

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
FINANCIAL STATEMENTS
June 30, 2012**

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
FINANCIAL STATEMENTS**

Fiscal Year Ended June 30, 2012

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Report of Independent Auditors

To the Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

We have audited the accompanying basic financial statements of WQCS FM Radio, a public telecommunications entity operated by Indian River State College, as of June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the College'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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

As discussed in Note A, the accompanying financial statements were prepared to present financial position, changes in financial position and cash flows of WQCS FM Radio and are not intended to be a complete presentation of the Indian River State College's financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WQCS FM Radio, a public telecommunications entity operated by Indian River State College, as of June 30, 2012, and the changes in its' financial position and its' cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees
Indian River State College
WQCS FM Radio

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012 on our consideration of WQCS FM Radio's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 3 - 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

This report is intended solely for the information and use of the District Board of Trustees and management of Indian River State College and state and local agencies and should not be used for any other purpose.

*Berger, Toombs, Elam,
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

December 17, 2012

**Indian River State College
WQCS 88.9 FM Radio
Management's Discussion and Analysis**

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of WQCS Radio Station 88.9 FM for the comparative years ending June 30, 2012 and 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The station is located on the Main Campus of Indian River State College (IRSC) in Fort Pierce, Florida. WQCS broadcasts National Public Radio, Public Radio International, and local programs that inform, enrich, and entertain the public. WQCS serves listeners with the comprehensive music and information programs that reflect current affairs, history, and cultures.

Using the Financial Statements

The financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and Statement of Cash Flows. These financial statements and accompanying Notes to the Financial Statements are prepared in accordance with the appropriate Governmental Accounting Standards Board (GASB) pronouncements.

Statement of Net Assets

The Statements of Net Assets presents a financial picture of WQCS's financial condition at the end of fiscal year by reporting assets (current and non-current), liabilities (current and non-current), and net assets (assets less liabilities).

Assets

Total assets of WQCS at the end of the fiscal year 2012 were \$4,049,461, of which cash and investments represented the largest portion. This group of assets totaled \$3,596,930 or 89% and capital assets were \$424,682 (net of depreciation) or 10% of total assets. For 2012, total assets increased by \$63760 or less than 2%, compared to 2011, primarily due to increased cash from contributions and memberships.

Liabilities

Total liabilities at the end of fiscal year 2012 were \$203,922, an increase over prior year of \$77,518 or 61%. This is primarily attributed to an increase in deferred revenue of \$81,170 or 159%, for the Corporation for Public Broadcasting's Community Service Grant

**Indian River State College
WQCS 88.9 FM Radio
Management's Discussion and Analysis**

Net Assets

Net assets were \$3,845,539 and were divided into two major categories, defined as follows:

- o Invested in capital assets, net of related debt and depreciation – This category represents WQCS's net equity in property, plant and equipment.
- o Unrestricted – This category represents the net assets held by WQCS that have no formal restrictions placed upon them.

Condensed Balance Sheets

	FYE 2012	FYE 2011
Assets:		
Current Assets	\$ 3,624,779	\$ 3,573,472
Capital Assets, net	<u>424,682</u>	<u>412,229</u>
Total Assets	<u>4,049,461</u>	<u>3,985,701</u>
Liabilities:		
Current Liabilities	147,678	66,895
Non-Current Liabilities	<u>56,244</u>	<u>59,509</u>
Total Liabilities	<u>203,922</u>	<u>126,404</u>
Net Assets:		
Invested in Capital Assets	424,682	412,229
Unrestricted Net Assets	<u>3,420,857</u>	<u>3,447,068</u>
Total Net Assets	<u>3,845,539</u>	<u>3,859,297</u>
Total Liabilities and Net Assets	<u>\$ 4,409,461</u>	<u>\$ 3,985,701</u>

**Indian River State College
WQCS 88.9 FM Radio
Management's Discussion and Analysis**

Statement of Revenues, Expenses, and Changes in Net Assets

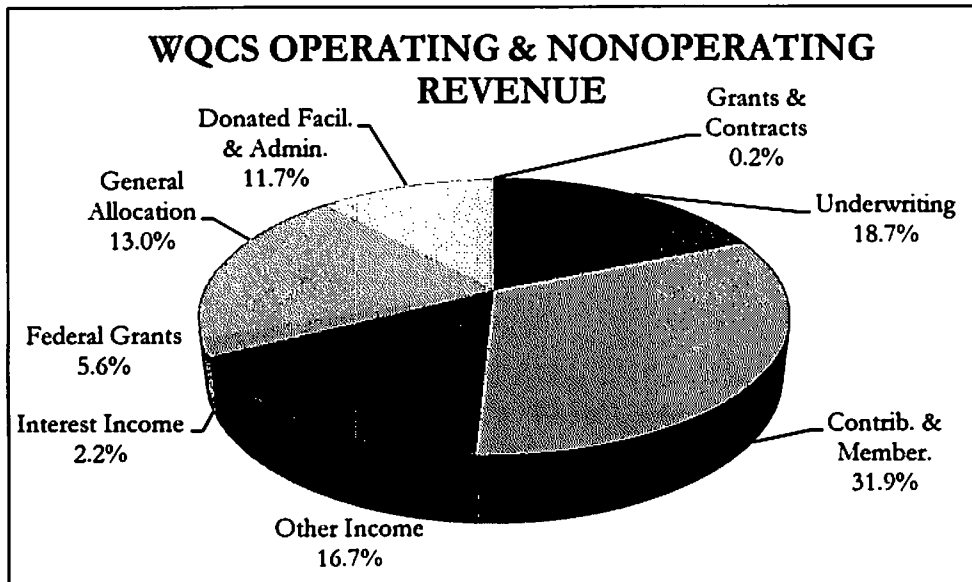
The Statement of Revenues, Expenses, and Changes in Net Assets, which is generally referred to as the activities statement, presents the total revenues (operating and non-operating) received and earned by WQCS; expenses (operating and non-operating) paid and owed; and income or loss from operations for the fiscal years ended June 30, 2012 and 2011.

Revenues

Total operating revenues for fiscal years 2012 and 2011 were \$1,044,441 and \$1,007,153, respectively, an increase of \$37,288 or 4%. This is mainly due to an increase of \$175,308 or 55% in contributions and memberships and a decrease in grants and contracts of \$118,401 or -98%. In addition, other income decreased \$17,776 or -6%

Non-operating revenues for fiscal years 2012 and 2011 totaled \$501,392 and \$572,429, respectively, a decrease of \$71,037 or -12%. This decrease is primarily reflected in federal grants which decreased by \$67,948 or -44%.

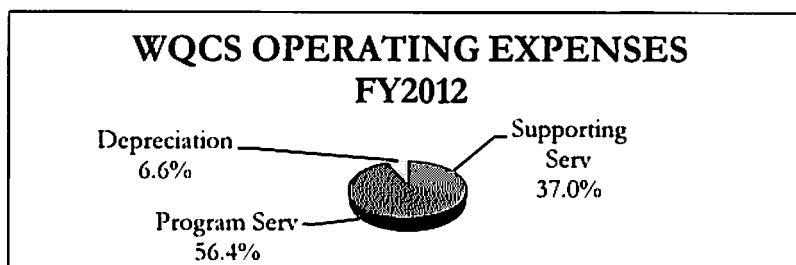
Grants and contracts revenues related to non-exchange type agreements are classified as non-operating revenues. In a non-exchange agreement, WQCS receives dollars from another party without directly giving a service or product of equal value in exchange.



**Indian River State College
WQCS 88.9 FM Radio
Management's Discussion and Analysis**

Expenses

Total operating expenses of WQCS for fiscal years 2012 and 2011 were \$1,559,591 and \$1,623,120, respectively, representing a decrease of \$63,529, or -4%. This total decrease is due to a decrease in program services in the amount of \$30,804, or -3%, as well as a decrease in support services in the amount of \$32,725, or -5%. Depreciation expenses for fiscal years 2012 and 2011 totaled \$102,162 and \$89,486, respectively, and is allocated to Program and Support Services. Amounts shown in the FY 2011 column for program and support services have been restated to correct the depreciation allocation. Program Services expense decreased \$62,640 and Support Services expense increased \$62,640; therefore, total Operating Expense for FY 2011 did not change.



Condensed Statement of Revenues, Expenses and Changes in Net Assets

	<u>FY 2012</u>	<u>FY 2011</u>
Operating Revenues:		
Underwriting Income	\$ 288,676	\$ 290,519
Contributions and Memberships	494,365	319,057
Other Income	258,787	276,563
Grants and Contracts	2,613	121,014
Total Operating Revenues	1,044,441	1,007,153
Operating Expenses:		
Program Services	878,890	918,567 *
Support Services	578,539	615,067 *
Depreciation	102,162	89,486
Total Operating Expenses	1,559,591	1,623,120
Operating Loss	(515,150)	(615,967)
Non-Operating Revenues:		
Interest Income	33,635	23,028
Federal Grants	87,279	155,227
Donated Facilities & Admin. Supp.	200,270	212,100
General Allocation from IRSC	180,208	182,074
Total Non-Operating Revenues	501,392	572,429
Change in Net Assets	(13,758)	(43,538)
Net Assets-Beginning of Year	3,859,297	3,902,835
Net Assets-End of Year	\$ 3,845,539	\$ 3,859,297

* Restated

**Indian River State College
WQCS 88.9 FM Radio
Management's Discussion and Analysis**

Statement of Cash Flows

The Statement of Cash Flows provides a summary of the sources and uses of cash by categories. The primary purpose of the Statement of Cash Flows is to provide information about WQCS's cash receipts and payments during the year and to help assess WQCS's ability to generate future net cash flows and meet future obligations.

The major source of cash from operating activities was contributions and underwriting of \$783,041. The most significant uses of cash for operating activities were payments for suppliers of \$523,402 and employees of \$672,565.

The cash flows from noncapital financing activities include \$180,208 received as allocations from Indian River State College and \$87,279 as receipts from grants and contracts.

The source of cash from capital and financing activities was funds from WQCS's auxiliary account and the Corporation for Public Broadcasting's Digital Radio Conversion Grant.

The cash flows from investing activities represent the interest income earned on investments totaling \$33,635.

Economic Factors That Will Affect the Future

Overall, WQCS's financial position is strong; however, changing economic conditions in the region and decreased state funding will continue to have an impact upon the underwriting and fundraising efforts of WQCS.

Request For Information

Questions concerning information provided in the MD&A and financial statements and notes thereto, or requests for additional financial information should be addressed to Barry Keim, the Vice President of Administration and Finance, Indian River State College, 3209 Virginia Avenue, Fort Pierce, FL 34981.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENT OF NET ASSETS
June 30, 2012**

ASSETS

Current Assets	
Cash and cash equivalents	\$ 3,596,930
Accounts receivable	21,114
Prepaid expenses	6,735
TOTAL CURRENT ASSETS	3,624,779
 Noncurrent Assets	
Capital assets, net	424,682
TOTAL ASSETS	\$ 4,049,461

LIABILITIES

Current Liabilities	
Accounts payable	\$ 4,791
Accrued liabilities	848
Deferred revenues	132,306
Accrued compensated leave - current portion	9,733
	147,678
 Noncurrent Liabilities	
Accrued compensated leave	56,244
TOTAL LIABILITIES	\$ 203,922

NET ASSETS

Invested in capital assets	\$ 424,682
Unrestricted	3,420,857
TOTAL NET ASSETS	\$ 3,845,539

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2012**

Operating Revenues	
Underwriting income	\$ 288,676
Contributions and memberships	494,365
Other income	258,787
Grants and contracts	2,613
Total Operating Revenues	<u>1,044,441</u>
Operating Expenses	
Program Services:	
Programming and production	660,670
Broadcasting	286,245
Program information	3,488
Total Program Services	<u>950,403</u>
Support Services:	
Management and general	411,137
Fundraising and membership development	192,645
Underwriting	5,406
Total Support Services	<u>609,188</u>
Total Operating Expenses	<u>1,559,591</u>
Operating Loss	<u>(515,150)</u>
Nonoperating Revenues	
Interest income	33,635
Federal grants	87,279
Allocated facilities and administrative support	200,270
Indian River State College Allocation	180,208
Total Nonoperating Income	<u>501,392</u>
Change in Net Assets	(13,758)
Net Assets, July 1, 2011	<u>3,859,297</u>
Net Assets, June 30, 2012	<u><u>\$ 3,845,539</u></u>

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012**

CASH FLOWS USED BY OPERATING ACTIVITIES

Receipts from grants and contracts	\$ 81,170
Receipts from contributions and underwriting	783,041
Receipts from tower rental and others	264,482
Payments to employees	(672,565)
Payments to suppliers	(523,402)
Net cash used by operating activities	<u>(67,274)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Receipts from grants and contracts	87,279
Indian River State College Allocation	180,208
Net cash provided by noncapital financing activities	<u>267,487</u>

CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of fixed assets	<u>(114,615)</u>
Net cash used by capital and related financing activities	<u>(114,615)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>33,635</u>
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Net Increase in Cash and Cash Equivalents 119,233

Cash and Cash Equivalents - July 1, 2011 3,477,697

Cash and Cash Equivalents - June 30, 2012 \$ 3,596,930

Reconciliation of net operating (loss) to net cash provided by operating activities

Cash flows from operating activities:

Operating income	\$ (515,150)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	102,162
Allocated facilities and administrative support	200,270
Changes in assets and liabilities	
Decrease in accounts receivable	5,695
Decrease in prepaid expenses	62,231
Decrease in accrued liabilities	(3,110)
Increase in accounts payable	253
Increase in deferred revenues	81,170
Decrease in accrued compensated absences	(795)
Total adjustments	<u>447,876</u>
Net cash used by operating activities	<u>\$ (67,274)</u>

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

WQCS FM Radio ("The Station") is a public telecommunications entity owned and operated by Indian River State College (the "College") in Fort Pierce, Florida. It is governed by the District Board of Trustees of the College, who are appointed by the Governor of the State of Florida. The financial statements include funds received by Friends of WQCS, an unincorporated College activity for subscription and other fundraising activities. The use of these funds is limited to benefit WQCS FM Radio with the distribution of funds at the discretion of the station manager and administration of Indian River State College.

The accompanying financial statements were prepared to present financial position, results of operations and cash flows of WQCS FM Radio and are not intended to be a complete presentation of the College's financial statements. The financial reporting entity does not include or exclude any component units.

Measurement Focus, Basis of Accounting and Basis of Presentation

The Station's accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Government Accounting Standards Board (GASB). The Station follows Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. GASB allows public colleges various reporting options. The Station elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and reporting to include the following components:

- ◆ Management's Discussion and Analysis (MD&A)
- ◆ Basic Financial Statements
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
 - Notes to Financial Statements

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The Station's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Station's principal operating activity is broadcasting. Operating expenses include all fiscal transactions related to programming and broadcasting as well as administration, grant and underwriting support, and membership fundraising activities. Nonoperating revenues include federal, state and local grants and investment income.

The statement of net assets is presented in a classified format to distinguish between current and non-current assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the Station's policy to first apply the restricted resources to such programs followed by the use of unrestricted resources.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank, and money market deposits with institutions qualified as public depositories under Chapter 280, Florida Statutes. For cash flow purposes the College considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Capital Assets

Capital assets, which consist of equipment, are recorded at cost or, in the case of donated property, at the estimated fair market value at the date of receipt. The College has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for buildings and improvements.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. A full year's depreciation is taken the year placed in service. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	40 years
Other Structures and Improvements	10 years
Furniture, Machinery and Equipment	3-10 years
Assets Under Capital Leases and Leasehold Improvements	10 years

Compensated Absences

Pursuant to the provisions of Chapter 240, Part III, Florida Statutes, State Board of Education rules and Board policies, employees earn annual vacation and sick leave based on the length of service, but subject to certain limitations regarding the amount that will be paid upon termination. These earnings for accumulated leave are recorded as a liability in the Station's financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE B – CASH AND CASH EQUIVALENTS

Cash as reported on the Statement of Net Assets, includes the following:

Cash in bank	\$ 451,522
Cash equivalents	<u>3,145,408</u>
Total	<u>\$ 3,596,930</u>

Cash for the operation of the Station is combined with other cash of the District Board of Trustees of Indian River State College.

Banks qualified as public depositories under Chapter 280, Florida Statutes hold cash deposits of the College. In addition to insurance provided by the Federal Depository Insurance Corporation, all demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

The Station's investments (cash equivalents) are subject to the following types of risks:

Interest Rate Risk - The Station does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The Station's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The Station has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The Station places no limit on the amount it may invest.

The types of deposits and investments and their level of risk exposure as of June 30, 2012 were typical of these items during the fiscal year then ended. The Station considers any decline in fair value for certain investments to be temporary.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE C – CHANGES IN CAPITAL ASSETS

A summary of changes in Capital Assets follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Buildings and improvements	\$ 591,393	\$ -	\$ -	\$ 591,393
Furniture and equipment	876,494	114,615	(37,660)	953,449
Accumulated depreciation	<u>(1,055,658)</u>	<u>(102,162)</u>	<u>37,660</u>	<u>(1,120,160)</u>
Capital Assets, Net	<u>\$ 412,229</u>	<u>\$ 12,453</u>	<u>\$ -</u>	<u>\$ 424,682</u>

Depreciation expense for the period ended June 30, 2012 was \$102,162.

NOTE D – ACCRUED COMPENSATED LEAVE

A summary of changes in accrued compensated leave is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Compensated leave	<u>\$ 66,772</u>	<u>\$ 53,478</u>	<u>\$ (54,273)</u>	<u>\$ 65,977</u>

NOTE E – RETIREMENT PLAN

The contribution rates for Plan members are established, and may be amended, by the State of Florida. Contribution rates during the fiscal year ended June 30, 2012, are presented in the following table:

<u>Class or Plan</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer</u>
Florida Retirement System, Regular and PEORP	3.00	4.91
Florida Retirement System, CCORP	3.00	7.43
Florida Retirement System, Special Risk	3.00	14.1
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	-	(B)
Florida Retirement System, Reemployed Retiree	(A)	(C)

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE E – RETIREMENT PLAN (CONTINUED)

- (A) Contribution rates are dependent upon retirement class or plan in which reemployed.
- (B) Contribution rates are dependent upon when the employee entered into the program. Current contribution rates are 4.42 percent and enrollment prior to June 30, 2011 is 12.25 percent.
- (C) Employer rates include the post-employment health insurance supplement of 1.11 percent and .05 percent for administrative costs of the Public Employee Optional Retirement Program.

Most employees working in regularly established positions of the College are covered by the Florida Retirement system, a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (the "Plan"). All instructors and supporting staff of the Station are employed by Indian River State College. Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 605 Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible and must enroll as members of the Plan. Benefits vest at specified ages or number of years of service depending upon the employee's classification. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan provides retirement, disability, death benefits and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

The Station's liability for participation in the Plan is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Station. The Station's contributions to the Plan (including employee contributions) for the fiscal years ended June 30, 2012, 2011 and 2010, totaled \$21,405, \$29,218, and \$25,468, respectively, which were equal to the required contributions for the fiscal year.

Public Employee Optional Retirement Program (PEORP) – Pursuant to Section 121.4501, Florida Statutes, and the Florida Legislature created a defined contribution program called the Public Employee Optional Retirement Program. The program is an option to the Florida Retirement System and is self-directed by the employee. A retirement account is established for each employee who selects this option and an employer contribution is directed to the individual account. The employees have the responsibility of selecting how their funds are invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. The Station had six employees enrolled in the Public Employee Optional Retirement Program for the fiscal year ended June 30, 2012 and required contributions of \$15,833 were made to the Plan.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE E – RETIREMENT PLAN (CONTINUED)

State Community College System Optional Retirement Program (CCORP) – Pursuant to Section 1012.875, Florida statutes, the Florida Legislature created the State Community College system Optional Retirement Program (the “Program”) for eligible community college instructors and administrators. The Program is designed to aid the community college in recruiting employees by offering more portability to those employees who are not expected to remain the Florida Retirement System for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions are allowed to make an irrevocable election to participate in the Program, rather than the Florida retirement system, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing community college contributes on behalf of the participant 7.43 percent of the participant’s salary. The participant is required to contribute 3 percent of gross salary and may contribute, by salary reduction, an amount not to exceed the percentage contributed by the community college to the participant’s annuity account. The Station had no employees enrolled in the State Community College System Optional Retirement Program for the fiscal year ended June 30, 2012 and no contributions were required to be made to the Plan.

A Deferred Retirement Option Program (DROP) - Subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with the Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest. The Station had one employee enrolled in the Deferred Retirement Option Program for the fiscal year ended June 30, 2012 and required contributions of \$2,759 were made to the Plan.

The Plan’s financial statements and other supplemental information are included in the State’s Comprehensive Annual Financial Report, which may be obtained by contacting the Florida Department of Financial Services in Tallahassee, Florida. Also, an annual report on the Plan, which includes its financial statements, required supplemental information, actuarial report and other relevant information may be obtained from the Florida Department of Management Services, Division of Retirement in Tallahassee, Florida.

NOTE F – DONATED FACILITIES AND SERVICES

The Station's non-operating revenues and operating expenses include an allocation for indirect operating costs of the College, such as physical plant operations and institutional support services performed by the College. A general allocation from the College for the payment of payroll, benefits and other costs has also been included as revenue and expense on the statement of revenues, expenses and changes in net assets.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE G – RISK MANAGEMENT

The Station is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Station is insured for these risks through the Florida Community Colleges Risk Management Consortium. The Consortium was created under authority of Section 1001.64(27), Florida Statutes by the Boards of Trustees of the Florida Public Community Colleges for the purpose of joining a cooperative effort to develop, implement and participate in a coordinated statewide community college risk management program. The Consortium is to be self-sustaining through member assessments (premiums) and is reinsured through commercial companies for claims in excess of specified amounts. Insurance coverage obtained through the Consortium included health, dental, fire and extended property, general and automobile liability, workers' compensation and other liability coverage. Settled claims resulting from these risks have not exceeded coverage.



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**Independent Auditors' 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 Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

We have audited the financial statements of WQCS FM Radio as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012. 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.

Internal Control over Financial Reporting

Management of WQCS FM Radio is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered WQCS FM Radio's internal control over financial reporting as a basis for designing our auditing procedures 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 WQCS FM Radio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the WQCS FM Radio'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

Board of Trustees
Indian River State College
WQCS FM Radio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WQCS FM Radio'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*.

This report is intended solely for the information and use of management, others charged with governance and others within the entity, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than those specified parties.

*Berger, Toombs, Elam,
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

December 17, 2012



Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

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Management Letter

To the Board of Trustees
Indian River State College
WQCS FM Radio
Fort Pierce, Florida

We have audited the financial statements of WQCS FM Radio, a public telecommunications entity owned and operated by Indian River State College as of and for the year ended June 30, 2012, and have issued our report thereon dated December 17, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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*. Disclosures in that report, which is dated December 17, 2012, should be considered in conjunction with this Management Letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(i)) require that we address in the Management Letter, if not already addressed in the auditors' report on compliance and internal control whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no findings in the prior year audit.

The Rules of the Auditor General (Section 10.554(1)(i)1.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls, whether or not recommendations made in the preceding annual financial report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.) the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that WQCS FM Radio complied with Section 218.415, Florida Statutes.

Board of Trustees
Indian River State College
WQCS FM Radio

The Rules of the Auditor General (Section 10.554(1)(i)3, 4 and 5.) require that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: improvements in financial management and violations of contracts or grant agreements, fraud, illegal acts or abuse and deficiencies in internal control that are not significant deficiencies, other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of the auditor. Our audit did not discover any of the above items that require to be disclosed.

Pursuant to Chapter 119, Florida Statutes, this Management Letter is a public record and its' distribution is not limited. However, in accordance with auditing standards generally accepted in the United States of America, this Management Letter is intended solely for the information of WQCS - FM and Management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Berger, Toombs, Elam,
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

December 17, 2012