

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
FINANCIAL STATEMENTS
June 30, 2013**

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

Fiscal Year Ended June 30, 2013

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Report of Independent Auditors

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

Report on the Financial Statements

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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard 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 of 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 judgment, including the assessment of the risks 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 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.

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

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

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, 2013, and the respective changes in its' financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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, a public telecommunications entity operated by Indian River State College, and are not intended to be a complete presentation of the Indian River State College's financial statements.

Other Matters

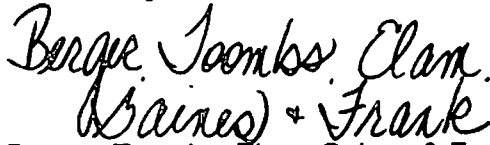
Required Supplementary Information

Governmental accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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 in accordance with governmental auditing standards generally accepted in the United States of America, which consisted principally of inquires of management regarding 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2013 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. 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* in considering WQCS FM Radio's internal control over financial reporting and compliance.



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

December 26, 2013

**Indian River State College
WQCS 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, 2013 and 2012. 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 Position; Statement of Revenues, Expenses and Changes in Net Position; 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 Position

The Statement of Net Position 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 position (assets less liabilities).

Assets

Total assets of WQCS at the end of the fiscal year 2013 were \$3,878,613, of which cash and investments represented the largest portion. This group of assets totaled \$3,495,284 or 90% and capital assets were \$340,233 (net of depreciation) or 9% of total assets. For 2013, total assets decreased by \$170,848 or -4%, compared to 2012, primarily due to a decrease in cash from membership and contributions. In fiscal year 2012, WQCS received a bequest in the amount of approximately \$153,000, whereas, no such contribution was received in the current fiscal year.

Liabilities

Total liabilities at the end of fiscal year 2013 were \$215,993, an increase over the prior year of \$12,071 or 6%. This is primarily attributed to an increase in accrued compensated leave of \$16,290 or 25%.

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

Net Position

Net position of \$3,662,620 is 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 position in property, plant and equipment.
- o Unrestricted – This category represents the net position held by WQCS that have no formal restrictions placed upon them.

Condensed Balance Sheets

| | <u>FYE 2013</u> | <u>FYE 2012</u> |
|----------------------------|----------------------------|----------------------------|
| Assets: | | |
| Current Assets | \$ 3,538,380 | \$ 3,624,779 |
| Capital Assets, net | <u>340,233</u> | <u>424,682</u> |
| Total Assets | <u>\$ 3,878,613</u> | <u>\$ 4,049,461</u> |
| Liabilities: | | |
| Current Liabilities | \$ 145,472 | \$ 147,678 |
| Non-Current Liabilities | <u>70,521</u> | <u>56,244</u> |
| Total Liabilities | <u>215,993</u> | <u>203,922</u> |
| Net Position: | | |
| Invested in Capital Assets | 340,233 | 424,682 |
| Unrestricted | <u>3,322,387</u> | <u>3,420,857</u> |
| Total Net Position | <u>\$ 3,662,620</u> | <u>\$ 3,845,539</u> |

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

Statement of Revenues, Expenses, and Changes in Net Position

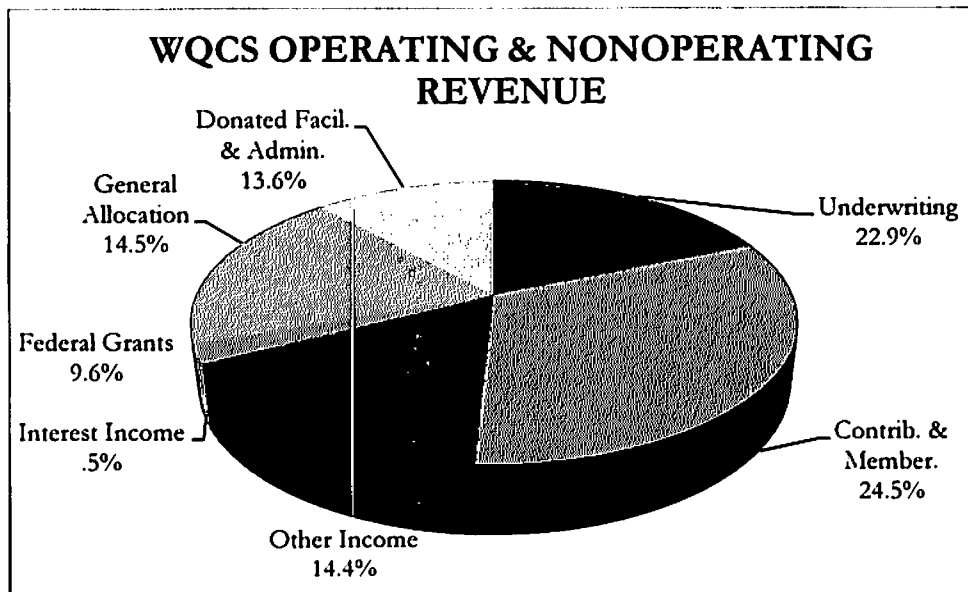
The Statement of Revenues, Expenses, and Changes in Net Position, which is generally referred to as the activities statement, presents the total revenues (operating and non-operating) received and earned by WQCS; expenses (operating and non-operating) paid and owed; and income or loss from operations for the fiscal years ended June 30, 2013 and 2012.

Revenues

Total operating revenues for fiscal years 2013 and 2012 were \$846,652 and \$1,044,441, respectively, a decrease of \$197,789 or -19%. This is mainly due to a decrease of \$159,552 or -32% in contributions and memberships as a result of a bequest received in fiscal year 2012. In addition, other income decreased \$61,441 or -24% due to a decrease in tower rental resulting from the expiration of contracts and the merger of two cellular phone companies.

Non-operating revenues for fiscal years 2013 and 2012 totaled \$525,116 and \$501,392, respectively, an increase of \$23,724 or 5%. This increase is primarily reflected in federal grants which increased by \$45,027 or 52% offset by a decrease of \$26,697 or -79% in interest income.

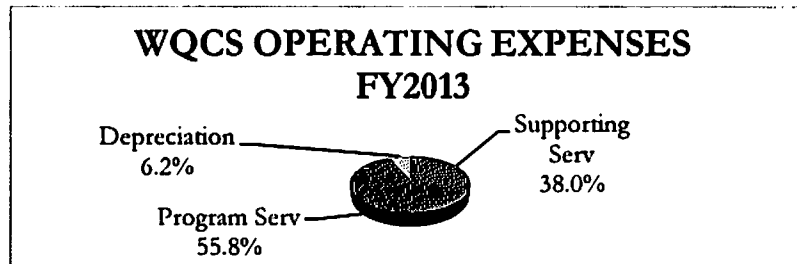
Grants and contracts revenues related to non-exchange type agreements are classified as non-operating revenues. In a non-exchange agreement, WQCS receives dollars from another party without directly giving a service or product of equal value in exchange.



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

Expenses

Total operating expenses of WQCS for fiscal years 2013 and 2012 were \$1,554,687 and \$1,559,591, respectively, representing a decrease of \$4,904 or -0.3%. This total decrease is primarily due to a decrease in depreciation of \$5,313, or -5%. In addition, program services decreased in the amount of \$11,958, or -1%, offset by an increase in support services in the amount of \$12,367 or 2%. Depreciation expenses for fiscal years 2013 and 2012 totaled \$96,849 and \$102,162, respectively, and is allocated to Program and Support Services.



Condensed Statement of Revenues, Expenses and Changes in Net Position

| | <u>FY 2013</u> | <u>FY 2012</u> |
|---------------------------------------|---------------------|---------------------|
| Operating Revenues: | | |
| Underwriting Income | \$ 314,493 | \$ 288,676 |
| Contributions and Memberships | 334,813 | 494,365 |
| Other Income | 197,346 | 258,787 |
| Grants and Contracts | - | 2,613 |
| Total Operating Revenues | 846,652 | 1,044,441 |
| Operating Expenses: | | |
| Program Services | 866,932 | 878,890 |
| Support Services | 590,906 | 578,539 |
| Depreciation | 96,849 | 102,162 |
| Total Operating Expenses | 1,554,687 | 1,559,591 |
| Operating Loss | (708,035) | (515,150) |
| Non-Operating Revenues: | | |
| Interest Income | 6,938 | 33,635 |
| Federal Grants | 132,306 | 87,279 |
| Donated Facilities & Admin. Supp. | 198,787 | 200,270 |
| General Allocation from IRSC | 187,085 | 180,208 |
| Total Non-Operating Revenues | 525,116 | 501,392 |
| Change in Net Position | (182,919) | (13,758) |
| Net Position-Beginning of Year | 3,845,539 | 3,859,297 |
| Net Position-End of Year | \$ 3,662,620 | \$ 3,845,539 |

**Indian River State College
WQCS 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 \$614,924. The most significant uses of cash for operating activities were payments for suppliers of \$557,049 and employees of \$683,196.

The cash flows from noncapital financing activities include \$187,085 received as allocations from Indian River State College and \$132,306 as receipts from grants and contracts.

The source of cash from capital and financing activities was funds from WQCS's auxiliary account.

The cash flows from investing activities represent the interest income earned on investments totaling \$6,938.

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 Sheryl Vittitoe, the Vice President of Financial Services and CFO, Indian River State College, 3209 Virginia Avenue, Fort Pierce, FL 34981.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENT OF NET POSITION
June 30, 2013**

ASSETS

| | |
|------------------------------|---------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 3,495,284 |
| Accounts receivable | 43,096 |
| TOTAL CURRENT ASSETS | 3,538,380 |
| Noncurrent Assets | |
| Capital assets, net | 340,233 |
| TOTAL ASSETS | \$ 3,878,613 |

LIABILITIES

| | |
|---|-------------------|
| Current Liabilities | |
| Accounts payable | \$ 6,665 |
| Accrued liabilities | 1,831 |
| Unearned revenues | 125,230 |
| Accrued compensated leave - current portion | 11,746 |
| TOTAL CURRENT LIABILITIES | 145,472 |
| Noncurrent Liabilities | |
| Accrued compensated leave | 70,521 |
| TOTAL LIABILITIES | \$ 215,993 |

NET POSITION

| | |
|----------------------------|---------------------|
| Invested in capital assets | \$ 340,233 |
| Unrestricted | 3,322,387 |
| TOTAL NET POSITION | \$ 3,662,620 |

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended June 30, 2013**

| | |
|---|-----------------------------------|
| Operating Revenues | |
| Underwriting income | \$ 314,493 |
| Contributions and memberships | 334,813 |
| Other income | <u>197,346</u> |
| Total Operating Revenues | <u>846,652</u> |
| Operating Expenses | |
| Program Services: | |
| Programming and production | 642,508 |
| Broadcasting | 287,708 |
| Program information | <u>4,510</u> |
| Total Program Services | <u>934,726</u> |
| Support Services: | |
| Management and general | 405,315 |
| Fundraising and membership development | 209,033 |
| Underwriting | <u>5,613</u> |
| Total Support Services | <u>619,961</u> |
| Total Operating Expenses | <u>1,554,687</u> |
| Operating Loss | <u>(708,035)</u> |
| Nonoperating Revenues | |
| Interest income | 6,938 |
| Federal grants | 132,306 |
| Allocated facilities and administrative support | 198,787 |
| Indian River State College Allocation | <u>187,085</u> |
| Total Nonoperating Income | <u>525,116</u> |
| Change in Net Position | (182,919) |
| Net Position, July 1, 2012 | <u>3,845,539</u> |
| Net Position, June 30, 2013 | <u><u>\$ 3,662,620</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, 2013**

CASH FLOWS USED BY OPERATING ACTIVITIES

| | |
|--|------------------|
| Receipts from contributions and underwriting | \$ 614,924 |
| Receipts from tower rental and others | 197,346 |
| Payments to employees | (683,196) |
| Payments to suppliers | (557,049) |
| Net cash used by operating activities | <u>(427,975)</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|----------------|
| Receipts from grants and contracts | 132,306 |
| Indian River State College Allocation | 187,085 |
| Net cash provided by noncapital financing activities | <u>319,391</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-----------------|--------------|
| Interest income | <u>6,938</u> |
|-----------------|--------------|

Net Decrease in Cash and Cash Equivalents (101,646)

Cash and Cash Equivalents - July 1, 2012 3,596,930

Cash and Cash Equivalents - June 30, 2013 \$ 3,495,284

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

Cash flows from operating activities:

| | |
|---|---------------------|
| Operating income (loss) | \$ (708,035) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation | 96,849 |
| Donated assets | (12,400) |
| Allocated facilities and administrative support | 198,787 |
| Changes in assets and liabilities | |
| Decrease in accounts receivable | (21,982) |
| Decrease in prepaid expenses | 6,735 |
| Increase in accrued liabilities | 983 |
| Increase in accounts payable | 1,874 |
| Decrease in unearned revenues | (7,076) |
| Increase in accrued compensated absences | 16,290 |
| Total adjustments | <u>280,060</u> |
| Net cash used by operating activities | <u>\$ (427,975)</u> |

Supplemental disclosures for Statement of Cash Flows:

| | |
|----------------|-----------|
| Donated assets | \$ 12,400 |
|----------------|-----------|

See accompanying notes to financial statements.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - 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, 2013**

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, 2013**

NOTE B – CASH AND CASH EQUIVALENTS

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

| | |
|------------------|---------------------|
| Cash in bank | \$ 342,938 |
| Cash equivalents | <u>3,152,346</u> |
| Total | <u>\$ 3,495,284</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, 2013 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, 2013**

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 | 953,449 | 12,400 | (157,650) | 808,199 |
| Accumulated depreciation | <u>(1,120,160)</u> | <u>(96,849)</u> | <u>157,650</u> | <u>(1,059,359)</u> |
| Capital Assets, Net | <u>\$ 424,682</u> | <u>\$ (84,449)</u> | <u>\$ -</u> | <u>\$ 340,233</u> |

Depreciation expense for the period ended June 30, 2013 was \$96,849.

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>\$ 65,977</u> | <u>\$ 66,541</u> | <u>\$ (50,251)</u> | <u>\$ 82,267</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, 2013, are presented in the following table:

| <u>Class or Plan</u> | <u>Percent of Gross Salary</u> | |
|---|--------------------------------|---------------------|
| | <u>Employee</u> | <u>Employer (B)</u> |
| Florida Retirement System, Regular and PEORP | 3.00 | 5.18 |
| Florida Retirement System, CCORP | 3.00 | 5.15 |
| Florida Retirement System, Special Risk | 3.00 | 14.9 |
| Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan | - | 5.44 |
| Florida Retirement System, Reemployed Retiree | (A) | (A) |

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE E – RETIREMENT PLAN (CONTINUED)

- (A) Contribution rates are dependent upon retirement class or plan in which reemployed.
- (B) Employer rates include the post-employment health insurance supplement of 1.11 percent and .03 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, 2013, 2012 and 2011, totaled \$25,081, \$21,405, and \$29,218, 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, 2013 and required contributions of \$19,522 were made to the Plan.

**INDIAN RIVER STATE COLLEGE
WQCS FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 5.15 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, 2013 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 no employees enrolled in the Deferred Retirement Option Program for the fiscal year ended June 30, 2013 and therefore, no contributions 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, 2013**

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, 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 WQCS FM Radio, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise WQCS FM Radio's basic financial statements, and have issued our report thereon dated December 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit, we considered WQCS FM Radio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WQCS FM Radio's internal control. Accordingly, we do not express an opinion on the effectiveness of the WQCS FM Radio's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *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.

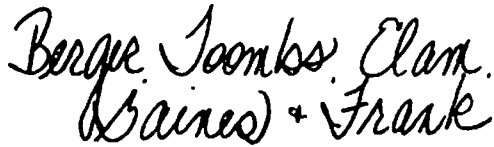
Board of Trustees
Indian River State College
WQCS FM Radio

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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

December 26, 2013



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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, 2013, and have issued our report thereon dated December 26, 2013.

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; and Chapter 10.550, Rules of the Florida Auditor General. 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 26, 2013, 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, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports.

The Rules of the Auditor General (Section 10.554(1)(i)1.) requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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.) requires that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

The Rules of the Auditor General (Section 10.554(1)(i)4.) requires that we address in the Management Letter, if not already addressed in the auditor's report on compliance and internal controls: noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)6.) requires that the name or official title be disclosed in the management letter, unless disclosed in the notes to the financial statements.

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, member of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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 26, 2013