

WSUI-AM and KSUI-FM

**2020
ANNUAL
REPORT**

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

WSUI-AM AND KSUI-FM

A Public Telecommunications Station
Operated by the University of Iowa

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

WSUI-AM AND KSUI-FM

TABLE OF CONTENTS

June 30, 2020

Management's Discussion and Analysis (unaudited)	1-5
Independent Auditor's Report	6-8
Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11-12
Notes to Financial Statements	13-23
Supplemental Information:	
Schedule of Functional Expenses	24-25
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>	26-27

WSUI-AM AND KSUI-FM

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

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

WSUI Radio Group is owned by the University of Iowa and includes the following frequencies: KSUI (91.7 FM), WSUI (910 AM) and K269EK (91.7 FM). The University of Iowa is the licensee for each of these frequencies.

The Board of Regents, State of Iowa, established Iowa Public Radio, Inc. ("IPR") to manage the day-to-day operations including management, programming and technical support of the public radio operations at the three Regents' universities. This includes the WSUI Radio Group as well as the WOI Radio Group ("WOI") owned by Iowa State University and the KUNI Radio Group ("KUNI") owned by the University of Northern Iowa. IPR is governed by a board of directors consisting of fifteen appointees. The President of the Board of Regents appoints twelve community directors to represent the interests of Iowa's communities. The president at each of the Regents' universities appoints a university director to represent the interests of each respective university.

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

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

Using the Audited Financial Statements

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

The Statements of Net Position

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

	June 30,		
	2020	2019	2018
Assets:			
Current assets	\$ 690,477	\$ 492,402	\$ 331,537
Capital assets, net	470,581	518,345	570,448
Investment pool	1,060,084	968,865	967,473
Total assets	<u>\$ 2,221,142</u>	<u>\$ 1,979,612</u>	<u>\$ 1,869,458</u>
Liabilities:			
Current liabilities	<u>\$ 68,710</u>	<u>\$ 45,258</u>	<u>\$ 59,657</u>
Net position:			
Investment in capital assets	\$ 470,581	\$ 518,345	\$ 570,448
Restricted	573,623	417,711	426,533
Unrestricted	1,108,228	998,298	812,820
Total net position	<u>\$ 2,152,432</u>	<u>\$ 1,934,354</u>	<u>\$ 1,809,801</u>
Total liabilities and net position	<u>\$ 2,221,142</u>	<u>\$ 1,979,612</u>	<u>\$ 1,869,458</u>

Total assets at June 30, 2020 increased 12.2% to \$2,221,142 compared to total assets of \$1,979,612 at the end of the prior fiscal year. Current assets at June 30, 2020 increased 40.2% to \$690,477 compared to current assets of \$492,402 at the end of the prior fiscal year. The increase in current assets is due to an increase in cash and cash equivalents and prepaid expenses. Current assets at the end of fiscal year 2019 increased compared to current assets at the end of fiscal year 2018 due to an increase in cash and cash equivalents.

Capital assets at June 30, 2020 decreased 9.2% to \$470,581 compared to capital assets of \$518,345 at the end of the prior fiscal year. The decrease in capital assets is due to the recording of depreciation and minimal capital asset purchases. Capital assets at the end of fiscal year 2019 decreased compared to capital assets at the end of fiscal year 2018 due to asset disposals, the recording of depreciation and minimal capital asset purchases.

Assets in the investment pool at June 30, 2020 increased 9.4% to \$1,060,084 compared to \$968,865 at the end of the prior fiscal year. The increase in investment pool assets is due to an increase in the permanent endowment offset by the depreciation of investments. Assets in the investment pool at the end of fiscal year 2019 increased compared to the end of fiscal year 2018 due to the appreciation of investments offset by a decrease in spendable cash.

Current liabilities at June 30, 2020 increased 51.8% to \$68,710 compared to current liabilities of \$45,258 at the end of the prior fiscal year. The increase in current liabilities is due to an increase in accounts payable. Current liabilities at the end of the fiscal year 2019 decreased compared to current liabilities at the end of fiscal year 2018 due to a decrease in accounts payable and the amount due to related party.

Total net position at June 30, 2020 increased 11.3% to \$2,152,432 compared to total net position of \$1,934,354 at the end of the prior fiscal year. Capital assets, as referenced above, decreased at June 30, 2020 compared to capital assets at the end of the prior fiscal year. Restricted assets increased at June 30, 2020 due to changes in the investment pool and stabilization funding received from the Corporation for Public Broadcasting as part

of the CARES act. Unrestricted assets increased at June 30, 2020 due to the net profit. Total net position at the end of fiscal year 2019 increased compared to total net position at the end of fiscal year 2018.

The Statements of Revenues, Expenses and Changes in Net Position

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

	For the years ended June 30,		
	2020	2019	2018
Total operating revenues	\$ 2,938,187	\$ 2,854,761	\$ 2,691,635
Total operating expenses	<u>2,829,390</u>	<u>2,748,846</u>	<u>2,630,223</u>
Operating income	108,797	105,915	61,412
Non-operating revenues (expenses) - net	<u>(21,960)</u>	<u>18,638</u>	<u>31,864</u>
Income before other revenues, expenses, gains and losses	86,837	124,553	93,276
Other revenues, expenses, gains and losses	<u>131,241</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 218,078</u>	<u>\$ 124,553</u>	<u>\$ 93,276</u>

Total operating revenues for the year ended June 30, 2020 increased 2.9% to \$2,938,187 compared to \$2,854,761 for the year ended June 30, 2019. Major components of operating revenues include:

- Support from IPR including membership and fundraising campaigns, underwriting revenue and state appropriations increased operating revenues by \$198,464;
- Support from the Corporation for Public Broadcasting for stabilization funds increased operating revenues by \$75,000;
- Support from the University of Iowa for institutional, physical plant and occupancy decreased operating revenues by \$152,664;
- Support from the University of Iowa for general appropriations decreased operating revenues by \$26,042;
- Support from the Corporation for Public Broadcasting for community service grants decreased operating revenues by \$11,104; and
- Support from membership and fundraising campaigns decreased operating revenues by \$228.

Total operating revenues for the year ended June 30, 2019 increased 6.1% to \$2,854,761 compared to \$2,691,635 for the year ended June 30, 2018. This increase was primarily due to increases in support from IPR, community service grants and institutional, physical plant and occupancy support from the University of Iowa.

Total operating expenses for the year ended June 30, 2020 increased 2.9% to \$2,829,390 compared to \$2,748,846 for the year ended June 30, 2019. Major components of operating expenses include:

- Programming and production related expenses increased operating expenses by \$80,741 primarily due to increases in direct expenses paid by IPR, programming fees and salaries, wages and benefits;
- Broadcasting and engineering related expenses increased operating expenses by \$54,768 primarily due to increases in direct expenses paid by IPR, salaries, wages and benefits, repairs and maintenance, and facilities;
- Program information and promotion related expenses increased operating expenses by \$42,296 primarily due to an increase in direct expenses paid by IPR;
- Fundraising and membership development related expenses increased operating expenses by \$10,165 primarily due to increases in direct expenses paid by IPR and salaries, wages and benefits;
- Depreciation expense increased operating expenses by \$2,792; and
- Management and general related expenses decreased operating expenses by \$110,218 primarily due to a decrease in institutional support from the University of Iowa offset by increases in direct expenses paid by IPR, services and repairs and maintenance.

Total operating expenses for the year ended June 30, 2019 increased 4.5% to \$2,748,846 compared to \$2,630,223 for the year ended June 30, 2018. This increase was primarily due to an increase in direct expenses paid by IPR offset by a decrease in repairs and maintenance.

Non-operating revenues (expenses) for the year ended June 30, 2020 decreased 217.8% to (\$21,960) compared to \$18,638 for the year ended June 30, 2019. This decrease is due to a decrease in investment return.

Non-operating revenues (expenses) for the year ended June 30, 2019 decreased 41.5% to \$18,638 compared to \$31,864 for the year ended June 30, 2018. This decrease was due to a decrease in insurance recovery offset by an increase in investment return.

The Statements of Cash Flows

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

	For the years ended June 30,		
	2020	2019	2018
Cash provided (used) by:			
Operating activities	\$ 204,568	\$ 161,414	\$ 150,764
Non-capital financing activities	-	-	-
Capital financing activities	(25,292)	(18,162)	(19,061)
Investing activities	17,796	16,982	16,412
Net change in cash	197,072	160,234	148,115
Cash beginning of year	477,508	317,274	169,159
Cash end of year	<u>\$ 674,580</u>	<u>\$ 477,508</u>	<u>\$ 317,274</u>

Cash from operating activities increased to \$204,568 for the year ended June 30, 2020 compared to \$161,414 for the year ended June 30, 2019 due to increases in cash received from stabilization funds and membership offset by decreases in cash received from general appropriations from the University of Iowa and community service grants and increases in cash payments to employees for salaries, wages and benefits and to suppliers

for goods and services.

Cash from non-capital financing activities remained at \$0 for the year ended June 30, 2020 compared to the year ended June 30, 2019.

Cash from capital financing activities decreased to (\$25,292) for the year ended June 30, 2020 compared to (\$18,162) for the year ended June 30, 2019 due to an increase in the purchase of capitalized equipment.

Cash from investing activities increased to \$17,796 for the year ended June 30, 2020 compared to \$16,982 for the year ended June 30, 2019 due to an increase in the cash received from the sale of investments.

The net increase in cash and cash equivalents is \$197,072 for the year ended June 30, 2020 compared to a net increase of \$160,234 for the year ended June 30, 2019.

Capital Assets

At June 30, 2020, capital assets totaled \$2,177,203, with accumulated depreciation of \$1,706,622, for net capital assets of \$470,581. At June 30, 2019, capital assets totaled \$2,151,910, with accumulated depreciation of \$1,633,565, for net capital assets of \$518,345. Depreciation charges for the year ended June 30, 2020 totaled \$73,057 compared to \$70,265 for the year ended June 30, 2019. Capital assets, net of accumulated depreciation, are as follows:

	For the years ended June 30,		
	2020	2019	2018
Towers and transmission equipment	\$ 443,102	\$ 485,438	\$ 532,112
Broadcast and production equipment	18,688	23,773	28,858
Office furniture and equipment	8,791	9,134	9,478
Investment in capital assets	<u>\$ 470,581</u>	<u>\$ 518,345</u>	<u>\$ 570,448</u>

Economic Outlook

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

Contacting WSUI Radio Group's Financial Management

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



INDEPENDENT AUDITOR'S REPORT

Mr. Terry Johnson
University Chief Financial Officer and Treasurer
University of Iowa
Iowa City, Iowa

We have audited the accompanying financial statements of WSUI-AM and KSUI-FM, a public telecommunications station operated by the University of Iowa, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise WSUI-AM and KSUI-FM'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Iowa Society of Certified
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Forensic Accountants
Society of North America

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of WSUI-AM and KSUI-FM as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of WSUI-AM and KSUI-FM are intended to present the net position, changes in net position, and cash flows of only that portion of the business type activities of the University of Iowa that is attributable to the transactions of WSUI-AM and KSUI-FM. They do not purport to, and do not present fairly the financial position of the University of Iowa as of June 30, 2020 and 2019, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 - 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

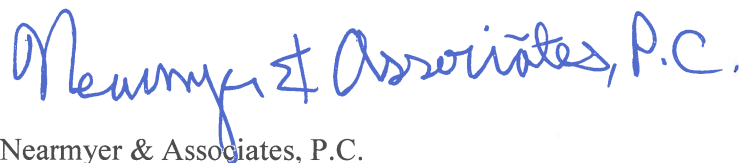
Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2020 on our consideration of WSUI-AM and KSUI-FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 WSUI-AM and KSUI-FM's internal control over financial reporting and compliance.

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

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

December 2, 2020

WSUI-AM AND KSUI-FM

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 674,580	\$ 477,508
Prepaid expenses	15,897	14,894
Total current assets	<u>690,477</u>	<u>492,402</u>
Capital assets, net	470,581	518,345
Investments held by the University of Iowa Foundation	1,051,033	959,440
Investments held by the University of Iowa long-term endowment pool	9,051	9,425
Total non-current assets	<u>1,530,665</u>	<u>1,487,210</u>
Total assets	<u>\$ 2,221,142</u>	<u>\$ 1,979,612</u>
<u>LIABILITIES AND NET POSITION</u>		
Accounts payable	\$ 31,396	\$ 8,581
Accrued compensation	<u>37,314</u>	<u>36,677</u>
Total liabilities	<u>68,710</u>	<u>45,258</u>
Net position		
Investment in capital assets	470,581	518,345
Restricted:		
Expendable	84,051	9,425
Non-expendable	489,572	408,286
Unrestricted	<u>1,108,228</u>	<u>998,298</u>
Total net position	<u>2,152,432</u>	<u>1,934,354</u>
Total liabilities and net position	<u>\$ 2,221,142</u>	<u>\$ 1,979,612</u>

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

WSUI-AM AND KSUI-FM

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

June 30, 2020 and 2019

<u>OPERATING REVENUES</u>		
	<u>2020</u>	<u>2019</u>
Support from the University of Iowa:		
General appropriations	\$ 321,184	\$ 347,226
Institutional, physical plant and occupancy	115,793	268,457
Support from Iowa Public Radio, Inc.:		
Memberships and fundraising campaigns	1,554,572	1,337,632
Program underwriting	570,538	559,279
State appropriations	116,883	116,886
Special events	-	23,406
Other revenue	-	6,326
Support from Corporation for Public Broadcasting:		
Community service grants	182,031	193,135
Stabilization funds	75,000	-
Memberships and fundraising campaigns	2,186	2,414
Total operating revenues	<u>2,938,187</u>	<u>2,854,761</u>
<u>OPERATING EXPENSES</u>		
Program services:		
Programming and production	1,178,410	1,097,669
Broadcasting and engineering	490,792	436,024
Program information and promotion	46,888	4,592
Support services:		
Management and general	511,132	621,350
Fundraising and membership development	529,111	518,946
Depreciation	73,057	70,265
Total operating expenses	<u>2,829,390</u>	<u>2,748,846</u>
Operating income	<u>108,797</u>	<u>105,915</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Investment return	(22,225)	18,373
Rental revenue	265	265
Total non-operating revenues (expenses) - net	<u>(21,960)</u>	<u>18,638</u>
Income before other revenues, expenses, gains and losses	86,837	124,553
Contributions to permanent operating endowment	131,241	-
Total other revenues, expenses, gains and losses	<u>131,241</u>	<u>-</u>
Change in net position	218,078	124,553
Net position, beginning of year	<u>1,934,354</u>	<u>1,809,801</u>
Net position, end of year	<u>\$ 2,152,432</u>	<u>\$ 1,934,354</u>

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

WSUI-AM AND KSUI-FM

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2020</u>	<u>2019</u>
Cash received from the University of Iowa general appropriations	\$ 321,184	\$ 347,226
Cash received from community service grants	182,031	193,135
Cash received from stabilization funds	75,000	-
Cash received from Iowa Public Radio, Inc. for membership and fundraising campaigns	575,000	550,000
Cash received from major gifts, memberships and fundraising campaigns	2,186	2,414
Cash received from other revenue	265	265
Cash payments to employees for salaries, wages and benefits	(449,154)	(432,340)
Cash payments to suppliers for goods and services	(501,944)	(499,286)
Net cash flows provided by operating activities	<u>204,568</u>	<u>161,414</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of equipment - capitalized	<u>(25,292)</u>	<u>(18,162)</u>
Net cash flows used by capital financing activities	<u>(25,292)</u>	<u>(18,162)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	19,982	19,396
Purchase of investments	<u>(2,186)</u>	<u>(2,414)</u>
Net cash flows provided by investing activities	<u>17,796</u>	<u>16,982</u>
Net increase in cash and cash equivalents	197,072	160,234
Cash and cash equivalents, beginning of year	<u>477,508</u>	<u>317,274</u>
Cash and cash equivalents, end of year	<u>\$ 674,580</u>	<u>\$ 477,508</u>

Continued.....

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

WSUI-AM AND KSUI-FM

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET</u>		
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Operating income	\$ 108,797	\$ 105,915
Transactions not requiring cash:		
Depreciation	73,057	70,265
Non-operating rental revenue	265	265
(Increase) decrease in:		
Prepaid expenses	(1,003)	(631)
Increase (decrease) in:		
Accounts payable	22,815	(10,959)
Due to related party	-	(4,210)
Accrued compensation	637	769
Net cash flows provided by operating activities	<u>\$ 204,568</u>	<u>\$ 161,414</u>

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Net investment return of (\$22,225) decreased and \$18,373 increased the fair value of the Station's investments at June 30, 2020 and 2019, respectively.

The Station received contributions to a permanent operating endowment at the University of Iowa Foundation in the amount of \$131,241 and \$0 for the years ended June 30, 2020 and 2019, respectively.

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

WSUI - AM AND KSUI - FM

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Financial Statement Presentation

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

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

Basis of Accounting

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

Nature of Activities

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

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the

reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

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

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

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

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

- Money market funds held by the University and the University of Iowa Foundation (the "Foundation") of \$257,296 is reported at fair value based on market price obtained from external investment manager (Level 1).
- Short-term maturity investment pool held by the Foundation of \$444,457 is reported at fair value based on market price obtained from external investment manager (Level 1).
- Long-term maturity investment pool held by the Foundation of \$358,331 is reported at fair value using the practical expedient. The practical expedient allows for the use of net asset value ("NAV"), either as reported by the investee fund or as adjusted by the Foundation management based on various factors including considering contributions and withdrawals to the fund and monitoring unaudited interim reporting provided by the fund related to investment returns to calculate NAV.

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

- Money market funds held by the University and the University of Iowa Foundation (the "Foundation") of \$126,388 is reported at fair value based on market price obtained from external investment manager (Level 1).
- Short-term maturity investment pool held by the Foundation of \$434,191 is reported at fair value based on market price obtained from external investment manager (Level 1).
- Long-term maturity investment pool held by the Foundation of \$408,286 is reported at fair value using the practical expedient. The practical expedient allows for the use of net asset value ("NAV"), either as reported by the investee fund or as adjusted by the Foundation management based on various factors including considering contributions and withdrawals to the fund and monitoring unaudited interim reporting provided by the fund related to investment returns to calculate NAV.

Capital Assets

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

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, with

useful lives ranging from 5 to 40 years. Depreciation expense charged to operations for the years ended June 30, 2020 and 2019 totaled \$73,057 and \$70,265, respectively.

Net Position

The Station's net position is classified as follows:

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

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

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

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

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

Restricted net position is available for the following purposes:

	2020	2019
Restricted, expendable:		
Scholarships	\$ 9,051	\$ 9,425
Stabilization funds	75,000	-
Total restricted, expendable	<u>84,051</u>	<u>9,425</u>
Restricted, non-expendable:		
Classical music programming	181,815	207,269
WSUI programming	11,281	12,861
KSUI programming	52,239	59,341
WSUI/KSUI programming	<u>244,237</u>	<u>128,815</u>
Total restricted, non-expendable	<u>489,572</u>	<u>408,286</u>
Total restricted net position	<u>\$ 573,623</u>	<u>\$ 417,711</u>

University Support and Grant Revenue

University support is recorded as revenue when expenditures are incurred. Grants and other support to finance capital assets are recognized as revenue when expenditures are incurred. Grants utilized to finance non-capital equipment and improvements are recorded when awarded by the grantor.

In-Kind Support

Contributed services are recognized as contributions if the services received, created or enhanced a long-lived asset or required specialized skills provided by individuals possessing those skills and would typically need to be

purchased if not provided by donation. Volunteers provide a variety of tasks that assist the Station throughout the year that have not been recognized as contributions in the financial statements because the criteria for recognition was not met. No contributed services were recognized for the years ended June 30, 2020 and 2019, respectively.

Pledges and Contributions

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

Program Underwriting

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

Functional Allocation of Expenses

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

Operating and Non-Operating Activities

Operating activities generally result from the production of program material suitable for public broadcasting. Revenues associated with, or restricted by donors for use for capital assets, and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues.

Reclassification

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

2. TRANSACTIONS WITH THE UNIVERSITY OF IOWA

The Station receives general appropriations from the University to help support the cost of operations. General appropriations awarded to the Station were \$321,184 and \$347,226 for the years ended June 30, 2020 and 2019, respectively.

The Station receives indirect support from the University, which consists of allocated institutional support, physical plant and office and studio occupancy costs incurred by the University for which the Station received benefits. The value of the indirect support is computed using the valuation method currently advocated by the Corporation for Public Broadcasting, which approximates fair value. The value of the indirect support totaled \$115,793 and \$268,457 for the years ended June 30, 2020 and 2019, respectively.

Program underwriting from various University departments totaled \$83,823 and \$96,653 for the years ended June 30, 2020 and 2019, respectively.

Financial statements for the University of Iowa can be obtained from the Controller's Office, University of Iowa, Jessup Hall, 5 West Jefferson Street, Iowa City, IA 52242 or from the University's website at www.uiowa.edu.

3. TRANSACTIONS WITH IOWA PUBLIC RADIO, INC.

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

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

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

IPR hosts special events as part of its fundraising efforts. A portion of the special events revenue is included when IPR distributes revenue in the form of payment of expenses for the direct benefit of the Station.

IPR offers online ads as part of its underwriting campaign. A portion of the online ad revenue is included when IPR distributes revenue in the form of payment of expenses for the direct benefit of the Station.

The following summarizes the distributions from IPR for the year ended June 30, 2020:

	<u>Cash</u> <u>Contributions</u>	<u>Payment of</u> <u>Direct Expenses</u>	<u>Total</u>
Memberships and fundraising campaigns	\$ 575,000	\$ 979,572	\$ 1,554,572
Program underwriting	-	570,538	570,538
State appropriation	-	116,883	116,883
Special events	-	-	-
Other revenue	-	-	-
	<u>\$ 575,000</u>	<u>\$ 1,666,993</u>	<u>\$ 2,241,993</u>

The following summarizes the distributions from IPR for the year ended June 30, 2019:

	<u>Cash</u> <u>Contributions</u>	<u>Payment of</u> <u>Direct Expenses</u>	<u>Total</u>
Memberships and fundraising campaigns	\$ 550,000	\$ 787,632	\$ 1,337,632
Program underwriting	-	559,279	559,279
State appropriation	-	116,886	116,886
Special events	-	23,406	23,406
Other revenue	-	6,326	6,326
	<u>\$ 550,000</u>	<u>\$ 1,493,529</u>	<u>\$ 2,043,529</u>

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

4. THE CORPORATION FOR PUBLIC BROADCASTING

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

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

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

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

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

The Station received \$75,000 in stabilization funding from the CPB as part of the CARES act to prevent, prepare for, and respond to COVID-19. These funds have no expenditure period and are unrestricted funds intended to be used as needed to sustain operations and services.

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

Year of Grant	Grants Received	Expended		Uncommitted Balance at 6/30/2020
		2019	2020	
2019	\$ 193,135	\$ 193,135	\$ -	\$ -
2020	182,031	-	182,031	-
2020	75,000	-	-	75,000

5. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The University, the Foundation, and its agents, hold the Station's investments and are uninsured and

unregistered securities not held in the Station's name. The University and the Foundation have various investment pools from which the Station may allocate investments. The Station's investment policy is to invest the majority of the Friends of WSUI/KSUI account in the short-maturity pool, which consists of 100% low risk, fixed income instruments. The balance is invested in the long-term pool, a higher risk, higher return portfolio which consists of 40% global equities, 20% global fixed income, 20% real assets and 20% diversifying strategies.

The investment composition as of June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Investments		
Money market	\$ 257,296	\$ 126,388
Short-term maturity investment pool	444,457	434,191
Long-term maturity investment pool	<u>358,331</u>	<u>408,286</u>
Total investments	<u>\$ 1,060,084</u>	<u>\$ 968,865</u>

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

	<u>2020</u>	<u>2019</u>
Investment return		
Dividends and interest	\$ 29,315	\$ 29,672
Management fees	(39,312)	(38,845)
Net realized and unrealized gains (losses)	<u>(12,228)</u>	<u>27,546</u>
Total investment return	<u>\$ (22,225)</u>	<u>\$ 18,373</u>

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

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation manages credit risk by diversification to multiple counterparties.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of June 30, 2020, the Station's cash and cash equivalents were highly concentrated in University cash accounts and the investments were highly concentrated in the Foundation's investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of a depository financial institution, the Station may not be able to recover deposits or collateral securities. As of June 30, 2020 and 2019, the carrying amount of deposits with the University totaled \$674,580 and \$477,508, respectively. The cash accounts of the University are FDIC insured or covered by the State of Iowa Sinking Fund. The Station's investments held by the Foundation are held by a number of custodians.

Financial statements for the Foundation can be obtained from the University of Iowa Foundation at Levitt Center for University Advancement, 1 West Park Road, Iowa City, IA 52244.

6. ENDOWMENT

The Station's endowment consists of 7 individual funds established for a variety of purposes. The endowment includes only donor-restricted endowment funds. Net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law: The Board of Directors of the Station interprets the Iowa Uniform Prudent Management of Institutional Funds Act ("UPMIFA") to require consideration of the following factors, if relevant, in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the endowment fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the institution; and
- The investment policy of the institution.

In accordance with the Station's interpretation of UPMIFA, absent explicit donor stipulations to the contrary, the Station shall classify the original value of the gifts donated to the permanent endowment as non-expendable net position, but such classification does not limit the expenditures from the endowment fund only to income, interest, dividends, rents, issues or profits. The portion of the fund's value spendable annually for the donor-designated purpose is to be determined, from time to time, by the University and Foundation, acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, considering the above relevant factors.

A summary of the changes in endowment net position as of June 30, 2020 is as follows:

	<u>Expendable</u>	<u>Non-Expendable</u>	<u>Total</u>
Endowment net position, beginning of year	\$ 9,425	\$ 408,286	\$ 417,711
Investment income	77	-	77
Net appreciation/(depreciation)	95	(26,187)	(26,092)
Amounts appropriated for expenditure	(546)	(23,768)	(24,314)
New gifts received during fiscal year	-	131,241	131,241
Endowment net position, end of year	<u>\$ 9,051</u>	<u>\$ 489,572</u>	<u>\$ 498,623</u>

A summary of the changes in endowment net position as of June 30, 2019 is as follows:

	<u>Expendable</u>	<u>Non-Expendable</u>	<u>Total</u>
Endowment net position, beginning of year	\$ 9,407	\$ 417,126	\$ 426,533
Investment income	80	-	80
Net appreciation/(depreciation)	525	14,812	15,337
Amounts appropriated for expenditure	(587)	(23,652)	(24,239)
New gifts received during fiscal year	-	-	-
Endowment net position, end of year	<u>\$ 9,425</u>	<u>\$ 408,286</u>	<u>\$ 417,711</u>

The Station has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the investment objective of the endowment is to seek maximum total return consistent with the preservation of principal, diversification, and avoidance of

excessive risk. The Station will exercise reasonable care, skill, and caution with regard to the investment of funds in the context of the entire portfolio which incorporates risk and return objectives reasonably suitable to the purposes of the Station. The assets are to be managed in a manner that seeks to meet these investment objectives, while at the same time attempting to reduce volatility in year-to-year spending. Actual returns in any given year may vary.

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

7. CAPITAL ASSETS

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

	June 30, 2019	Additions	Reductions	June 30, 2020
Depreciable capital assets:				
Towers and transmission equipment	\$ 1,783,687	\$ 25,293	\$ -	\$ 1,808,980
Broadcast and production equipment	277,972	-	-	277,972
Office furniture and equipment	90,251	-	-	90,251
Total depreciable capital assets	<u>2,151,910</u>	<u>25,293</u>	<u>-</u>	<u>2,177,203</u>
Less accumulated depreciation:				
Towers and transmission equipment	1,298,249	67,629	-	1,365,878
Broadcast and production equipment	254,199	5,085	-	259,284
Office furniture and equipment	81,117	343	-	81,460
Total accumulated depreciation	<u>1,633,565</u>	<u>73,057</u>	<u>-</u>	<u>1,706,622</u>
Net investment in capital assets	<u>\$ 518,345</u>	<u>\$ (47,764)</u>	<u>\$ -</u>	<u>\$ 470,581</u>

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

	June 30, 2018	Additions	Reductions	June 30, 2019
Depreciable capital assets:				
Towers and transmission equipment	\$ 1,779,449	\$ 18,162	\$ 13,924	\$ 1,783,687
Broadcast and production equipment	284,638	-	6,666	277,972
Office furniture and equipment	90,251	-	-	90,251
Total depreciable capital assets	<u>2,154,338</u>	<u>18,162</u>	<u>20,590</u>	<u>2,151,910</u>
Less accumulated depreciation:				
Towers and transmission equipment	1,247,336	64,837	13,924	1,298,249
Broadcast and production equipment	255,780	5,085	6,666	254,199
Office furniture and equipment	80,774	343	-	81,117
Total accumulated depreciation	<u>1,583,890</u>	<u>70,265</u>	<u>20,590</u>	<u>1,633,565</u>
Net investment in capital assets	<u>\$ 570,448</u>	<u>\$ (52,103)</u>	<u>\$ -</u>	<u>\$ 518,345</u>

8. LEASE COMMITMENTS

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

1. A non-cancellable lease with Iowa Public Broadcasting Board to affix a radio transmission antenna on their tower for KSUI with rent payments increasing 2% annually, plus utilities. Rent totaled \$19,452 and \$19,061 for the years ended June 30, 2020 and 2019, respectively. Utilities totaled \$37,857 and \$36,701 for the years ended June 30, 2020 and 2019, respectively.
2. A year-to-year lease with KDUB-TV to affix two antennas on their tower for KSUI and K269EK. Rent totaled \$2,400 for each of the years ended June 30, 2020 and 2019.
3. A non-cancellable lease with Radio Communications Company, Inc. to affix a radio transmission antenna on their tower for K246CV with rent payments fixed during the first two years then increasing 3% annually. Rent totaled \$2,345 for the year ended June 30, 2020.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 24,531
2022	24,998
2023	25,546
2024	26,106
2025	24,039
	<u>\$ 125,220</u>

9. EMPLOYEE BENEFITS AND RETIREMENT PLAN

Station personnel who are employees of the University are entitled to University fringe benefit programs. The University uses a fringe benefit pool method to allocate expenses to University departments in order to pay fringe benefits. Under this method, the Station is charged a percentage of compensation for each employee based on one of the twelve University-defined employee groups. The University maintains and pays all applicable benefits and the obligation for compensated absences. The fringe benefit rate for the Station for full-time employees for the years ended June 30, 2020 and 2019 is 41.0% and 39.0%, respectively, including the contribution to the retirement programs discussed below.

Teachers Insurance and Annuity Association

The University contributes to the Teachers Insurance and Annuity Association ("TIAA") retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents establishes and amends the plan's provision and contribution requirements. As required by the Board of Regent's policy, all eligible University employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA for years 2020 and 2019, each employee through the fifth year of employment contributed 3 1/3% of the first \$4,800 of earnings and 5% on the balance of earnings. The University, through the fifth year of employment, contributed 6 2/3% of the first \$4,800 of earnings and 10% on earnings above the \$4,800. Upon completion of five years of service, the participant contributed 5% and the University contributed 10% on all earnings.

The Station's share of employer contributions to TIAA is included in salaries, wages and benefits expense for the years ended June 30, 2020 and 2019. The Station's contributions are funded on a monthly basis therefore no liability has been recognized as of June 30, 2020 and 2019, respectively.

10. RISK MANAGEMENT

The Station is exposed to various risks of loss related to property loss, liability under tort, theft, damage to or the destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are subject to the same insurance coverage as the University, which includes catastrophic property insurance, self-insured liability losses and limited motor vehicle liability coverage.

The COVID-19 outbreak of 2020 has caused business disruption. The related long-term financial impact and duration cannot be reasonably estimated at this time.

11. NON-FEDERAL FINANCIAL SUPPORT

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

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

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

12. SUBSEQUENT EVENTS

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

The Station has evaluated events and transactions for possible adjustment or disclosure through December 2, 2020, which is the date the financial statements were available to be issued.

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

Supplemental Information

WSUI-AM AND KSUI-FM

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services				Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Total Support Services	Total
Salaries, wages & benefits	\$ 253,990	\$ 110,065	\$ -	\$ 364,055	\$ -	\$ 85,737	\$ 85,737	\$ 449,792
Direct expenses paid by Iowa Public Radio	538,214	291,042	46,888	876,144	348,332	442,517	790,849	1,666,993
Institutional, physical plant & occupancy - UofI	-	-	-	-	115,793	-	115,793	115,793
Programming fees	363,488	-	-	363,488	-	-	-	363,488
Depreciation	-	-	-	-	-	-	73,057	73,057
Professional services	22,044	450	-	22,494	42,776	-	42,776	65,270
Facilities	-	63,839	-	63,839	-	-	-	63,839
Telecommunications	318	12,960	-	13,278	-	-	-	13,278
Office & other supplies	178	1,886	-	2,064	41	-	41	2,105
Travel	178	5,932	-	6,110	-	857	857	6,967
Repairs & maintenance	-	4,593	-	4,593	4,070	-	4,070	8,663
Prof development	-	-	-	-	-	-	-	-
Postage & printing	-	25	-	25	120	-	120	145
Recruitment	-	-	-	-	-	-	-	-
Total expenses	\$ 1,178,410	\$ 490,792	\$ 46,888	\$ 1,716,090	\$ 511,132	\$ 529,111	\$ 1,040,243	\$ 2,829,390

See Independent Auditor's Report.

WSUI-AM AND KSUI-FM

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

	Program Services				Support Services			
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Total Support Services	Total
Salaries, wages & benefits	\$ 242,035	\$ 106,410	\$ -	\$ 348,445	\$ -	\$ 84,664	\$ 84,664	\$ 433,109
Direct expenses paid by Iowa Public Radio	487,178	247,656	4,592	739,426	320,648	433,455	754,103	1,493,529
Institutional, physical plant & occupancy - UofI	-	-	-	-	268,457	-	268,457	268,457
Programming fees	342,570	-	-	342,570	-	-	-	342,570
Depreciation	-	-	-	-	-	-	70,265	70,265
Professional services	21,260	606	-	21,866	30,746	419	31,165	53,031
Facilities	-	59,607	-	59,607	-	-	-	59,607
Telecommunications	3,324	12,645	-	15,969	-	-	-	15,969
Office & other supplies	68	2,151	-	2,219	293	-	293	2,512
Travel	1,234	6,017	-	7,251	-	408	408	7,659
Repairs & maintenance	-	932	-	932	1,145	-	1,145	2,077
Prof development	-	-	-	-	-	-	-	-
Postage & printing	-	-	-	-	61	-	61	61
Recruitment	-	-	-	-	-	-	-	-
Total expenses	\$ 1,097,669	\$ 436,024	\$ 4,592	\$ 1,538,285	\$ 621,350	\$ 518,946	\$ 1,140,296	\$ 2,748,846

See Independent Auditor's Report.



**NEARMYER
& ASSOCIATES, P.C.**
— CERTIFIED PUBLIC ACCOUNTANTS —

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

Mr. Terry Johnson
University Chief Financial Officer and Treasurer
University of Iowa
Iowa City, Iowa

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 WSUI-AM and KSUI-FM (the "Station"), which comprise the statement of net position as of June 30, 2020, and the related statements of revenues and the changes in its net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Station's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

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Iowa Society of Certified
Public Accountants

Forensic Accountants
Society of North America

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

December 2, 2020