

WOI - AM/FM

2020

ANNUAL

REPORT

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

WOI - AM/FM

A Public Telecommunications Station
Operated by Iowa State University

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

WOI - AM/FM

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WOI - AM/FM

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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

WOI Radio Group ("WOI") provides this Management's Discussion and Analysis as a narrative overview of the financial performance of WOI 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.

WOI Radio Group is owned by Iowa State University and includes the following frequencies: KNSZ (89.1 FM), KNSL (97.9 FM), KNSK (91.1 FM), KNSC (90.7 FM), KICP (105.9 FM), KICL (96.3 FM), KICG (91.7 FM) and WOI (640 AM and 90.1 FM). Iowa State University is the licensee for these frequencies.

The Board of Regents, State of Iowa, established Iowa Public Radio, Inc. ("IPR") to manage the day-to-day operations including management, programming and technical support of the public radio operations at the three Regents' universities. This includes the WOI Radio Group as well as the WSUI Radio Group ("WSUI") owned by the University of Iowa 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 WOI 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 WOI which consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. WOI prepares its financial statements in accordance with Governmental Accounting Standards Board ("GASB") standards. These financial statements provide information on WOI as a whole and present both a short-term and long-term view of WOI'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 WOI 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.

WOI - AM/FM

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

	June 30,		
	2020	2019	2018
Assets:			
Current assets	\$ 404,680	\$ 248,950	\$ 322,929
Capital assets, net	2,839,787	2,968,641	2,817,565
Investment pool	106,341	111,290	111,899
Total assets	<u>\$ 3,350,808</u>	<u>\$ 3,328,881</u>	<u>\$ 3,252,393</u>
Liabilities:			
Current liabilities	<u>\$ 29,899</u>	<u>\$ 56,214</u>	<u>\$ 54,605</u>
Net position:			
Investment in capital assets	\$ 2,839,787	\$ 2,968,641	\$ 2,817,565
Restricted	112,136	16,043	-
Unrestricted	368,986	287,983	380,223
Total net position	<u>\$ 3,320,909</u>	<u>\$ 3,272,667</u>	<u>\$ 3,197,788</u>
Total liabilities and net position	<u>\$ 3,350,808</u>	<u>\$ 3,328,881</u>	<u>\$ 3,252,393</u>

Total assets at June 30, 2020 increased 0.7% to \$3,350,808 compared to total assets of \$3,328,881 at the end of the prior fiscal year. Current assets at June 30, 2020 increased 62.6% to \$404,680 compared to current assets of \$248,950 at the end of the prior fiscal year. The increase in current assets is due to increases in cash and cash equivalents, accounts receivable and prepaid expenses. Current assets at the end of fiscal year 2019 decreased compared to current assets at the end of fiscal year 2018 due to decreases in cash and cash equivalents and accounts receivable offset by an increase in prepaid expenses.

Capital assets at June 30, 2020 decreased 4.3% to \$2,839,787 compared to capital assets of \$2,968,641 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 increased compared to capital assets at the end of fiscal year 2018 due to capital purchases offset by the recording of depreciation and disposal of assets.

Assets in the investment pool at June 30, 2020 decreased 4.4% to \$106,341 compared to assets in the investment pool of \$111,290 at the end of the prior fiscal year. The decrease in assets in the investment pool is due to the negative investment return. Assets in the investment pool at the end of fiscal year 2019 decreased compared to the end of fiscal year 2018 due to the transfer of earnings.

Current liabilities at June 30, 2020 decreased 46.8% to \$29,899 compared to current liabilities of \$56,214 at the end of the prior fiscal year. The decrease in current liabilities is primarily due to a decrease in accrued compensation offset by an increase in accounts payable. Current liabilities at the end of fiscal year 2019 increased compared to current liabilities at the end of fiscal year 2018 due to an increase in accounts payable offset by a decrease in accrued

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

compensation.

Total net position at June 30, 2020 increased 1.5% to \$3,320,909 compared to total net position of \$3,272,667 at the end of the prior fiscal year. Capital assets, as referenced above, decreased 4.3% 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 the stabilization funding received from the Corporation from Public Broadcasting as part of the CARES act. Unrestricted assets increased 28.1% at June 30, 2020 due to the change in investment in capital assets and restricted net position. 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	\$ 3,213,635	\$ 2,711,694	\$ 2,834,261
Total operating expenses	<u>3,200,483</u>	<u>2,917,026</u>	<u>2,854,019</u>
Operating gain (loss)	13,152	(205,332)	(19,758)
Non-operating revenues (expenses) - net	<u>35,090</u>	<u>280,211</u>	<u>75,811</u>
Change in net position	<u>\$ 48,242</u>	<u>\$ 74,879</u>	<u>\$ 56,053</u>

Total operating revenues for the year ended June 30, 2020 increased 18.5% to \$3,213,635 compared to \$2,711,694 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 \$214,366;
- Support from Iowa State University for institutional, physical plant and occupancy support increased operating revenues by \$203,722;
- Support from the Corporation for Public Broadcasting for stabilization funds increased operating revenues by \$112,136;
- Community service grants increased operating revenues by \$3,771;
- Support from Iowa State University for general appropriations decreased operating revenues by \$20,402; and
- Other revenue decreased operating revenues by \$11,652.

Total operating revenues for the year ended June 30, 2019 decreased 4.3% to \$2,711,694 compared to \$2,834,261 for the year ended June 30, 2018. This decrease was primarily due to decreases in support from IPR and

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

institutional, physical plant and occupancy support from Iowa State University offset by increases in community service grants and other revenue.

Total operating expenses for the year ended June 30, 2020 increased 9.7% to \$3,200,483 compared to \$2,917,026 for the year ended June 30, 2019. Major components of operating expenses include:

- Management and general related expenses increased operating expenses by \$233,262 primarily due to increases in institutional support from Iowa State University and direct expenses paid by IPR;
- Program information and promotion related expenses increased operating expenses by \$42,296 primarily due to an increase in direct expenses paid by IPR;
- Programming and production related expenses increased operating expenses by \$19,121 primarily due to increases in direct expenses paid by IPR and programming fees offset by a decrease in salaries, wages and benefits;
- Fundraising and membership development related expenses increased operating expenses by \$9,062 primarily due to an increase in direct expenses paid by IPR;
- Broadcast and engineering related expenses decreased operating expenses by \$10,508 primarily due to decreases in salaries, wages and benefits and repairs and maintenance offset by increases in direct expenses paid by IPR, facilities, supplies and travel; and
- Depreciation expense decreased operating expenses by \$9,776.

Total operating expenses for the year ended June 30, 2019 increased 2.2% to \$2,917,026 compared to \$2,854,019 for the year ended June 30, 2018. This increase was primarily due to increases in direct expenses paid by IPR and repairs and maintenance offset by decreases in salaries, wages and benefits, depreciation and travel.

Non-operating revenues (expenses) for the year ended June 30, 2020 decreased 87.5% to \$35,090 compared to \$280,211 for the year ended June 30, 2019. This decrease is primarily due to decreases in equipment grants and investment return.

Non-operating revenues (expenses) for the year ended June 30, 2019 increased 269.6% to \$280,211 compared to \$75,811 for the year ended June 30, 2018. This increase was primarily due to an increase in equipment grants.

The Statements of Cash Flows

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

	For the years ended June 30,		
	2020	2019	2018
Cash provided (used) by:			
Operating activities	\$ 137,798	\$ (29,803)	\$ 189,441
Non-capital financing activities	33,000	36,000	36,000
Capital financing activities	(34,995)	(84,773)	(34,885)
Investing activities	4,226	5,080	4,137
Net change in cash	140,029	(73,496)	194,693
Cash beginning of year	240,988	314,484	119,791
Cash end of year	<u>\$ 381,017</u>	<u>\$ 240,988</u>	<u>\$ 314,484</u>

Cash from operating activities increased to \$137,798 for the year ended June 30, 2020 compared to (\$29,803) for the year ended June 30, 2019 primarily due to increases in cash received from IPR for memberships and cash received from community service grants and stabilization funds and a decrease in cash payments to employees for salaries, wages and benefits offset by an increase in cash payments to suppliers for goods and services and decreases in cash received from general appropriations and other revenue.

Cash from non-capital financing activities decreased to \$33,000 for the year ended June 30, 2020 compared to \$36,000 for the year ended June 30, 2019 due to a decrease in cash received from rental income.

Cash from capital financing activities increased to (\$34,995) for the year ended June 30, 2020 compared to (\$84,773) for the year ended June 30, 2019 due to a decrease in the purchase of capitalized equipment offset by a decrease in cash received from equipment grants.

Cash from investing activities decreased to \$4,226 for the year ended June 30, 2020 compared to \$5,080 for the year ended June 30, 2019 due to a decrease in cash received from the sale of investments.

The net increase in cash and cash equivalents is \$140,029 for the year ended June 30, 2020 compared to a net decrease of (\$73,496) for the year ended June 30, 2019.

Capital Assets

At June 30, 2020, capital assets totaled \$6,345,477, with accumulated depreciation of \$3,505,690, for net capital assets of \$2,839,787. At June 30, 2019, capital assets totaled \$6,321,154, with accumulated depreciation of \$3,352,513, for net capital assets of \$2,968,641. Depreciation charges for the year ended June 30, 2020 totaled \$163,661 compared to \$173,437 for the year ended June 30, 2019. Capital assets, net of accumulated depreciation, are as follows:

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

	For the years ended June 30,		
	2020	2019	2018
Broadcast licenses	\$ 1,747,531	\$ 1,747,531	\$ 1,747,531
Digital licenses	15,000	15,000	15,000
Transmitter, antenna and tower	843,093	973,612	1,047,451
Studio	233,073	229,884	3,445
Office furniture and equipment	1,090	2,614	4,138
Investment in capital assets	<u>\$ 2,839,787</u>	<u>\$ 2,968,641</u>	<u>\$ 2,817,565</u>

Economic Outlook

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

Contacting WOI Radio Group's Financial Management

This financial report is designed to provide users with a general overview of WOI'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, Suite 100, Des Moines, IA 50312.



INDEPENDENT AUDITOR'S REPORT

Ms. Kathy Dobbs, Controller
Iowa State University
Ames, Iowa

We have audited the accompanying financial statements of WOI - AM/FM, a public telecommunications station operated by the Iowa State University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise WOI - AM/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 WOI - AM/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 WOI - AM/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 Iowa State University that is attributable to the transactions of WOI - AM/FM. They do not purport to, and do not present fairly the financial position of Iowa State University 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 - 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

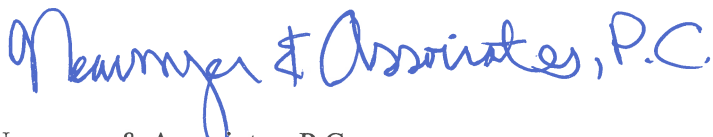
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise WOI - AM/FM's basic financial statements. The schedules of functional expenses on pages 25 - 26 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 14, 2020 on our consideration of WOI - AM/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 WOI - AM/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 14, 2020

WOI - AM/FM

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 381,017	\$ 240,988
Accounts receivable	15,732	298
Prepaid expenses	7,931	7,664
Total current assets	<u>404,680</u>	<u>248,950</u>
Capital assets, net	2,839,787	2,968,641
Investments held by the Iowa State University Foundation	<u>106,341</u>	<u>111,290</u>
Total non-current assets	<u>2,946,128</u>	<u>3,079,931</u>
Total assets	<u>\$ 3,350,808</u>	<u>\$ 3,328,881</u>
<u>LIABILITIES AND NET POSITION</u>		
Accounts payable	\$ 19,387	\$ 18,672
Accrued compensation	<u>10,512</u>	<u>37,542</u>
Total liabilities	<u>29,899</u>	<u>56,214</u>
Net position		
Investment in capital assets	2,839,787	2,968,641
Restricted:		
Expendable	112,136	16,043
Unrestricted	<u>368,986</u>	<u>287,983</u>
Total net position	<u>3,320,909</u>	<u>3,272,667</u>
Total liabilities and net position	<u>\$ 3,350,808</u>	<u>\$ 3,328,881</u>

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

WOI - AM/FM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2020 and 2019

<u>OPERATING REVENUES</u>	<u>2020</u>	<u>2019</u>
Support from Iowa State University:		
General appropriations	\$ 251,619	\$ 272,021
Institutional, physical plant and occupancy	327,080	123,358
Support from Iowa Public Radio, Inc.:		
Memberships and fundraising campaigns	1,577,953	1,345,111
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	257,409	253,638
Stabilization funds	112,136	-
Other revenue	17	11,669
Total operating revenues	<u>3,213,635</u>	<u>2,711,694</u>
 <u>OPERATING EXPENSES</u>		
Program services:		
Programming and production	958,955	939,834
Broadcasting and engineering	888,985	899,493
Program information and promotion	46,888	4,592
Support services:		
Management and general	699,477	466,215
Fundraising and membership development	442,517	433,455
Depreciation	163,661	173,437
Total operating expenses	<u>3,200,483</u>	<u>2,917,026</u>
Operating gain (loss)	<u>13,152</u>	<u>(205,332)</u>
 <u>NON-OPERATING REVENUES (EXPENSES)</u>		
Investment return	\$ (723)	\$ 4,472
Capital appropriations and contributions	-	240,972
Rental revenue	36,000	36,000
Loss on disposal of asset	(187)	(1,233)
Total non-operating revenues (expenses) - net	<u>35,090</u>	<u>280,211</u>
Change in net position	48,242	74,879
Net position, beginning of year	<u>3,272,667</u>	<u>3,197,788</u>
Net position, end of year	<u>\$ 3,320,909</u>	<u>\$ 3,272,667</u>

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

WOI - AM/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 Iowa State University general appropriations	\$ 251,619	\$ 272,021
Cash received from community service grants	257,409	253,638
Cash received from stabilization funds	112,136	-
Cash received from Iowa Public Radio, Inc. for membership and fundraising campaigns	598,381	557,479
Cash received from other revenue	17	11,669
Cash payments to employees for salaries, wages and benefits	(235,125)	(324,492)
Cash payments to suppliers for goods and services	<u>(846,639)</u>	<u>(800,118)</u>
Net cash flows provided (used) by operating activities	<u>137,798</u>	<u>(29,803)</u>
 <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash received from rental revenue	<u>33,000</u>	<u>36,000</u>
Net cash flows provided by non-capital financing activities	<u>33,000</u>	<u>36,000</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Cash received from capital appropriations and contributions	-	2,000
Purchase of equipment - capitalized	<u>(34,995)</u>	<u>(86,773)</u>
Net cash flows used by capital financing activities	<u>(34,995)</u>	<u>(84,773)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash received from sale of investments	-	888
Cash received from investment income	<u>4,226</u>	<u>4,192</u>
Net cash flows provided by investing activities	<u>4,226</u>	<u>5,080</u>
 Net increase (decrease) in cash and cash equivalents	140,029	(73,496)
 Cash and cash equivalents, beginning of year	<u>240,988</u>	<u>314,484</u>
Cash and cash equivalents, end of year	<u>\$ 381,017</u>	<u>\$ 240,988</u>

Continued.....

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

WOI - AM/FM

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating gain (loss)	\$ 13,152	\$ (205,332)
Transactions not requiring cash:		
Depreciation	163,661	173,437
(Increase) decrease in:		
Accounts receivable	(12,433)	683
Prepaid expenses	(267)	(200)
Increase (decrease) in:		
Accounts payable	715	3,745
Accrued compensation	(27,030)	(2,136)
Net cash flows provided (used) by operating activities	<u>\$ 137,798</u>	<u>\$ (29,803)</u>

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Net investment return of (\$4,949) decreased and \$280 increased the fair value of the Station's investments at June 30, 2020 and 2019, respectively.

Capital assets in the amount of \$0 and \$238,972 were donated to the Station at June 30, 2020 and 2019, respectively.

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

WOI - AM/FM

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

WOI - AM/FM (the "Station") is a department of Iowa State University (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 Iowa State University.

Estimates

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

Fair Value of Financial Instruments

The carrying amounts of cash, accounts receivable, 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:

- Investments held by the Iowa State University Foundation (the "Foundation") of \$106,341 (Levels 1, 2 and 3). Certain pooled investments are recorded at fair value based on values provided by an external investment manager and quoted market values. Other pooled investments include alternative investments whose fair values (net asset values used as a practical expedient) have been estimated by Foundation management utilizing information provided by the respective funds' general manager and investment managers in the absence of readily determinable fair market values.

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

- Investments held by the Iowa State University Foundation (the "Foundation") of \$111,290 (Levels 1, 2 and 3). Certain pooled investments are recorded at fair value based on values provided by an external investment manager and quoted market values. Other pooled investments include alternative investments whose fair values (net asset values used as a practical expedient) have been estimated by Foundation management utilizing information provided by the respective funds' general manager and investment managers in the absence of readily determinable fair market values.

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 unless the improvements are significant and determined to meet the Station's capitalization policy.

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 \$163,661 and \$173,437, respectively.

Certain capital assets related to the stations located in Ottumwa and Perry, Iowa, were funded by the federal government. The federal funding requires that the Station maintain and operate these stations for a period

of ten years. Restrictions on the Ottumwa and Perry stations expire in the years 2019 and 2023, respectively.

Through purchases, the Station has acquired broadcast licenses for KNSL in Lamoni, KICP in Patterson and KICL in Pleasantville. The broadcast licenses are renewable every eight years if the Stations provide an average level of service and comply with the applicable Federal Communication Commission ("FCC") rules and policies. The licenses may be renewed indefinitely at little cost and renewal applications were completed October 1, 2020 for all three licenses. The Station intends to renew the licenses indefinitely and evidence supports its ability to do so, as historically there has been no compelling challenge to the renewal. Therefore, the cash flows from the licenses are expected to continue indefinitely. The broadcast licenses in connection with these acquisitions are not subject to amortization.

The Station acquired three IBIQUITY digital licenses as part of the digital conversion grants awarded by the Corporation for Public Broadcasting. The licenses have a perpetual life and can be renewed indefinitely at little cost to the Station. The Station intends to renew the licenses indefinitely. The digital licenses are not subject to amortization.

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:		
Corporation for Public Broadcasting grant	\$ -	\$ 16,043
Stabilization funds	112,136	-
Total restricted net position	<u>\$ 112,136</u>	<u>\$ 16,043</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 operations 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 IOWA STATE UNIVERSITY

The Station receives general appropriations from the University to help support the cost of operations. General appropriations awarded to the Station were \$251,619 and \$272,021 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 \$327,080 and \$123,358 for the years ended June 30, 2020 and 2019, respectively.

Program underwriting from various University departments totaled \$47,030 and \$41,943 for the years ended June 30, 2020 and 2019, respectively.

Financial statements for Iowa State University can be obtained from the Controller's Department, Iowa State University, 1640 Administrative Services Building, 2221 Wanda Daley Drive, Ames, IA 50011-1004 or from the University's website at www.iastate.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 stations at the three Regents' universities. In addition to the Station, IPR manages the operations of the WSUI Radio Group ("WSUI") owned by the University of Iowa 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 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 appeals. 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 Contributions</u>	<u>Payment of Direct Expenses</u>	<u>Total</u>
Memberships and fundraising campaigns	\$ 598,381	\$ 979,572	\$ 1,577,953
Program underwriting	-	570,538	570,538
State appropriation	-	116,883	116,883
Special events	-	-	-
Other revenue	-	-	-
	<u>\$ 598,381</u>	<u>\$ 1,666,993</u>	<u>\$ 2,265,374</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	\$ 557,479	\$ 787,632	\$ 1,345,111
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>\$ 557,479</u>	<u>\$ 1,493,529</u>	<u>\$ 2,051,008</u>

The studio and office space used by the Station was remodeled in 2019. The Station's share of the remodeling cost was paid for by IPR. The Station recognized \$0 and \$238,972 in capital contributions from IPR at June 30, 2020 and 2019, respectively.

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 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 \$112,136 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	\$ 253,638	\$ 237,595	\$ 16,043	\$ -
2020	257,409	-	\$ 257,409	-
2020	112,136	-	-	112,136

5. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents of the Station are held by the University and the Foundation 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 Foundation, and its agents, hold the Station's investments and are uninsured and unregistered securities not held in the Station's name. The Foundation has various investment pools from which the Station may allocate investments. The Station's investment policy is to invest in the long term pool, a higher risk, higher return portfolio, which consists of 89% equities and 11% fixed income instruments.

The investment pool is reported at cost plus realized and unrealized earnings, which approximates fair value at June 30, 2020 and 2019. The investment composition as of June 30, 2020 and 2019 is as follows:

	2020	2019
Investments		
Bonds and notes	\$ 11,698	\$ 11,129
Equities	94,643	100,161
Total investments	<u>\$ 106,341</u>	<u>\$ 111,290</u>

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

	2020	2019
Investment return		
Dividends and interest	\$ 4,226	\$ 4,194
Net realized and unrealized gains (losses)	(4,949)	278
Total investment return	<u>\$ (723)</u>	<u>\$ 4,472</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 and Foundation 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 \$113,933 and \$17,823, 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. As of June 30, 2020 and 2019, the carrying amount of deposits with the Foundation totaled \$267,084 and \$223,165, respectively. The Foundation maintains deposits in various financial institutions. Deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limit per bank are swept into a collateralized overnight repurchase account with the same institution, eliminating the risk of uninsured cash balance. Therefore, there were no uncollateralized amounts in excess of the FDIC insured limit as of June 30, 2020 or 2019. The Foundation has not experienced any losses in such accounts and Foundation management believes it is not exposed to any significant credit risk.

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

6. CAPITAL ASSETS

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

	June 30, 2019	Additions	Reductions	June 30, 2020
Non-depreciable capital assets:				
Broadcast licenses	\$ 1,747,531	\$ -	\$ -	\$ 1,747,531
Digital licenses	15,000	-	-	15,000
Total non-depreciable capital assets	1,762,531	-	-	1,762,531
Depreciable capital assets:				
Transmitter, antenna and tower	4,068,098	34,995	10,671	4,092,422
Studio	461,934	-	-	461,934
Office furniture and equipment	28,590	-	-	28,590
Total depreciable capital assets	4,558,622	34,995	10,671	4,582,946
Less accumulated depreciation:				
Transmitter, antenna and tower	3,104,058	155,754	10,483	3,249,329
Studio	222,478	6,383	-	228,861
Office furniture and equipment	25,976	1,524	-	27,500
Total accumulated depreciation	3,352,512	163,661	10,483	3,505,690
Net depreciable assets	1,206,110	(128,666)	188	1,077,256
Net investment in capital assets	\$ 2,968,641	\$ (128,666)	\$ 188	\$ 2,839,787

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

	June 30, 2018	Additions	Reductions	June 30, 2019
Non-depreciable capital assets:				
Broadcast licenses	\$ 1,747,531	\$ -	\$ -	\$ 1,747,531
Digital licenses	15,000	-	-	15,000
Total non-depreciable capital assets	<u>1,762,531</u>	<u>-</u>	<u>-</u>	<u>1,762,531</u>
Depreciable capital assets:				
Transmitter, antenna and tower	4,002,433	86,773	21,108	4,068,098
Studio	233,560	238,972	10,598	461,934
Office furniture and equipment	34,107	-	5,517	28,590
Total depreciable capital assets	<u>4,270,100</u>	<u>325,745</u>	<u>37,223</u>	<u>4,558,622</u>
Less accumulated depreciation:				
Transmitter, antenna and tower	2,954,983	169,775	20,700	3,104,058
Studio	230,114	2,138	9,774	222,478
Office furniture and equipment	29,969	1,524	5,517	25,976
Total accumulated depreciation	<u>3,215,066</u>	<u>173,437</u>	<u>35,991</u>	<u>3,352,512</u>
Net depreciable assets	<u>1,055,034</u>	<u>152,308</u>	<u>1,232</u>	<u>1,206,110</u>
Net investment in capital assets	<u>\$ 2,817,565</u>	<u>\$ 152,308</u>	<u>\$ 1,232</u>	<u>\$ 2,968,641</u>

7. COMPENSATED ABSENCES

Employees of the Station are paid through the state universities. University employees accumulate vacation and sick leave under the provisions of Chapter 79 and 262 of the Code of Iowa, and it is the policy of the State to liquidate these accrued benefits under specific circumstances. Accrued vacation is paid at 100% of the employees' hourly rate upon retirement, death or termination and accrued sick leave is paid at 100% of the hourly rate up to a maximum of \$2,000 upon retirement. As of June 30, 2020 and 2019, the amount to liquidate accrued vacation and sick leave amounts totaled \$10,512 and \$37,542, respectively.

8. LEASE COMMITMENTS

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

1. A non-cancellable lease with Carroll Broadcasting Company to affix a radio transmission antenna on their tower for KNSC with annual rent payments of \$4,800, plus utilities. Rent totaled \$4,800 for each of the years ended June 30, 2020 and 2019. Utilities totaled \$12,701 and \$12,390 for the years ended June 30, 2020 and 2019, respectively.
2. A non-cancellable lease with Iowa Public Broadcasting Board to affix a radio transmission antenna on their tower for KNSK with rent payments increasing 3% annually, plus utilities. Rent totaled \$22,460 and \$21,805 for the years ended June 30, 2020 and 2019, respectively. Utilities totaled \$40,541 and \$43,027 for the years ended June 30, 2020 and 2019, respectively.
3. A year-to-year lease with Peter Woltz to affix a radio transmission antenna on his tower for KNSL. Rent totaled \$1,752 and \$1,739 for each of the years ended June 30, 2020 and 2019, respectively. Utilities totaled \$41,355 and \$38,147 for the years ended June 30, 2020 and 2019, respectively.

4. A year-to-year lease with Electronic Engineering to affix a radio transmission antenna on their tower for KICL. Rent totaled \$0 for the years ended June 30, 2020 and 2019, respectively. Utilities totaled \$0 for the years ended June 30, 2020 and 2019, respectively. This tower was abandoned in September, 2018 due to structural issues.
5. A non-cancellable lease with Donald S. or Judy L. Huntrods Revocable Trust to lease ground space for the purpose of operating a radio broadcast tower facility and transmitter building for KICP with rent payments increasing 2.4% annually, plus utilities. Rent totaled \$11,890 and \$11,611 for the years ended June 30, 2020 and 2019, respectively. Utilities totaled \$44,046 and \$42,487 for the years ended June 30, 2020 and 2019, respectively.
6. A non-cancellable lease with American Tower Co to affix a radio transmission antenna on their tower for KICG with rent payments increasing 3.0% annually, plus utilities. Rent totaled \$7,325 and \$7,112 for the years ended June 30, 2020 and 2019, respectively. Utilities totaled \$27,275 and \$23,406 for the years ended June 30, 2020 and 2019, respectively.
7. A non-cancellable lease with SBA Steel II, LLC to affix a radio transmission antenna on their tower for KICL with rent payments increasing 3.0% annually, plus utilities. Rent totaled \$17,855 and \$17,335 for the years ended June 30, 2020 and 2019. Utilities totaled \$6,961 and \$6,963 for the years ended June 30, 2020 and 2019.

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	\$ 66,044
2022	55,056
2023	40,066
2024	38,351
2025	26,037
2026-2027	54,440
	<u>\$ 279,994</u>

9. EMPLOYEE BENEFITS AND RETIREMENT PLAN

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

Teachers Insurance and Annuity Association

The University contributes to the Teachers Insurance and Annuity Association ("TIAA") retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the University. The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Regents establishes and amends the plan's provision and contribution requirements. As required by the Board of Regent's policy, all eligible University employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA for the 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 Station did not receive any insurance proceeds for the years ended June 30, 2020 and 2019, respectively.

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, the University of Northern Iowa and the University of Iowa.

The Station has evaluated events and transactions for possible adjustment or disclosure through December 14, 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

WOI - AM/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 & Membership Development	Total Support Services	Total
Salaries, wages and benefits	\$ 34,905	\$ 173,190	\$ -	\$ 208,095	\$ -	\$ -	\$ -	\$ 208,095
Direct expenses paid by Iowa Public Radio, Inc.	538,214	291,042	46,888	876,144	348,332	442,517	790,849	1,666,993
Institutional, physical plant & occupancy - ISU	-	-	-	-	327,080	-	327,080	327,080
Programming fees	363,487	-	-	363,487	-	-	-	363,487
Professional services	22,044	1,080	-	23,124	23,193	-	23,193	46,317
Office and other supplies	-	12,833	-	12,833	120	-	120	12,953
Depreciation	-	-	-	-	-	163,661	-	163,661
Professional development	-	878	-	878	-	-	-	878
Travel	305	11,496	-	11,801	-	-	-	11,801
Facilities	-	245,747	-	245,747	-	-	-	245,747
Postage	-	-	-	-	259	-	259	259
Telecommunications	-	78,209	-	78,209	-	-	-	78,209
Repairs and maintenance	-	74,510	-	74,510	493	-	493	75,003
Total expenses	\$ 958,955	\$ 888,985	\$ 46,888	\$ 1,894,828	\$ 699,477	\$ 442,517	\$ 1,141,994	\$ 3,200,483

See Independent Auditor's Report.

WOI - AM/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 & Membership Development	Total Support Services	Total
Salaries, wages and benefits	\$ 87,532	\$ 234,825	\$ -	\$ 322,357	\$ -	\$ -	\$ -	\$ 322,357
Direct expenses paid by Iowa Public Radio, Inc.	487,178	247,656	4,592	739,426	320,648	433,455	754,103	1,493,529
Institutional, physical plant & occupancy - ISU	-	-	-	-	123,358	-	123,358	123,358
Programming fees	342,569	-	-	342,569	-	-	-	342,569
Professional services	21,260	30	-	21,290	19,942	-	19,942	41,232
Office and other supplies	-	9,011	-	9,011	100	-	100	9,111
Depreciation	-	-	-	-	-	-	-	173,437
Professional development	-	340	-	340	-	-	-	340
Travel	181	9,597	-	9,778	-	-	-	9,778
Facilities	-	232,202	-	232,202	-	-	-	232,202
Postage	-	153	-	153	254	-	254	407
Telecommunications	1,114	79,412	-	80,526	-	-	-	80,526
Repairs and maintenance	-	86,267	-	86,267	1,913	-	1,913	88,180
Total expenses	\$ 939,834	\$ 899,493	\$ 4,592	\$ 1,843,919	\$ 466,215	\$ 433,455	\$ 899,670	\$ 2,917,026

See Independent Auditor's Report.



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

Ms. Kathy Dobbs, Controller
Iowa State University
Ames, 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 WOI – AM/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 14, 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
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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." in a cursive script.

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

December 14, 2020