

IOWA PUBLIC RADIO, INC.

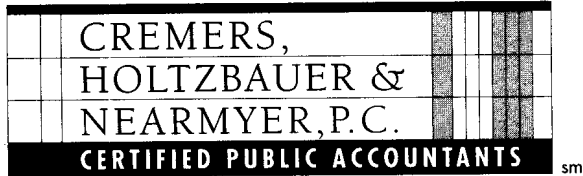
Financial Statements
for the Year Ended
June 30, 2008 and
Independent Auditors' Report

IOWA PUBLIC RADIO, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Iowa Public Radio, Inc. as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Iowa Public Radio, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Public Radio, Inc. as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cremers, Holtzbaue & Nearmyer, P.C.

CREMERS, HOLTZBAUER & NEARMYER, P.C.
Certified Public Accountants

November 5, 2008

Dale E. Cremers, CPA
Robert W. Holtzbaue, CPA
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Members:

PCPS Section of the
American Institute of
Certified Public Accountants

Iowa Society of Certified
Public Accountants

Forensic Accountants
Society of North America

IOWA PUBLIC RADIO, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2008

<u>ASSETS</u>	<u>Amount</u>
CASH AND CASH EQUIVALENTS	\$ 193,134
UNCONDITIONAL PROMISES TO GIVE - net of allowance of \$16,655	192,420
GRANTS RECEIVABLE	<u>87,500</u>
TOTAL	<u>\$ 473,054</u>
 <u>LIABILITIES AND NET ASSETS</u>	
ACCOUNTS PAYABLE	\$ 2,442
DUE TO UNIVERSITY OF NORTHERN IOWA	19,847
CONTRIBUTIONS PAYABLE TO STATIONS (Note 7)	377,035
COMPENSATED ABSENCES	<u>73,730</u>
Total liabilities	<u>- 473,054</u>
NET ASSETS (Note 6):	
Unrestricted	(100,000)
Temporarily restricted: Special projects grant	<u>100,000</u>
Total net assets	<u>-0-</u>
TOTAL	<u>\$ 473,054</u>

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

IOWA PUBLIC RADIO, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2008

	<u>Un- Restricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions - net of uncollectible promises to give	\$2,205,428	\$ -0-	\$2,205,428
Grants	127,500	100,000	227,500
Investment return (Note 3)	<u>15</u>	<u>-0-</u>	<u>15</u>
Total support and revenue	<u>2,332,943</u>	<u>- 100,000</u>	<u>2,432,943</u>
FUNCTIONAL EXPENSES:			
Contribution expense - Stations (Note 7)	1,479,916	-0-	1,479,916
Salaries, wages and benefits	774,585	-0-	774,585
Consultation services	41,508	-0-	41,508
Meetings, conferences and training	28,011	-0-	28,011
Dues and subscriptions	24,512	-0-	24,512
Credit card fees	22,035	-0-	22,035
Travel	16,020	-0-	16,020
Insurance	14,409	-0-	14,409
Recruitment	8,645	-0-	8,645
Legal services	8,219	-0-	8,219
Event and other supplies	7,666	-0-	7,666
Design	5,175	-0-	5,175
Office supplies	1,228	-0-	1,228
Telephone	<u>1,014</u>	<u>-0-</u>	<u>1,014</u>
Total functional expenses	<u>2,432,943</u>	<u>-0-</u>	<u>2,432,943</u>
CHANGES IN NET ASSETS	<u>-(100,000)</u>	<u>- 100,000</u>	<u>- - - -0-</u>
NET ASSETS:			
Beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
END OF YEAR	<u>\$ (100,000)</u>	<u>\$ 100,000</u>	<u>\$ -0-</u>

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

IOWA PUBLIC RADIO, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

	<u>Amount</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in net assets	\$ -0-
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in allowance for uncollectible promises to give	16,655
Realized gain on investments	(6)
Donated securities	(2,970)
(Increase) decrease in:	
Accounts receivable	120,530
Unconditional promises to give	(209,075)
Grants receivable	(87,500)
Increase (decrease) in:	
Accounts payable	(1,401)
Due to University of Northern Iowa	19,847
Contributions payable	377,035
Accrued compensated absences	73,730
	<u>306,845</u>
Net cash flows provided by operating activities	- 306,845
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Proceeds from the sale of investments	<u>2,976</u>
Net cash flows provided by investing activities	- - 2,976
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Receipt of cash advances	100,000
Repayment of cash advances	<u>(150,000)</u>
Net cash flows used by financing activities	<u>(50,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	259,821
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>(66,687)</u>
END OF YEAR	<u>\$ 193,134</u>

DISCLOSURE OF POLICY FOR CASH AND CASH EQUIVALENTS:

Cash and cash equivalents are controlled by Iowa State University Foundation and/or Iowa State University of Science and Technology 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.

DISCLOSURE OF NONCASH FINANCING AND INVESTING TRANSACTIONS:

The Organization received donated securities in 2008 in the amount of \$2,970.

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

IOWA PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Iowa Public Radio, Inc. is organized as a public benefit corporation under the Revised Iowa Nonprofit Corporation Act, Chapter 504 of the Code of Iowa. The Organization is operated exclusively for charitable and educational purposes. The mission of the Organization is to support the welfare and growth of the network of public radio stations in the State of Iowa, including, but not limited to, the public radio stations currently licensed to the State University of Iowa, Iowa State University of Science and Technology, and University of Northern Iowa.

Financial Statement Presentation

The Organization has adopted the provisions of the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under those provisions, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets are net assets with no donor-imposed restrictions and are available for current use.

Temporarily restricted net assets are net assets received with donor-imposed restrictions that limit their use. When a time or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization has elected to present temporarily restricted net assets, whose restrictions are met in the same reporting period, within the unrestricted net asset class.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition

The Organization has adopted the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give are periodically evaluated for collectibility based on payment history with the donor, time lapsed since the pledge was received and the number of collection attempts the Organization has made. Based on these criteria, the Organization determines an appropriate allowance for uncollectible promises to give at year-end. Grants are recognized as revenue in the period the grant is awarded. Grants and contributions are considered available for unrestricted use, unless specifically restricted by the grantor or donor.

Income Taxes

Iowa Public Radio, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state of Iowa income taxes and therefore, has made no provision for either federal or State income taxes.

2. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of June 30, 2008 were pledges made to the Organization and consisted of the following:

	<u>Amount</u>
Receivable in less than one year	\$ 209,075
Less allowance for uncollectible promises to give	<u>(16,655)</u>
Net unconditional promises to give	<u>\$ 192,420</u>

3. INVESTMENTS

The Organization has adopted the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Investments that have been contributed to the Organization are recorded at fair market value on the date of the gift. Market value is determined by quoted market prices. The Organization held no investments as of June 30, 2008.

Investment return for 2008 is summarized as follows:

	<u>Amount</u>
Dividend income	\$ 9
Gain on sale of investments	<u>6</u>
Investment return	<u>\$ 15</u>

4. COMPENSATED ABSENCES

Employees of the Organization are paid through State of Iowa 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 sick leave is paid at 100% of hourly rate up to a maximum of \$2,000 upon retirement. As of June 30, 2008, the amount to liquidate accrued vacation and sick leave amounts to approximately \$73,730.

5. RETIREMENT PLANS

The Organization's employees participate in one of the Board of Regents state universities retirement plans:

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, each employee through the fifth year of employment contributes 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, is required to contribute 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 contributes 5% and the University 10% on all earnings.

Iowa Public Employees Retirement System:

The University contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, IA 50306-9117. Plan members are required to contribute 3.7% of their annual covered salary and the University is required to contribute 5.75% of annual covered payroll for the year ended June 30, 2008.

The Organization's share of employer contributions to university retirement plans is included in salaries, wages and benefits expense for the year ended June 30, 2008.

6. NET ASSETS

The Organization has \$100,000 in temporarily restricted net assets available to fund the construction of an office and recording and broadcasting studio in Des Moines, Iowa.

7. RELATED PARTY

Iowa Public Radio, Inc. was formed to support and promote the public radio stations of the three state universities which are divisions of the State of Iowa, governed by the State of Iowa Board of Regents. Iowa Public Radio, Inc. is governed by a five member board, with one licensee director appointed by each university.

Iowa Public Radio, Inc. provides service to each of the universities in the form of management and fundraising services. Contribution expense for the year ended June 30, 2008 and contributions payable as of June 30, 2008 are as follows:

	<u>Amount</u>
Contribution expense:	
University of Northern Iowa (licensee - KUNI)	\$ 196,690
Iowa State University of Science & Technology (licensee - WOI)	1,156,625
State University of Iowa (licensee - WSUI)	<u>126,601</u>
Total	<u>\$1,479,916</u>
Contributions payable:	
University of Northern Iowa (licensee - KUNI)	\$ 127,940
Iowa State University of Science & Technology (Licensee - WOI)	172,494
State University of Iowa (licensee - WSUI)	<u>76,601</u>
Total	<u>\$ 377,035</u>

The Organization's employees are paid through the state universities. Iowa Public Radio, Inc. reimburses the universities for the salaries and benefits of the Organization's employees. Salaries, wages and benefits incurred by each university on behalf of Iowa Public Radio, Inc. for the year ended June 30, 2008 are as follows:

<u>University</u>	<u>Amount</u>
University of Northern Iowa (licensee - KUNI)	\$ 100,000
Iowa State University of Science & Technology (licensee - WOI)	487,614
State University of Iowa (licensee - WSUI)	100,000
Interim executive and assistant positions due to University of Northern Iowa (licensee - KUNI)	13,241
Accrued compensation assumed by Iowa Public Radio, Inc. from the universities	<u>73,730</u>
Total	<u>\$ 774,585</u>

The amount payable to the University of Northern Iowa for salaries, benefits and other expenses was \$19,847 as of June 30, 2008.

8. FUNCTIONAL EXPENSES

The following schedule summarizes the functional expenses for the year ended June 30, 2008 by their functional classifications:

<u>Classification</u>	<u>Amount</u>
General and administrative	\$ 791,351
Fund-raising	<u>1,641,592</u>
Total	<u>\$2,432,943</u>