IOWA PUBLIC RADIO, INC.

2015

ANNUAL REPORT

Financial Statements and Supplemental Information
for the Years Ended June 30, 2015 and 2014
and Independent Auditor's Report

IOWA PUBLIC RADIO, INC.

Audited Financial Statements
for the Years Ended
June 30, 2015 and 2014 and
Independent Auditor's Report

IOWA PUBLIC RADIO, INC.

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June 30, 2015

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2015, 2014 and 2013

Iowa Public Radio, Inc. ("IPR") provides this Management's Discussion and Analysis as a narrative overview of the financial performance of IPR for the three years ended June 30, 2015, 2014 and 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and footnotes that follow.

The Board of Regents, State of Iowa, established Iowa Public Radio, Inc. 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 KUNI Radio Group ("KUNI") at the University of Northern Iowa, the WOI Radio Group ("WOI") at Iowa State University and the WSUI Radio Group ("WSUI") at the University of Iowa. IPR is governed by a board of directors consisting of seven appointees. The President of the Board of Regents appoints four 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 IPR should be read in conjunction with the audited financial statements and footnotes of each of the radio stations.

Iowa Public Radio's mission is to inform, enrich and engage Iowans 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 IPR which consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. IPR prepares its financial statements in accordance with Governmental Accounting Standards Board ("GASB") standards. These financial statements provide information on IPR as a whole and present both a short-term and long-term view of IPR'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 IPR using the economic resources measurement focus and accrual basis of accounting. The Statements of Net Position represent the financial position at the end of each fiscal year. The difference between assets and liabilities – or net position – is one indicator of the current financial condition. The change in net position shown on the Statement of Revenues, Expenses and Changes in Net Position indicates whether the overall financial condition has improved during the fiscal year.

	June 30, 2015	June 30, 2014	June 30, 2013
Assets:			
Current assets	$ 1,091,218	$ 730,999	$ 650,991
Other non-current assets	513,824	675,678	841,871
Capital assets, net	66,351	52,941	54,858
Total assets	$ 1,671,393	$ 1,459,618	$ 1,547,720
Liabilities:			
Current liabilities	$ 513,790	$ 540,834	$ 864,473
Long-term liabilities	61,536	181,891	298,725
Total liabilities	$ 575,326	$ 722,725	$ 1,163,198
Net position:			
Net investment in capital assets	$ 66,351	$ 52,941	$ 54,858
Restricted	670,825	838,825	1,006,825
Unrestricted	358,891	(154,873)	(677,161)
Total net position	$ 1,096,067	$ 736,893	$ 384,522
Total liabilities and net position	$ 1,671,393	$ 1,459,618	$ 1,547,720

Total assets at June 30, 2015 increased 14.5% to $1,671,393 compared to total assets of $1,459,618 at the end of the prior fiscal year. Current assets at June 30, 2015 increased 49.3% to $1,091,218 compared to current assets of $730,999 at the end of the prior fiscal year. The increase in current assets is primarily due to increases in cash and cash equivalents, amounts due from related party and prepaid expenses offset by decreases in unconditional promises to give and operating endowment receivable. Current assets at the end of fiscal year 2014 increased compared to current assets at the end of fiscal year 2013 due to increases in cash and cash equivalents and prepaid expenses offset by decreases in agency funds receivable, amounts due from related party and accounts receivable.

Non-current assets at June 30, 2015 decreased 24.0% to $513,824 compared to non-current assets of $675,678 at the end of the prior fiscal year. The decrease in non-current assets is due to the decrease in operating endowment receivable. Non-current assets at the end of fiscal year 2014 decreased compared to non-current assets at the end of fiscal year 2013 due to the decrease in operating endowment receivable.

Capital assets at June 30, 2015 increased 25.3% to $66,351 compared to capital assets of $52,941 at the end of the prior fiscal year. The increase in capital assets is primarily due to capital asset purchases offset by the recording of depreciation. Capital assets at the end of fiscal year 2014 decreased compared to capital assets at the end of fiscal year 2013 due to minimal capital purchases offset by the recording of depreciation.

Total liabilities at June 30, 2015 decreased 20.4% to $575,326 compared to total liabilities of $722,725 at the end of the prior fiscal year. Current liabilities at June 30, 2015 decreased 5.0% to $513,790 compared to current liabilities of $540,834 at the end of the prior fiscal year. The decrease in current liabilities is primarily due to decreases in accounts payable and amounts due to related party offset by an increase in salaries and wages payable. Current liabilities at the end of fiscal year 2014 decreased compared to current liabilities at the end of fiscal year 2013 due to decreases in salaries and wages payable, amounts due to related party, advance payments on underwriting agreements and accounts payable.

Long-term liabilities at June 30, 2015 decreased 66.2% to $61,536 compared to long-term liabilities of $181,891 at the end of the prior fiscal year. The decrease in long-term liabilities is primarily due to the decrease in notes payable. Long-term liabilities at the end of fiscal year 2014 decreased compared to long-term liabilities at the end of fiscal year 2013 due to the decrease in notes payable.

Total net position at June 30, 2015 increased 48.7% to $1,096,067 compared to total net position of $736,893 at the end of the prior fiscal year. Capital assets, as referenced above, increased at June 30, 2015 compared to capital assets at the end of the prior fiscal year. Restricted assets decreased at June 30, 2015 due to the decrease in assets restricted for the operating endowment. Unrestricted assets increased at June 30, 2015 due to the increase in total revenue compared to the prior fiscal year. Total net position at the end of fiscal year 2014 increased compared to the total net position at the end of fiscal year 2013.

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,		
	2015	2014	2013
Total operating revenues	$ 4,805,563	$ 4,708,073	$ 4,019,069
Total operating expenses	4,833,808	4,740,951	4,701,709
Operating loss	(28,245)	(32,878)	(682,640)
Non-operating revenues (expenses) - net	387,419	385,249	347,641
Change in net position	$ 359,174	$ 352,371	$ (334,999)

Total operating revenues for the year ended June 30, 2015 increased 2.1% to $4,805,563 compared to $4,708,073 for the year ended June 30, 2014. Major components of operating revenues include:

- Contributions, net of allowances, increased operating revenues by $191,791;
- Revenue from major gifts increased operating revenues by $189,212;
- Underwriting revenue, net of allowances, decreased operating revenues by $138,599;
- Donated support decreased operating revenues by $100,000; and
- Revenue from special events and projects decreased operating revenues by $44,914.

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2015, 2014 and 2013

Total operating revenues for the year ended June 30, 2014 increased 17.1% to $4,708,073 compared to $4,019,069 for the year ended June 30, 2013. This increase was due to increases in contributions and underwriting revenue.

Total operating expenses for the year ended June 30, 2015 increased 2.0% to $4,833,808 compared to $4,740,951 for the year ended June 30, 2014. Major components of operating expenses include:

- Management and general related expenses increased operating expenses by $249,915 primarily due to an increase in contribution expense to the stations and salaries, wages and benefits offset by a decrease in professional services;
- Programming and production related expenses increased operating expenses by $42,660 primarily due to additional salaries, wages and benefits, programming fees and professional services;
- Depreciation expense increased operating expenses by $3,321;
- Broadcasting and engineering related expenses decreased operating expenses by $139,095 primarily due to decreases in salaries, wages and benefits and telecommunications;
- Program information and promotion related expenses decreased operating expenses by $58,116 primarily due to decreases in salaries, wages and benefits; and
- Fundraising and membership development related expenses decreased operating expenses by $5,828 primarily due to reductions in professional services offset by additional salaries, wages and benefits.

Total operating expenses for the year ended June 30, 2014 increased 0.8% to $4,740,951 compared to $4,701,709 for the year ended June 30, 2013. This increase was primarily due to increases in contribution expense offset by decreases in salaries, wages and benefits and professional services.

Non-operating revenues (expenses) for the year ended June 30, 2015 increased 0.6% to $387,419 compared to $385,249 for the year ended June 30, 2014. This increase is primarily due to decrease in interest expense.

Non-operating revenues (expenses) for the year ended June 30, 2014 increased 10.8% to $385,249 compared to $347,641 for the year ended June 30, 2013. This increase was primarily due to decrease in the loss on disposal of a capital asset and the decrease in non-capitalized equipment expenditures.

<u>The Statements of Cash Flows</u>

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

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2015, 2014 and 2013

	For the years ended June 30,		
	2015	2014	2013
Cash from operating activities	$ 97,505	$ (86,850)	$ (250,566)
Cash from non-capital financing activities	270,535	272,160	518,251
Cash from capital financing activities	(25,754)	(17,640)	(50,147)
Cash from investing activities	6,002	7,770	8,256
Net change in cash	348,288	175,440	225,794
Cash beginning of year	849,220	673,780	447,986
Cash end of year	$ 1,197,508	$ 849,220	$ 673,780

Cash from operating activities increased to $97,505 for the year ended June 30, 2015 compared to ($86,850) for the year ended June 30, 2014 primarily due to an increase in cash received from membership and fundraising campaigns offset by a decrease in cash payments to employees for salaries, wages and benefits.

Cash from non-capital financing activities decreased to $270,535 for the year ended June 30, 2015 compared to $272,160 for the year ended June 30, 2014 due to a decrease in cash received from rental revenue.

Cash from capital financing activities decreased to ($25,754) for the year ended June 30, 2015 compared to ($17,640) for the year ended June 30, 2014 due to an increase in capitalized equipment purchases during 2015.

Cash from investing activities decreased to $6,002 for the year ended June 30, 2015 compared to $7,770 for the year ended June 30, 2014 due to a decrease in the proceeds from the sale of donated securities.

The net increase in cash and cash equivalents is $348,288 for the year ended June 30, 2015 compared to a net increase of $175,440 for the year ended June 30, 2014.

Capital Assets

At June 30, 2015, capital assets totaled $136,917, with accumulated depreciation of $70,566, for net capital assets of $66,351. At June 30, 2014, capital assets totaled $105,132, with accumulated depreciation of $52,191, for net capital assets of $52,941. Depreciation charges for the year ended June 30, 2015 totaled $22,705 compared to $19,384 for the year ended June 30, 2014. Capital assets, net of accumulated depreciation, are as follows:

IOWA PUBLIC RADIO, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

For the Years Ended June 30, 2015, 2014 and 2013

	For the years ended June 30,		
	2015	2014	2013
Furniture and fixtures	$ 6,896	$ 8,124	$ 9,352
Equipment	57,630	39,342	36,381
Leasehold improvement	1,825	5,475	9,125
Net investment in capital assets	$ 66,351	$ 52,941	$ 54,858

Economic Outlook

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

Contacting Iowa Public Radio, Inc.'s Financial Management

This financial report is designed to provide users with a general overview of IPR'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.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Iowa Public Radio, Inc. (a nonprofit organization), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Iowa Public Radio, Inc.'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.

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Auditor's Responsibility

Our responsibility is to express opinions 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 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.

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 Iowa Public Radio, Inc. as of June 30, 2015 and 2014, 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.

Other Matter

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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Public Radio, Inc.'s basic financial statements. The schedules of functional expenses on pages 24 - 25 are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 11, 2015 on our consideration of Iowa Public Radio, Inc.'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 Iowa Public Radio, Inc.'s internal control over financial reporting and compliance.

Nearmyer & Associates, P.C.

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

November 11, 2015

IOWA PUBLIC RADIO, INC.

STATEMENTS OF NET POSITION

June 30, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents	$ 690,683	$ 342,395
Unconditional promises to give, less allowance for doubtful accounts; $950 in 2015 and $2,580 in 2014	8,554	23,223
Underwriting receivable, less allowance for doubtful accounts; $20,776 in 2015 and $11,547 in 2014	156,133	151,310
Accounts receivable	2,045	150
Due from related party	12,760	-
Operating endowment receivable	164,000	168,000
Prepaid expenses	57,043	45,921
Total current assets	1,091,218	730,999
Restricted cash and cash equivalents	506,825	506,825
Operating endowment receivable	-	164,000
Other assets	6,999	4,853
Capital assets, net	66,351	52,941
Total non-current assets	580,175	728,619
Total assets	$ 1,671,393	$ 1,459,618
LIABILITIES AND NET POSITION		
Accounts payable	$ 13,955	$ 53,294
Due to related party	-	18,604
Advance payments on underwriting agreements	132,435	133,799
Salaries and wages payable	247,045	218,303
Current portion - notes payable	120,355	116,834
Total current liabilities	513,790	540,834
Notes payable - net of current portion	61,536	181,891
Total liabilities	575,326	722,725
Net position		
Net investment in capital assets	66,351	52,941
Restricted:		
Expendable	164,000	168,000
Non-expendable	506,825	670,825
Unrestricted	358,891	(154,873)
Total net position	1,096,067	736,893
Total liabilities and net position	$ 1,671,393	$ 1,459,618

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

IOWA PUBLIC RADIO, INC.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2015 and 2014

OPERATING REVENUES	2015	2014
Contributions - net	$ 2,955,636	$ 2,763,845
Program underwriting - net	1,536,062	1,674,661
Major gifts	189,212	-
Special events and projects	24,653	69,567
Donated support	100,000	200,000
Total operating revenues	4,805,563	4,708,073
OPERATING EXPENSES		
Program services:		
Programming and production	971,096	928,436
Broadcasting and engineering	682,977	822,072
Program information and promotion	15,967	74,083
Support services:		
Management and general	2,179,792	1,929,877
Fundraising and membership development	961,271	967,099
Depreciation	22,705	19,384
Total operating expenses	4,833,808	4,740,951
Operating loss	(28,245)	(32,878)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	391,568	391,568
Investment return	(260)	(211)
Loss on disposal of capital asset	(439)	(174)
Rental revenue	4,650	5,525
Interest expense	(8,100)	(11,459)
Total non-operating revenues (expenses) - net	387,419	385,249
Change in net position	359,174	352,371
Net position, beginning of year	736,893	384,522
Net position, end of year	$ 1,096,067	$ 736,893

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

IOWA PUBLIC RADIO, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2015 and 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Cash received from memberships and fundraising campaigns	$ 3,305,938	$ 2,920,022
Cash received from program underwriting	1,529,475	1,625,679
Cash received from special events and projects	24,653	72,919
Cash received from Radio Group	100,000	200,000
Cash payments to employees for salaries, wages and benefits	(2,400,709)	(2,702,685)
Cash payments to suppliers for goods and services	(1,008,773)	(988,626)
Cash payments to state universities for memberships and fundraising campaigns	(1,453,079)	(1,214,159)
Net cash flows provided (used) by operating activities	97,505	(86,850)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received from state appropriations	391,568	391,568
Cash received from rental income	3,900	5,525
Cash payments on debt	(116,834)	(113,406)
Cash payments for interest on debt	(8,099)	(11,527)
Net cash flows provided by non-capital financing activities	270,535	272,160
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment - capitalized	(25,754)	(17,640)
Net cash flows used by capital financing activities	(25,754)	(17,640)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of donated securities	6,047	7,843
Cash paid for investment income/expense net	(45)	(73)
Net cash flows provided by investing activities	6,002	7,770
Net increase in cash and cash equivalents	348,288	175,440
Cash and cash equivalents, beginning of year	849,220	673,780
Cash and cash equivalents, end of year	$ 1,197,508	$ 849,220

Continued........

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

IOWA PUBLIC RADIO, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2015 and 2014

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Operating loss	$ (28,245)	$ (32,878)
Transactions not requiring cash:		
Depreciation	22,705	19,384
Donated securities	(6,699)	(8,144)
Donated life insurance policy/increase in cash surrender value	(1,710)	(1,645)
Donated capital assets	(10,800)	-
(Increase) decrease in:		
Accounts receivable	(1,145)	3,353
Due from related party	(12,760)	3,566
Pledges and underwriting receivable	9,846	2,237
Unrestricted portion of operating endowment	168,000	168,000
Prepaid expenses	(11,122)	(21,887)
Increase (decrease) in:		
Accounts payable	(39,339)	(11,958)
Due to related party	(18,604)	9,356
Advance payments on underwriting agreements	(1,364)	(51,860)
Salaries and wages payable	28,742	(155,700)
Early retirement benefits payable	-	(8,674)
Net cash flows provided (used) by operating activities	$ 97,505	$ (86,850)

Concluded.

DISCLOSURE OF NON-CASH FINANCING AND INVESTING TRANSACTIONS:

Iowa Public Radio, Inc. received donated securities in the amount of $6,699 and $8,144 for the years ended June 30, 2015 and 2014, respectively. Iowa Public Radio, Inc. owns a life insurance policy in which the premiums are paid by the donor. The cash surrender value of the policy increased $1,710 and $1,645 for the years ended June 30, 2015 and 2014, respectively. Iowa Public Radio, Inc. received donated capital assets in the amount of $10,800 and $0 for the years ended June 30, 2015 and 2014, respectively.

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

IOWA PUBLIC RADIO, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Iowa Public Radio, Inc. (the "Organization") is organized as a public benefit corporation under the Revised Iowa Non-Profit Corporation Act, Chapter 504 of the Code of Iowa. The Organization was formed 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 University of Northern Iowa, Iowa State University and the University of Iowa. The state universities are divisions of the State of Iowa, governed by the Board of Regents, State of Iowa ("Board of Regents"). The Organization is governed by a seven member board, with one licensee director appointed by each university president to represent the interest of the station licensee. Upon dissolution of the Corporation, the Organization shall distribute all of the assets of the Corporation to the Board of Regents or at the direction of the Board of Regents the Organization shall distribute all of the assets of the Corporation to one or more non-profit organizations which are operated exclusively for charitable or educational purposes.

Financial Statement Presentation

The Organization'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 Organization 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 Organization has elected not to apply FASB pronouncements issued after the applicable date.

Basis of Accounting

For financial reporting purposes, the Organization is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements of the Organization 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 Organization is operated exclusively for charitable and educational purposes. The Organization's mission is to inform, enrich and engage Iowans through high quality news and cultural programming. The Organization delivers three streams of programming statewide, bringing Iowans award-winning national programming and producing local programs that reflect Iowa's sense of place. The Organization is primarily supported by contributions from the public.

Net Position

The Organization's net position is classified as follows:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of those assets.

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.

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

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 unrestricted and restricted net position is available, the Organization'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:

	2015	2014
Restricted, expendable		
Operating endowment	$ 164,000	$ 168,000
Total restricted, expendable	164,000	168,000
Restricted, non-expendable		
Operating endowment	506,825	670,825
Total restricted, non-expendable	506,825	670,825
Total restricted net position	$ 670,825	$ 838,825

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or at estimated fair value at the date of donation. The Organization's capitalization policy for furniture and fixtures and equipment includes all items with a unit cost of at least $1,000 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 Organization's capitalization policy.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 10 years for furniture and fixtures and 3-10 years for equipment. Depreciation expense charged to operations for the years ended June 30, 2015 and 2014 totaled $22,705 and $19,384, respectively.

Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the unconditional promise is made. Sustaining pledges are recognized as revenue when payment is received. Contributions of assets other than cash are recorded at their estimated fair value. 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.

Unconditional Promises to Give

Unconditional promises to give are periodically evaluated for collectability based on payment history with the donor, time elapsed since the pledge was received and the number of collection attempts the Organization has made. Based on these criteria, management determines an appropriate allowance for doubtful accounts. The allowance for doubtful accounts totaled $950 and $2,580 as of June 30, 2015 and 2014, respectively.

Program Underwriting

The Organization assumes all billing and collection activities of program underwriting for the radio stations licensed to the state universities. 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.

Underwriting Receivables

Underwriting receivables are carried at original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines an appropriate allowance for doubtful accounts by identifying past due accounts and by using historical experience applied to an aging of accounts. Underwriting receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for doubtful accounts totaled $20,776 and $11,547 as of June 30, 2015 and 2014, respectively.

Contributed Services

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 Organization throughout the year that have not been recognized as contributions in the financial statements because the criteria for recognition was not met.

Non-Current Liabilities

Non-current liabilities include principal amounts of notes payable with contractual maturities greater than one year.

Operating and Non-Operating Activities

Operating activities generally result from the management, programming, technical support and fundraising for the radio stations licensed to the state universities. Revenues restricted by donors for the use of capital improvements and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues.

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.

Income Taxes

The Organization 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; therefore, there is no provision for either federal or state income taxes.

The Organization has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. The years from June 30, 2012 through current are subject to U.S. federal income tax examinations by tax authorities. The Organization has not been notified of any impending examinations by tax authorities, and no examinations are in process.

Advertising

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expense charged to operations for the years ended June 30, 2015 and 2014 totaled $10,921 and $5,359, respectively.

Fair Value of Financial Instruments

The carrying amounts of cash, promises to give, underwriting receivable, accounts receivable, prepaid expenses, accounts payable, advance payments on underwriting agreements and accrued expenses approximate fair value because of the short maturity of those financial instruments.

Investments are recorded at fair value based upon quoted market prices as obtained from external investment managers. The cash surrender value of the donated life insurance policy is recorded at the value provided by the insurance carrier on a periodic basis.

Reclassification

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

2. TRANSACTIONS WITH STATE UNIVERSITIES

In May, 2007, the Organization entered into a Public Service Operating Agreement ("PSOA") to manage the day-to-day operations of the radio stations on behalf of the Board of Regents and the universities consistent with Federal Communications Commission ("FCC") requirements for licensee control. The PSOA expired June 30, 2013 and was renewed by the Board of Regents through June 30, 2019. The Organization provides services to each of the universities including management, programming and technical support and serves as the primary fundraising entity. Contribution expense for the years ended June 30, 2015 and 2014 is as follows:

	2015	2014
Contribution expense		
University of Northern Iowa (Licensee: KUNI)	$ 493,000	$ 568,000
Iowa State University (Licensee: WOI)	585,079	506,160
University of Iowa (Licensee: KSUI)	375,000	140,000
Total contribution expense	$ 1,453,079	$ 1,214,160

There were no contributions payable as of June 30, 2015 and 2014.

The amount payable to the University of Northern Iowa for other expenses is $0 and $8,805 as of June 30, 2015 and 2014. The amount receivable from the University of Northern Iowa for other expenses is $4,254 and $0 as of June 30, 2015 and 2014, respectively.

The amount payable to Iowa State University for other expenses is $0 and $9,799 as of June 30, 2015 and 2014, respectively. The amount receivable from Iowa State University for other expenses is $4,253 and $0 as of June 30, 2015 and 2014, respectively.

The amount receivable from the University of Iowa for other expenses is $4,253 and $0 as of June 30, 2015 and 2014, respectively.

During 2012, the Organization received an unconditional promise to give to the IPR Operating Endowment Fund from Friends of KHKE/KUNI ("Friends") in the amount of $1,000,000. The operating endowment receivable is $164,000 and $332,000 as of June 30, 2015 and 2014, respectively. In May 2015, June 2014, and November 2013, the gift agreement was amended to reflect the distribution of the outstanding receivable towards general operating support of $164,000 and $168,000 for the fiscal years ended June 30, 2015 and 2014, respectively, reducing the final IPR Operating Endowment Fund to a total of $500,000.

Financial statements for the universities can be obtained from the University of Northern Iowa at Financial Accounting and Reporting Services, 122 Lang Hall, Cedar Falls, IA 50614-0009, Iowa State University at Controller's Department, 3607 Administrative Services Building, Ames, IA 50011-3607 and the University of Iowa at Controller's Office, Jessup Hall, Iowa City, IA 52242.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents of the Organization are held by Iowa State University (the "University") and Iowa State University Foundation (the "Foundation") and consist of restricted and 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.

Investments contributed to the Organization include donated securities and a life insurance policy. The donated securities are recorded at fair value on the date of the gift. The Organization sells the donated securities upon receipt and held no securities as of June 30, 2015 and 2014. The life insurance policy is recorded at the cash surrender value which is $6,033 and $4,323 as of June 30, 2015 and 2014, respectively.

The Organization established the Iowa Public Radio Fund with the Community Foundation of Greater Des Moines in December, 2012. The value of the fund is $967 and $530 as of June 30, 2015 and 2014, respectively. The fund assets are invested in a long-term growth portfolio with investment assets comprised of domestic and international equity, U.S. fixed income, hedge funds, real assets, private equity securities and cash.

Investment return for the years ended June 30, 2015 and 2014 is summarized as follows:

	2015	2014
Investment return		
Dividends and interest	$ 12	$ 10
Management fees	(316)	(330)
Net realized and unrealized gains (losses)	44	110
Total investment return	$ (260)	$ (210)

For donor restricted endowments, Chapter 540A of the Code of Iowa permits the Organization to appropriate an amount of realized and unrealized appreciation as the Organization determines to be prudent. In August, 2013, the Organization formally adopted a spending policy for permanent endowment funds. Net appreciation of endowment funds totaled $0 as of June 30, 2015 and 2014.

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

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, 2015, the Organization's cash and cash equivalents were highly concentrated in the University and Foundation cash accounts.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of a depository financial institution, the Organization my not be able to recover deposits or collateral securities. The cash accounts of the University are FDIC insured or covered by the State of Iowa Sinking Fund.

As of June 30, 2015 and 2014, the carrying amount of deposits with the Foundation totaled $1,174,244 and $849,175, respectively. The Foundation maintains deposits in financial institutions that consistently exceed the FDIC insured limit. The Foundation has not experienced any losses in such accounts, and 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.

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are pledges made to the Organization and consisted of the following as of June 30, 2015 and 2014:

	2015	2014
Unconditional promises to give		
Receivable in less than one year	$ 9,504	$ 25,803
Less allowance for uncollectible promises to give	(950)	(2,580)
Net unconditional promises to give	$ 8,554	$ 23,223

5. OPERATING ENDOWMENT RECEIVABLE

A summary of the operating endowment receivable at June 30, 2015 and 2014 is as follows:

	2015	2014
Operating endowment receivable		
Gross operating endowment receivable	$ 164,000	$ 332,000
Allowance for uncollectible endowment receivable	-	-
Discount to present value	-	-
Net operating endowment receivable	$ 164,000	$ 332,000

The Organization estimates payments on the operating endowment receivable as of June 30, 2015, will be received as follows:

Year Ending June 30,	Amount
2016	$ 164,000
	$ 164,000

Based on the amount of the endowment and the payment schedule, the Organization did not discount the receivable.

6. CAPITAL ASSETS

A summary of capital assets at June 30, 2015 is as follows:

	June 30, 2014	Additions	Reductions	June 30, 2015
Furniture & fixtures	$ 12,278	$ -	$ -	$ 12,278
Equipment	81,904	36,554	4,769	113,689
Leasehold improvements	10,950	-	-	10,950
Total	105,132	36,554	4,769	136,917
Less accumulated depreciation:				
Furniture & fixtures	4,154	1,228	-	5,382
Equipment	42,562	17,827	4,330	56,059
Leasehold improvements	5,475	3,650	-	9,125
Total	52,191	22,705	4,330	70,566
Net investment in capital assets	$ 52,941	$ 13,849	$ 439	$ 66,351

A summary of capital assets at June 30, 2014 was as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014
Furniture & fixtures	$ 12,278	$ -	$ -	$ 12,278
Equipment	65,655	17,640	1,391	81,904
Leasehold improvements	10,950	-	-	10,950
Total	88,883	17,640	1,391	105,132
Less accumulated depreciation:				
Furniture & fixtures	2,926	1,228	-	4,154
Equipment	29,274	14,506	1,218	42,562
Leasehold improvements	1,825	3,650	-	5,475
Total	34,025	19,384	1,218	52,191
Net investment in capital assets	$ 54,858	$ (1,744)	$ 173	$ 52,941

7. LEASE COMMITMENTS

The Organization has two leases for studio and administrative space in Des Moines. The leases have been classified as operating leases and, accordingly, rent is charged to expense as incurred. The first lease expires on January 31, 2019 and requires a minimum monthly base rent of $2,855 through January 31, 2014 and $3,400 through January 31, 2019. The lease agreement requires the payment of monthly pass-through charges for the Organization's share of utilities, services and taxes. The second lease expires December 31, 2015 and requires a minimum monthly base rent of $1,931 through December 31, 2013, $1,962 through December 31, 2014 and $1,992 through December 31, 2015.

Lease expense charged to operations for base rent and pass-through charges for the years ended June 30, 2015 and 2014 totaled $104,593 and $92,502, respectively.

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

Year Ending June 30,	Amount
2016	$ 52,754
2017	40,800
2018	40,800
2019	23,800
	$ 158,154

8. COMPENSATED ABSENCES

Employees of the Organization are paid through Merit Resources and accumulate vacation and sick leave. It is the policy of the Organization to liquidate these accrued benefits under specific circumstances. Accrued vacation is paid at 100% of the employees' hourly rate upon retirement, death or termination. As of June 30, 2015 and 2014, the amount to liquidate accrued vacation leave is approximately $247,045 and $218,303, respectively.

9. EMPLOYEE BENEFITS AND RETIREMENT PLAN

Employee Benefits

Employees of the Organization participate in the Iowa Public Radio Defined Contribution Plan administered by Teachers Insurance and Annuity Association - College Retirement Equity Fund ("TIAA-CREF"). The defined contribution retirement plan provides individual annuities for each plan participant. The Board of Directors establishes and amends the plan's provisions and contribution requirements. As required by IPR's policy, all eligible 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-CREF for years 2015 and 2014, 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 Organization, 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 Organization contributed 10% on all earnings.

The Organization's required and actual contributions totaled $160,889 and $176,857 respectively for the years ended June 30, 2015 and 2014. The required and actual contributions of the employees totaled $80,445 and $88,430, respectively for the years ended June 30, 2015 and 2014.

Early Retirement Incentive Program

During the year ended June 30, 2009, the Organization had an employee elect to participate in the Early Retirement Incentive Program offered by the University of Northern Iowa. Eligible employees were required to have been 57 years or older and their age plus years of service had to equal 70 or more on or before the date of retirement. Employees who met the eligibility requirements had to apply for the program by July 31, 2009 and retire between June 1, 2009 and December 31, 2009.

The University of Northern Iowa charges the Organization for the retirement incentive portion of the Early Retirement Incentive Program for the employee who elected participation. The Organization reimburses the University of Northern Iowa for the employer's retirement contribution to TIAA-CREF for 5 years, based on the employee's annual salary as of May 1, 2009. In the event of the employee's death, the Organization's obligation to pay the cost of the TIAA-CREF contribution will cease on the first day of the month following the date of death.

As of June 30, 2015 and 2014, the present value of future benefits is $0.

Retiree benefits expense charged to operations for the years ended June 30, 2015 and 2014 totaled $0 and $131, respectively.

Early retirement benefits payable activity for the years ended June 30, 2015 and 2014 is as follows:

	2015	2014
Early retirement benefits payable		
Beginning balance	$ -	$ 8,674
Accruals and adjustments	-	131
Payments	-	(8,805)
Balance, June 30	$ -	$ -

10. NOTES PAYABLE

The Organization has the following note payable outstanding at June 30, 2015:

Debt	Beginning Balance	Additions	Reductions	Ending Balance
Iowa State University, Note due 12/30/2016, interest rate of 3.0%	$ 298,725	$ -	$ 116,834	$ 181,891

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 120,355	$ 4,578	$ 124,933
2017	61,536	931	62,467
	$ 181,891	$ 5,509	$ 187,400

11. LITIGATION

On November 4, 2013, the Organization received notice that Michael Gartner was considering legal action alleging violation of Open Meetings Law in relation to the Board meeting held on October 30, 2013. IPR's Board of Directors approved an agreement with Gartner sending to arbitration Gartner's contention that the closed session portion of the October 30, 2013 meeting may have violated Open Meetings Law. The arbitrator delivered a split decision in the matter. On December 2, 2014, the District Court released portions of the minutes and transcript of the closed session and per the agreement with Michael Gartner, the consent order was extended. As of June 30, 2014, $18,000 was included in accounts payable for potential legal fees and arbitration fees.

12. RISK MANAGEMENT

The Organization 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 insurance coverage of catastrophic property, general liability, employee dishonesty, worker's compensation, multi-media liability and director and officers' policies.

13. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for possible adjustment or disclosure through November 11, 2015 which is the date the financial statements were available to be issued.

As of the date of this report, the Organization does not have any outstanding construction commitments.

Supplemental Information

IOWA PUBLIC RADIO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2015

	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	Depreciation	Total
Contribution expense - stations	$ -	$ -	$ -	$ -	$ 1,453,079	$ -	$ 1,453,079	$ -	$ 1,453,079
Salaries, wages and benefits	831,850	546,618	11,021	1,389,489	482,617	548,541	1,031,158	-	2,420,647
Services	35,630	19,254	4,946	59,830	96,650	269,870	366,520	-	426,350
Facilities	-	-	-	-	104,593	-	104,593	-	104,593
Supplies	1,656	47,988	-	49,644	8,656	21,127	29,783	-	79,427
Printing	-	-	-	-	2,281	79,128	81,409	-	81,409
Prof development	1,285	380	-	1,665	4,518	655	5,173	-	6,838
Travel	10,563	590	-	11,153	5,233	4,929	10,162	-	21,315
Telecommunications	2,415	67,068	-	69,483	-	-	-	-	69,483
Recruitment	-	-	-	-	2,603	-	2,603	-	2,603
Postage	-	-	-	-	11,847	37,021	48,868	-	48,868
Programming fees	87,697	-	-	87,697	-	-	-	-	87,697
Depreciation	-	-	-	-	-	-	-	22,705	22,705
Repairs & maintenance	-	1,079	-	1,079	7,715	-	7,715	-	8,794
Total expenses	$ 971,096	$ 682,977	$ 15,967	$ 1,670,040	$ 2,179,792	$ 961,271	$ 3,141,063	$ 22,705	$ 4,833,808

See Independent Auditor's Report.

IOWA PUBLIC RADIO, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2014

	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	Depreciation	Total
Contribution expense - stations	$ -	$ -	$ -	$ -	$ 1,214,160	$ -	$ 1,214,160	$ -	$ 1,214,160
Salaries, wages and benefits	806,156	686,839	66,910	1,559,905	443,647	534,760	978,407	-	2,538,312
Services	29,818	10,457	3,167	43,442	133,654	302,360	436,014	-	479,456
Facilities	-	-	-	-	92,502	-	92,502	-	92,502
Supplies	1,987	46,009	633	48,629	6,019	20,311	26,330	-	74,959
Printing	-	-	2,729	2,729	498	73,257	73,755	-	76,484
Prof development	187	169	644	1,000	1,879	110	1,989	-	2,989
Travel	7,538	1,764	-	9,302	5,404	4,953	10,357	-	19,659
Telecommunications	1,910	71,406	-	73,316	-	-	-	-	73,316
Recruitment	-	-	-	-	10,897	-	10,897	-	10,897
Postage	-	-	-	-	13,414	31,348	44,762	-	44,762
Programming fees	80,840	-	-	80,840	-	-	-	-	80,840
Depreciation	-	-	-	-	-	-	-	19,384	19,384
Repairs & maintenance	-	5,428	-	5,428	7,803	-	7,803	-	13,231
Total expenses	$ 928,436	$ 822,072	$ 74,083	$ 1,824,591	$ 1,929,877	$ 967,099	$ 2,896,976	$ 19,384	$ 4,740,951

See Independent Auditor's Report.

NEARMYER
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

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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 Iowa Public Radio, Inc. as of and for the years ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2015.

Internal Control Over Financial Reporting

6200 Aurora Avenue
Suite 402W
Urbandale, IA 50322-2871

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 Organization'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.

Members:

PCPS Section of the
American Institute of
Certified Public Accountants

Iowa Society of Certified Public
Accountants

Forensic Accountants
Society of North America

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nearmyer & Associates, P.C.

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

November 11, 2015