net Position	(243,118)	(210,062)
Net Position, Beginning of year	<u>5,379,798</u>	<u>5,589,860</u>
Net Position, End of year	<u><u>\$ 5,136,680</u></u>	<u><u>\$ 5,379,798</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, 2023
(With Comparative Totals For The Year Ended June 30, 2022)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from contributions and underwriting	\$ 630,537	\$ 621,876
Receipts from operating grants	84,736	89,972
Receipts from tower rental and others	278,058	271,516
Payments to employees	(880,328)	(994,175)
Payments to suppliers	(397,170)	(532,772)
Net Cash Provided (Used) by Operating Activities	<u>(284,167)</u>	<u>(543,583)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from grants and contracts	142,259	327,792
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
State capital appropriations	-	158,200
Acquisition of licenses	-	(824,665)
Acquisition and construction of capital assets	-	(46,403)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(712,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>14,764</u>	<u>(114,608)</u>
Net Change in Cash and Cash Equivalents	(127,144)	(1,043,267)
Cash and Cash Equivalents - Beginning of year	<u>3,542,215</u>	<u>4,585,482</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 3,415,071</u></u>	<u><u>\$ 3,542,215</u></u>
Reconciliation of net operating (loss) to net cash used by operating activities		
	2023	2022
Cash flows from operating activities:		
Operating income/(loss)	\$ (400,141)	\$ (581,446)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	145,182	165,178
Amortization or right to use/lease	7,045	7,045
Changes in assets and liabilities		
Decrease/(Increase) in accounts receivable	(25,999)	10,946
Decrease/(Increase) in prepaid expenses	(1,238)	(286)
(Decrease)/Increase in accounts payable	10,417	6,962
(Decrease)/Increase in unearned revenues	(16,283)	(152,884)
(Decrease)/Increase in lease payable	(7,112)	(6,947)
(Decrease)/Increase in accrued compensated absences	3,962	7,849
Total adjustments	<u>115,974</u>	<u>37,863</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (284,167)</u></u>	<u><u>\$ (543,583)</u></u>

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

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.

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Station’s financial statements for the previous year ended from which such information was derived. Certain information has been reclassified for comparison purposes.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

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, 2023**

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.

Leases

The Station determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and lease liabilities in the Statement of Net Position. Lease assets represent the Station's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the Station's obligation to make lease payments arising from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Station will exercise that option. Payments for short-term leases with a lease term of 12 months or less are recognized as expenses as incurred. The Station has a materiality threshold of \$5,000 for equipment lease payments in one year. Short-term leases and leases under the materiality threshold are not included as lease liabilities or right-to-use lease assets on the Statement of Net Position.

Governmental Accounting Standards Board Statement No. 87

The Station implemented GASB Statement No. 87, *Leases*, which changes the accounting and financial reporting for leases. Under previous guidance, leases were classified as either capital or operating depending on whether the lease met any of four tests. GASB Statement No. 87 defines a lease as a contract that conveys the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Under GASB Statement No. 87, leases other than short-term leases, defined as having a maximum possible term of 12 months or less, are required to be recognized on the Statement of Net Position. A lessee should recognize a lease liability and an intangible right-to-use leased asset, while a lessor should recognize a lease receivable and a deferred inflow of resources. Contracts that transfer ownership should be accounted for as financed purchases by the lessee or sales by the lessor.

Additional information regarding leases is present in subsequent notes.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE B – CASH AND CASH EQUIVALENTS

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

	<u>FY 2023</u>	<u>FY 2022</u>
Cash in bank	\$ 467,997	\$ 609,902
Cash equivalents	<u>2,947,074</u>	<u>2,932,313</u>
Total	<u>\$ 3,415,071</u>	<u>\$ 3,542,215</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, 2023 and 2022 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, 2023**

NOTE C – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	June 30, 2023			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 2,030,271	\$ -	\$ -	\$ 2,030,271
Furniture and equipment	758,867	-	-	758,867
Right to use leased equipment	15,265	-	-	15,265
Accumulated amortization/leased equipment	(7,045)	(7,045)	-	(14,090)
Accumulated depreciation	<u>(1,557,229)</u>	<u>(145,182)</u>	-	<u>(1,702,411)</u>
Total Capital Assets Being Depreciated	<u>\$ 1,240,129</u>	<u>\$ (152,227)</u>	<u>\$ -</u>	<u>\$ 1,087,902</u>

	June 30, 2022			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,936,368	\$ 93,903	\$ -	\$ 2,030,271
Furniture and equipment	758,867	-	-	758,867
Right to use leased equipment	15,265	-	-	15,265
Accumulated amortization/leased equipment	-	(7,045)	-	(7,045)
Accumulated depreciation	<u>(1,392,051)</u>	<u>(165,178)</u>	-	<u>(1,557,229)</u>
Total Capital Assets Being Depreciated	<u>\$ 1,318,449</u>	<u>\$ (78,320)</u>	<u>\$ -</u>	<u>\$ 1,240,129</u>

Depreciation for the years ended June 30, 2023 and 2022 was \$145,182 and \$165,178 respectively. Amortization of right to use leased equipment was \$7,045 for the years ended June 30, 2023 and June 30, 2022.

During the year ended June 30, 2022, the radio station acquired two additional licenses for \$824,665. The licenses are not amortized as they are in perpetuity and the value has not decreased. These assets are reflected as other assets in the accompanying financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE D – ACCRUED COMPENSATED LEAVE

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

	June 30, 2023		
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>
			<u>Ending Balance</u>
Compensated leave	<u>\$ 105,727</u>	<u>\$ 22,528</u>	<u>\$ (18,566)</u>
			<u>\$ 109,689</u>

	June 30, 2022		
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>
			<u>Ending Balance</u>
Compensated leave	<u>\$ 97,878</u>	<u>\$ 64,711</u>	<u>\$ (56,862)</u>
			<u>\$ 105,727</u>

NOTE E – LEASE LIABILITIES

The Station leases a vehicle under a long-term non-cancelable lease agreement. The lease was entered into during fiscal year 2020 and holds a term of 48 months. In accordance with GASB Statement No. 87, the Station records a right-to-use asset and lease liability based on the present value of expected payments over the lease term of the respective lease. The expected payments are discounted using the imputed interest rate of 2.88 percent. The future minimum payments under this lease agreement and the present value of the minimum payments as of June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 1,206</u>	<u>\$ 4</u>	<u>\$ 1,210</u>

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE F – 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, 2023 and 2022, are presented in the following table:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>		
	<u>Employee</u>	<u>2023</u> <u>Employer (B)</u>	<u>2022</u> <u>Employer (B)</u>
Florida Retirement System, Regular and PEORP	3.00	11.91	10.00
Florida Retirement System, CCORP	3.00	9.38	8.59
Florida Retirement System, Special Risk	3.00	27.83	24.45
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	-	18.60	16.98
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, 2023 and 2022, 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, 2023**

NOTE F – 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, 2023, 2022, and 2021, totaled \$62,446, \$63,101, and \$56,846, 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 three employees enrolled in the Public Employee Optional Retirement Program for the fiscal year ended June 30, 2023 and five in 2022 and required contributions of \$17,368 and \$15,977, 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, 2023 and 2022 and no contributions were required to be made to the Plan.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE F – 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 employee enrolled in the Deferred Retirement Option Program for the fiscal year ended June 30, 2023 and one in 2022 and required contributions of \$6,566 and \$8,895, respectively, were made to the Plan.

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 G – 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 H – 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.



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

To the Board of 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, as listed in the table of contents, of WQCS FM Radio, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated January 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered WQCS FM Radio's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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 or significant deficiencies 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

Report on 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 10, 2024



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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, 2023, and have issued our report thereon dated January 10, 2024.

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* and our Independent Auditor's Report on an examination conducted in accordance with AICPA Professionals Standards, AT-C Section 315 regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated January 10, 2024, should be considered in conjunction with this management letter.

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

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 note 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 10, 2024