

WOI - AM/FM

A Public Telecommunications Station
Operated by Iowa State University

Audited Financial Statements for
the Years Ended June 30, 2022 and 2021
and Independent Auditor's Report

WOI - AM/FM

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June 30, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

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, 2022, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes that follow.

WOI Radio Group was previously owned by Iowa State University and included 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 was 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 WOI Radio Group as well as WSUI Radio Group ("WSUI") previously owned by the University of Iowa and KUNI Radio Group ("KUNI") previously owned by the University of Northern Iowa.

The Federal Communication Commission ("FCC") licenses, related broadcasting equipment and certain other assets owned by the Board of Regents' universities dedicated to the network of public radio stations in the State of Iowa were transferred to Iowa Public Radio, Inc. This transaction (the "License Transfer") closed with an effective date of June 30, 2022.

IPR is governed by a board of directors consisting of eighteen appointees. The president of the Board of Regents appoints fifteen 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

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(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

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,		
	2022	2021	2020
Assets:			
Current assets	\$ 716,215	\$ 562,634	\$ 404,680
Capital assets, net	411,170	2,709,751	2,839,787
Investment pool	134,668	141,420	106,341
Total assets	<u>\$ 1,262,053</u>	<u>\$ 3,413,805</u>	<u>\$ 3,350,808</u>
Liabilities:			
Current liabilities	<u>\$ 850,883</u>	<u>\$ 28,185</u>	<u>\$ 29,899</u>
Net position:			
Investment in capital assets	\$ 411,170	\$ 2,709,751	\$ 2,839,787
Restricted	-	278,031	112,136
Unrestricted	-	397,838	368,986
Total net position	<u>\$ 411,170</u>	<u>\$ 3,385,620</u>	<u>\$ 3,320,909</u>
Total liabilities and net position	<u>\$ 1,262,053</u>	<u>\$ 3,413,805</u>	<u>\$ 3,350,808</u>

Total assets at June 30, 2022 decreased 63.0% to \$1,262,053 compared to total assets of \$3,413,805 at the end of the prior fiscal year. Current assets at June 30, 2022 increased 27.3% to \$716,215 compared to current assets of \$562,634 at the end of the prior fiscal year. The increase in current assets is due to an increase in cash and cash equivalents offset by decreases in accounts receivable and prepaid expenses. Current assets at the end of fiscal year 2021 increased compared to current assets at the end of fiscal year 2020 due to increases in cash and cash equivalents and accounts receivable offset by a decrease in prepaid expenses.

Capital assets at June 30, 2022 decreased 84.8% to \$411,170 compared to capital assets of \$2,709,751 at the end of the prior fiscal year. The decrease in capital assets is due to the donation of assets as a result of the License Transfer, the disposal of intangible assets, the recording of depreciation and no capital asset purchases. Capital assets at the end of fiscal year 2021 decreased compared to capital assets at the end of fiscal year 2020 due to the recording of depreciation and minimal capital asset purchases.

Assets in the investment pool at June 30, 2022 decreased 4.8% to \$134,668 compared to assets in the investment pool of \$141,420 at the end of the prior fiscal year. The decrease in assets in the investment pool is due to the

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(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

negative investment return. Assets in the investment pool at the end of fiscal year 2021 increased compared to the end of fiscal year 2020 due to the positive investment return.

Current liabilities at June 30, 2022 increased significantly to \$850,883 compared to current liabilities of \$28,185 at the end of the prior fiscal year. The increase in current liabilities is due to increases in amount due to related party and grant payable offset by decreases in accounts payable and accrued compensation. Current liabilities at the end of fiscal year 2021 decreased compared to current liabilities at the end of fiscal year 2020 due to a decrease in accounts payable offset by an increase in accrued compensation.

Total net position at June 30, 2022 decreased 87.9% to \$411,170 compared to total net position of \$3,385,620 at the end of the prior fiscal year. Capital assets, as referenced above, decreased 84.8% at June 30, 2022 compared to capital assets at the end of the prior fiscal year. Restricted and unrestricted assets decreased at June 30, 2022 due to the License Transfer. Total net position at the end of fiscal year 2021 increased compared to total net position at the end of fiscal year 2020.

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,		
	2022	2021	2020
Total operating revenues	\$ 3,121,747	\$ 3,040,435	\$ 3,213,635
Total operating expenses	3,320,660	3,052,003	3,200,483
Operating income (loss)	(198,913)	(11,568)	13,152
Non-operating revenues (expenses) - net	32,617	76,279	35,090
Income (loss) before other revenues, expenses, gains and losses	(166,296)	64,711	48,242
Other revenues, expenses, gains and losses	(2,808,154)	-	-
Change in net position	\$ (2,974,450)	\$ 64,711	\$ 48,242

Total operating revenues for the year ended June 30, 2022 increased 2.7% to \$3,121,747 compared to \$3,040,435 for the year ended June 30, 2021. Major components of operating revenues include:

- Support from IPR including membership and fundraising campaigns, underwriting revenue and state appropriations increased operating revenues by \$218,998;

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- Major gift revenue increased operating revenues by \$159,070;
- Support from Iowa State University for institutional, physical plant and occupancy support increased operating revenues by \$116,174;
- Other revenue increased operating revenues by \$8,952;
- Community service grants decreased operating revenues by \$169,881; and
- Support from the Corporation for Public Broadcasting for stabilization funds decreased operating revenues by \$252,001.

Total operating revenues for the year ended June 30, 2021 decreased 5.4% to \$3,040,435 compared to \$3,213,635 for the year ended June 30, 2020. This decrease was primarily due to decreases in support from Iowa State University and support from IPR offset by an increase in stabilization funds.

Total operating expenses for the year ended June 30, 2022 increased 8.8% to \$3,320,660 compared to \$3,052,003 for the year ended June 30, 2021. Major components of operating expenses include:

- Management and general related expenses increased operating expenses by \$152,622 primarily due to increases in institutional support from Iowa State University and direct expenses paid by IPR;
- Programming and production related expenses increased operating expenses by \$124,948 primarily due to increases in direct expenses paid by IPR and programming fees offset by a decrease in professional services;
- Fundraising and membership development related expenses increased operating expenses by \$88,173 due to an increase in direct expenses paid by IPR;
- Program information and promotion related expenses decreased operating expenses by \$296 due to a decrease in direct expenses paid by IPR;
- Depreciation expense decreased operating expenses by \$24,637; and
- Broadcast and engineering related expenses decreased operating expenses by \$72,153 primarily due to decreases in direct expenses paid by IPR, salaries, wages and benefits, supplies and repairs and maintenance offset by increases in facilities and telecommunications.

Total operating expenses for the year ended June 30, 2021 decreased 4.6% to \$3,052,003 compared to \$3,200,483 for the year ended June 30, 2020. This decrease was primarily due to decreases in salaries, wages and benefits, programming fees, repairs and maintenance, supplies, depreciation and facilities offset by increases in direct expenses paid by IPR and institutional support.

Non-operating revenues (expenses) for the year ended June 30, 2022 decreased 57.2% to \$32,617 compared to \$76,279 for the year ended June 30, 2021. This decrease was primarily due to a decrease in investment return.

Non-operating revenues (expenses) for the year ended June 30, 2021 increased 117.4% to \$76,279 compared to \$35,090 for the year ended June 30, 2020. This increase was primarily due to an increase in investment return.

Total other revenues, expenses, gains and losses for the year ended June 30, 2022 decreased significantly to (\$2,808,154) compared to \$0 for the year ended June 30, 2021. This decrease is due to a loss on disposal of intangible assets and an increase in expenses related to the License Transfer.

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(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

The Statements of Cash Flows

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

	For the years ended June 30,		
	2022	2021	2020
Cash provided (used) by:			
Operating activities	\$ 146,761	\$ 137,087	\$ 137,798
Non-capital financing activities	36,437	36,437	33,000
Capital financing activities	185	(30,702)	(34,995)
Investing activities	4,668	4,325	4,226
Net change in cash	188,051	147,147	140,029
Cash beginning of year	528,164	381,017	240,988
Cash end of year	<u>\$ 716,215</u>	<u>\$ 528,164</u>	<u>\$ 381,017</u>

Cash from operating activities increased to \$146,761 for the year ended June 30, 2022 compared to \$137,087 for the year ended June 30, 2021 primarily due to increases in cash received from major gifts, from IPR for memberships, community service grants and other revenue and decreases in cash payments to employees for salaries, wages and benefits and to suppliers for goods and services offset by a decrease in stabilization funds.

Cash from non-capital financing activities remained at \$36,437 for the years ended June 30, 2022 and 2021, respectively.

Cash from capital financing activities increased to \$185 for the year ended June 30, 2022 compared to (\$30,702) for the year ended June 30, 2021 due to an increase in cash received from the sale of capital assets offset by a decrease in the purchase of capital assets.

Cash from investing activities increased to \$4,668 for the year ended June 30, 2022 compared to \$4,325 for the year ended June 30, 2021 due to an increase in cash received from investment income.

The net increase in cash and cash equivalents is \$188,051 for the year ended June 30, 2022 compared to a net increase of \$147,147 for the year ended June 30, 2021.

Capital Assets

At June 30, 2022, capital assets totaled \$838,707, with accumulated depreciation of \$427,537, for net capital assets of \$411,170. At June 30, 2021, capital assets totaled \$6,376,179, with accumulated depreciation of \$3,666,428, for net capital assets of \$2,709,751. Depreciation charges for the year ended June 30, 2022 totaled \$136,101

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(Unaudited)

For the Years Ended June 30, 2022, 2021 and 2020

compared to \$160,738 for the year ended June 30, 2021. Capital assets, net of accumulated depreciation, are as follows:

	For the years ended June 30,		
	2022	2021	2020
Broadcast licenses	\$ -	\$ 1,747,531	\$ 1,747,531
Digital licenses	-	15,000	15,000
Transmitter, antenna and tower	191,613	720,282	843,093
Studio	219,557	226,688	233,073
Office furniture and equipment	-	250	1,090
Investment in capital assets	<u>\$ 411,170</u>	<u>\$ 2,709,751</u>	<u>\$ 2,839,787</u>

Economic Outlook

The License Transfer transaction closed with an effective date of June 30, 2022. This financial report will be the final report for WOI.

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

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

Report on the Audit of the Financial Statements

Opinions

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WOI - AM/FM, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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 the 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 the Iowa State University as of June 30, 2022 and 2021, 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.

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Members:

PCPS Section of the
American Institute of
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Iowa Society of Certified
Public Accountants

Forensic Accountants
Society of North America

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 WOI - AM/FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WOI - AM/FM's ability to continue as a going concern for a reasonable period of time.

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

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 is the responsibility of management and, 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 opinions on the financial statements that collectively comprise WOI - AM/FM's basic financial statements. The schedules of functional expenses on pages 26 - 27 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 March 16, 2023, 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 the effectiveness of WOI - AM/FM's 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.



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

March 16, 2023

WOI - AM/FM
STATEMENTS OF NET POSITION

June 30, 2022 and 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 716,215	\$ 528,164
Accounts receivable	-	27,706
Prepaid expenses	-	6,764
Total current assets	<u>716,215</u>	<u>562,634</u>
Capital assets, net	411,170	2,709,751
Investments held by the Iowa State University Foundation	<u>134,668</u>	<u>141,420</u>
Total non-current assets	<u>545,838</u>	<u>2,851,171</u>
Total assets	<u>\$ 1,262,053</u>	<u>\$ 3,413,805</u>
 <u>LIABILITIES AND NET POSITION</u>		
Due to related party	\$ 654,403	\$ -
Grant payable	196,480	-
Accounts payable	-	15,432
Accrued compensation	-	12,753
Total liabilities	<u>850,883</u>	<u>28,185</u>
Net position		
Investment in capital assets	411,170	2,709,751
Restricted:		
Expendable	-	278,031
Unrestricted	-	397,838
Total net position	<u>411,170</u>	<u>3,385,620</u>
Total liabilities and net position	<u>\$ 1,262,053</u>	<u>\$ 3,413,805</u>

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

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2022 and 2021

<u>OPERATING REVENUES</u>	<u>2022</u>	<u>2021</u>
Support from Iowa State University:		
Institutional, physical plant and occupancy	\$ 453,208	\$ 337,034
Support from Iowa Public Radio, Inc.:		
Memberships and fundraising campaigns	1,726,282	1,589,580
Program underwriting	574,476	492,180
State appropriations	115,223	115,223
Support from Corporation for Public Broadcasting:		
Community service grants	84,536	254,417
Stabilization funds	-	252,001
Major gift revenue	159,070	-
Other revenue	8,952	-
Total operating revenues	<u>3,121,747</u>	<u>3,040,435</u>
<u>OPERATING EXPENSES</u>		
Program services:		
Programming and production	1,018,968	894,020
Broadcasting and engineering	737,850	810,003
Program information and promotion	41,598	41,894
Support services:		
Management and general	862,258	709,636
Fundraising and membership development	523,885	435,712
Depreciation	136,101	160,738
Total operating expenses	<u>3,320,660</u>	<u>3,052,003</u>
Operating loss	<u>(198,913)</u>	<u>(11,568)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Investment return	\$ (2,085)	\$ 39,404
Rental revenue	34,517	36,875
Gain on disposal of asset	185	-
Total non-operating revenues (expenses) - net	<u>32,617</u>	<u>76,279</u>
Income (loss) before other revenues, expenses, gains and losses	(166,296)	64,711
Loss on disposal of intangible assets	(1,762,531)	-
License transfer expense	<u>(1,045,623)</u>	
Change in net position	(2,974,450)	64,711
Net position, beginning of year	3,385,620	3,320,909
Net position, end of year	<u>\$ 411,170</u>	<u>\$ 3,385,620</u>

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

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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2022</u>	<u>2021</u>
Cash received from community service grants	\$ 281,016	\$ 254,417
Cash received from stabilization funds	-	252,001
Cash received from Iowa Public Radio, Inc. for membership and fundraising campaigns	500,000	470,000
Cash received from major gift revenue	159,070	-
Cash received from other revenue	8,952	-
Cash payments to employees for salaries, wages and benefits	(54,309)	(65,071)
Cash payments to suppliers for goods and services	<u>(747,968)</u>	<u>(774,260)</u>
Net cash flows provided by operating activities	<u>146,761</u>	<u>137,087</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash received from rental revenue	<u>36,437</u>	<u>36,437</u>
Net cash flows provided by non-capital financing activities	<u>36,437</u>	<u>36,437</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of equipment - capitalized	-	(30,702)
Cash received from sale of capital assets	<u>185</u>	<u>-</u>
Net cash flows provided (used) by capital financing activities	<u>185</u>	<u>(30,702)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash received from investment income	<u>4,668</u>	<u>4,325</u>
Net cash flows provided by investing activities	<u>4,668</u>	<u>4,325</u>
Net increase in cash and cash equivalents	188,051	147,147
Cash and cash equivalents, beginning of year	<u>528,164</u>	<u>381,017</u>
Cash and cash equivalents, end of year	<u>\$ 716,215</u>	<u>\$ 528,164</u>

Continued.....

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

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STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (198,913)	\$ (11,568)
Transactions not requiring cash:		
Depreciation	136,101	160,738
(Increase) decrease in:		
Accounts receivable	23,414	(11,536)
Prepaid expenses	(232)	1,167
Increase (decrease) in:		
Accounts payable	2,664	(3,955)
Grant payable	196,480	-
Accrued compensation	(12,753)	2,241
Net cash flows provided by operating activities	<u>\$ 146,761</u>	<u>\$ 137,087</u>

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Net investment return of (\$6,753) decreased and \$35,079 increased the fair value of the Station's investments at June 30, 2022 and 2021, respectively.

The Station donated equipment as part of the License Transfer with a cost of \$3,718,626 and a net book value of \$399,948 for the year ended June 30, 2022.

Accounts receivable of \$2,372, prepaid programming expense of \$2,995, prepaid rent and utilities of \$4,001 and accounts payable of \$18,096 were transferred from the Station as part of the License Transfer for the year ended June 30, 2022.

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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 amount due to related party 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, 2022:

- Investments held by the Iowa State University Foundation (the "Foundation") of \$134,668 (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, 2021:

- Investments held by the Iowa State University Foundation (the "Foundation") of \$141,420 (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, 2022 and 2021 totaled \$136,101 and \$160,738, respectively.

Through purchases, the Station has acquired broadcast licenses for KNSL in Lamoni, KICP in Patterson and KICL in Pleasantville. The Station acquired three IBIQUITY digital licenses as part of the digital conversion grants awarded by the Corporation for Public Broadcasting. As part of the License Transfer, the Station no longer holds any broadcast or digital licenses. The Station recognized a loss on disposal of intangible assets of \$1,762,531 as of June 30, 2022.

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:

	<u>2022</u>	<u>2021</u>
Restricted, expendable:		
Corporation for Public Broadcasting grant	\$ -	\$ 26,030
Stabilization funds	-	252,001
Total restricted net position	<u>\$ -</u>	<u>\$ 278,031</u>

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, 2022 and 2021, 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 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.

Recent GASB Pronouncements

GASB Statement No. 87, Leases requires the Station to recognize an intangible right-of-use asset and lease liability for certain leases that previously were classified as operating leases. The Station did not implement GASB Statement No. 87. A right-of-use asset and lease liability were not recorded for the Station's operating leases. Current and prior period operating expense reflect rent expense as recognized under the previous standard.

The Station evaluated implementation and determined the standard had an immaterial effect on the Statement of Revenues, Expenses and Changes in Net Position. Implementation and restatement presented concerns for prior period grant reporting to the Corporation for Public Broadcasting given the change in ownership of the FCC licenses and the assignment of leases as part of the License Transfer at June 30, 2022 (see Note 12).

2. TRANSACTIONS WITH IOWA STATE UNIVERSITY

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 \$453,208 and \$337,034 for the years ended June 30, 2022 and 2021, respectively.

Program underwriting from various University departments totaled \$43,993 and \$40,297 for the years ended June 30, 2022 and 2021, 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 WSUI Radio Group ("WSUI") at the University of Iowa and KUNI Radio Group ("KUNI") at the University of Northern Iowa. IPR is governed by a board of directors consisting of eighteen 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.

The following summarizes the distributions from IPR for the year ended June 30, 2022:

	Cash Contributions	Payment of Direct Expenses	Total
Memberships and fundraising campaigns	\$ 500,000	\$ 1,226,282	\$ 1,726,282
Program underwriting	-	574,476	574,476
State appropriation	-	115,223	115,223
	<u>\$ 500,000</u>	<u>\$ 1,915,981</u>	<u>\$ 2,415,981</u>

The following summarizes the distributions from IPR for the year ended June 30, 2021:

	Cash Contributions	Payment of Direct Expenses	Total
Memberships and fundraising campaigns	\$ 470,000	\$ 1,119,580	\$ 1,589,580
Program underwriting	-	492,180	492,180
State appropriation	-	115,223	115,223
	<u>\$ 470,000</u>	<u>\$ 1,726,983</u>	<u>\$ 2,196,983</u>

Amount due to related party for the year ended June 30, 2022 is as follows:

	2022
Due to related party	
Cash	\$ 519,735
Investments	134,668
Total due to related party	<u>\$ 654,403</u>

There was no due to related party at June 30, 2021.

Expense related to the License Transfer for the year ended June 30, 2022 is as follows:

	<u>2022</u>
Due to related party	
Cash	\$ 519,735
Investments	134,668
Other items includes in license transfer	
Accounts receivable	2,372
Prepaid programming	2,995
Prepaid rent and utilities	4,001
Accounts payable	(18,096)
Capital assets	399,948
Total license transfer expense	<u><u>\$ 1,045,623</u></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 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 \$0 and \$252,001 for the years ended June 30, 2022 and 2021, respectively, in stabilization funding from the CPB as part of the RESCUE and CARES acts to prevent, prepare for, and respond to COVID-19.

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

Year of Grant	Grants Received	Expended		Grant Payable Balance at 6/30/2022
		2021	2022	
2021	\$ 254,417	\$ 228,387	\$ 26,030	\$ -
2021	252,001	-	252,001	-
2022	281,016	-	84,536	196,480

The Station recognized a grant payable of \$196,480 as of June 30, 2022 as part of the License Transfer (see Note 12).

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, 2022 and 2021. The investment composition as of June 30, 2022 and 2021 is as follows:

	2022	2021
Investments		
Bonds and notes	\$ 14,813	\$ 11,314
Equities	119,855	130,106
Total investments	<u>\$ 134,668</u>	<u>\$ 141,420</u>

Investment return for the years ended June 30, 2022 and 2021 is summarized as follows:

	2022	2021
Investment return		
Dividends and interest	\$ 4,668	\$ 4,325
Net realized and unrealized gains (losses)	(6,753)	35,079
Total investment return	<u>\$ (2,085)</u>	<u>\$ 39,404</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, 2022, 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, 2022 and 2021, the carrying amount of deposits with the University totaled \$196,480 and \$279,828, 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, 2022 and 2021, the carrying amount of deposits with the Foundation totaled \$519,735 and \$248,336, 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, 2022 or 2021. 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, 2022 is as follows:

	June 30, 2021	Additions	Transfers (Note 3, 12)	Reductions	June 30, 2022
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	4,123,124	-	3,523,389	-	599,735
Studio	461,934	-	171,830	51,132	238,972
Office furniture and equipment	28,590	-	23,407	5,183	-
Total depreciable capital assets	4,613,648	-	3,718,626	56,315	838,707
Less accumulated depreciation:					
Transmitter, antenna and tower	3,402,843	129,503	3,124,224	-	408,122
Studio	235,244	6,349	171,046	51,132	19,415
Office furniture and equipment	28,341	249	23,407	5,183	-
Total accumulated depreciation	3,666,428	136,101	3,318,677	56,315	427,537
Net depreciable assets	947,220	(136,101)	399,949	-	411,170
Net investment in capital assets	\$ 2,709,751	\$ (136,101)	\$ 399,949	\$ 1,762,531	\$ 411,170

A summary of capital assets at June 30, 2021 was as follows:

	June 30, 2020	Additions	Reductions	June 30, 2021
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	4,092,422	30,702	-	4,123,124
Studio	461,934	-	-	461,934
Office furniture and equipment	28,590	-	-	28,590
Total depreciable capital assets	4,582,946	30,702	-	4,613,648
Less accumulated depreciation:				
Transmitter, antenna and tower	3,249,329	153,514	-	3,402,843
Studio	228,861	6,383	-	235,244
Office furniture and equipment	27,500	841	-	28,341
Total accumulated depreciation	3,505,690	160,738	-	3,666,428
Net depreciable assets	1,077,256	(130,036)	-	947,220
Net investment in capital assets	\$ 2,839,787	\$ (130,036)	\$ -	\$ 2,709,751

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, 2022 and 2021, the amount to liquidate accrued vacation and sick leave amounts totaled \$0 and \$12,753, respectively.

8. LEASE COMMITMENTS

The University 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, 2022 and 2021. Utilities totaled \$16,089 and \$13,170 for the years ended June 30, 2022 and 2021, 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 \$24,096 and \$23,133 for the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$41,655 and \$42,442 for the years ended June 30, 2022 and 2021, respectively.
3. A year-to-year lease with Jeff McIntyre to affix a radio transmission antenna on his tower for KNSL. Rent totaled \$1,791 for each of the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$43,842 and \$38,085 for the years ended June 30, 2022 and 2021, respectively.

4. 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 \$12,467 and \$12,175 for the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$42,275 and \$42,594 for the years ended June 30, 2022 and 2021, respectively.
5. 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 \$7,772 and \$7,545 for the years ended June 30, 2022 and 2021, respectively. Utilities totaled \$32,452 and \$28,291 for the years ended June 30, 2022 and 2021, respectively.
6. 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 \$18,942 and \$18,391 for the years ended June 30, 2022 and 2021. Utilities totaled \$6,949 and \$7,200 for the years ended June 30, 2022 and 2021.

The Station's lease obligations were assigned to IPR as part of the License Transfer.

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 2022 and 2021, 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, 2022 and 2021. The Station's contributions are funded on a monthly basis therefore no liability has been recognized as of June 30, 2022 and 2021, 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. As COVID-19 continues, 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. OTHER MATTERS

In October, 2020, the Iowa Public Radio entered into a Letter of Intent with the Board of Regents to pursue transferring the FCC licenses and certain assets related to the radio operations owned by the University of Northern Iowa, Iowa State University and the University of Iowa (“Universities”). The goal in pursuing this potential transaction, the License Transfer, was to protect and ensure the long-term success of the statewide network of public radio stations in the state of Iowa.

Iowa Public Radio entered into an Asset Purchase Agreement with the Board of Regents, with the consent of the Universities, on March 24, 2022. The Asset Purchase Agreement outlined the purchase and sale of assets to include:

- FCC licenses, authorizations and construction permits;
- Ownership interest in real property owned by the University of Northern Iowa, Iowa State University or the University of Iowa to include towers, related support structures and underlying ground leases;
- Conditioned upon receipt of third-party consents, assignment of tower and related lease agreements;
- Equipment and tangible assets that are dedicated to and necessary for the continued operation of the radio stations;
- Other leasehold or right-to-use agreements deemed necessary for the continued operations of the radio stations; and
- The station call signs and intellectual property rights associated with such call signs, and all trademarks, trade names and service marks and other similar intangible property.

In addition to the purchase price of \$1, additional consideration included:

- During the period commencing from the closing date and continuing for 10 years, in the event the Organization should sell certain assets for monetary consideration, such consideration should be transferred to the identified university;
- IPR shall continue to operate the stations consistent with the primary purpose of supporting the network of public radio stations and in a manner that benefits the citizens of the State of Iowa, as long as it is reasonably able to do so;
- IPR shall continue to support students by providing educational opportunities at each of the universities through employment at the stations; and
- IPR shall continue to provide access for Iowa Reading Information Services and Iowa's Emergency Alert Systems, or similar services or entities.

The Board of Regents, with consent of the Universities, and in conjunction with IPR, filed Assignment of Authorization applications with the FCC on March 29, 2022 applying to assign the FCC broadcast licenses to the Organization. On April 1, 2022, the FCC accepted the applications starting the 30-day public comment period. The public comment period ended on May 2, 2022 with no public comments. On June 15, 2022, the FCC approved the Assignment of Authorization applications.

On June 30, 2022, IPR and the Board of Regents, with consent of the Universities, executed a Bill of Sale and Assignment and Assumption Agreement which included a final Asset Purchase Agreement signifying the closing of the transaction. The Public Service Operating Agreement, the agreement under which IPR previously managed the day-to-day operations of the stations, terminated immediately upon closing of the transaction.

On June 30, 2022, IPR filed Notification of Consummation notices with the FCC signifying the closing of the transaction and the assignment of the FCC broadcast licenses.

On August 1, 2022, IPR filed with the Corporation for Public Broadcasting an Application for Recognition as a Radio Community Service Grant Licensee. On September 29, 2022, Consent to Assignment Agreements were filed with CPB by the University of Northern Iowa, Iowa State University and the University of Iowa, as previous licensees of the radio stations and recipients of the community service grants associated with the transferred FCC broadcast licenses. On October 26, 2022, CPB notified IPR it had been approved as a community licensee.

Additional information regarding the assets transferred to IPR as a part of the License Transfer can be found in the Notes to Financial Statements including Transactions With Iowa Public Radio, Inc., Capital Assets and Lease Commitments.

13. SUBSEQUENT EVENTS

The Station has evaluated events and transactions for possible adjustment or disclosure through March 16, 2023, 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, 2022

	Program Services				Support Services			Depreciation	Total
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising & Membership Development	Total Support Services		
Salaries, wages and benefits	\$ -	\$ 41,556	\$ -	\$ 41,556	\$ -	\$ -	\$ -	\$ -	\$ 41,556
Direct expenses paid by Iowa Public Radio, Inc.	656,301	307,724	41,598	1,005,623	386,473	523,885	910,358	-	1,915,981
Institutional, physical plant & occupancy - ISU	-	-	-	-	453,208	-	453,208	-	453,208
Programming fees	362,667	-	-	362,667	-	-	-	-	362,667
Professional services	-	-	-	-	22,210	-	22,210	-	22,210
Office and other supplies	-	6,113	-	6,113	-	-	-	-	6,113
Depreciation	-	-	-	-	-	-	-	136,101	136,101
Professional development	-	-	-	-	-	-	-	-	-
Travel	-	9,900	-	9,900	-	-	-	-	9,900
Facilities	-	250,310	-	250,310	-	-	-	-	250,310
Postage	-	24	-	24	-	-	-	-	24
Telecommunications	-	81,035	-	81,035	-	-	-	-	81,035
Repairs and maintenance	-	41,188	-	41,188	367	-	367	-	41,555
Total expenses	<u>\$ 1,018,968</u>	<u>\$ 737,850</u>	<u>\$ 41,598</u>	<u>\$ 1,798,416</u>	<u>\$ 862,258</u>	<u>\$ 523,885</u>	<u>\$ 1,386,143</u>	<u>\$ 136,101</u>	<u>\$ 3,320,660</u>

See Independent Auditor's Report.

WOI - AM/FM

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services				Support Services			Depreciation	Total
	Programming and Production	Broadcasting and Engineering	Program Information & Promotion	Total Program Services	Management and General	Fundraising & Membership Development	Total Support Services		
Salaries, wages and benefits	\$ -	\$ 67,312	\$ -	\$ 67,312	\$ -	\$ -	\$ -	\$ -	\$ 67,312
Direct expenses paid by Iowa Public Radio, Inc.	542,523	359,146	41,894	943,563	347,708	435,712	783,420	-	1,726,983
Institutional, physical plant & occupancy - ISU	-	-	-	-	337,034	-	337,034	-	337,034
Programming fees	329,252	-	-	329,252	-	-	-	-	329,252
Professional services	22,245	-	-	22,245	24,451	-	24,451	-	46,696
Office and other supplies	-	9,233	-	9,233	-	-	-	-	9,233
Depreciation	-	-	-	-	-	-	-	160,738	160,738
Professional development	-	-	-	-	-	-	-	-	-
Travel	-	10,896	-	10,896	-	-	-	-	10,896
Facilities	-	243,552	-	243,552	-	-	-	-	243,552
Postage	-	-	-	-	-	-	-	-	-
Telecommunications	-	76,502	-	76,502	-	-	-	-	76,502
Repairs and maintenance	-	43,362	-	43,362	443	-	443	-	43,805
Total expenses	\$ 894,020	\$ 810,003	\$ 41,894	\$ 1,745,917	\$ 709,636	\$ 435,712	\$ 1,145,348	\$ 160,738	\$ 3,052,003

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WOI - AM/FM (the "Station"), which comprise the statement of net position as of June 30, 2022, 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 March 16, 2023.

Report on 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) as a basis for designing 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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PCPS Section of the
American Institute of
Certified Public Accountants

Iowa Society of Certified
Public Accountants

Forensic Accountants
Society of North America

Report on 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.".

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

March 16, 2023