

KCCK-FM Radio

A Public Telecommunications Entity

Operated by Kirkwood Community College

Financial Report

06.30.2009

McGladrey & Pullen

Certified Public Accountants

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KCCK-FM Radio
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Officials
 June 30, 2009

Name	Title	Term Expires
Board of Trustees (Before September 2008 Election)		
Dr. Lois Bartelme	President	2010
Mervin Cronbaugh	Vice President	2008
Karen Gorham	Member	2008
John Hall	Member	2008
Dr. Keith Stamp (appointed)	Member	2008
Elaine Harrington	Member	2009
Kevin King	Member	2009
Paul Glenn	Member	2010
James Mollenhauer	Member	2010
Board of Trustees (After September 2008 Election)		
Dr. Lois Bartelme	President	2009
James Mollenhauer	Vice President	2009
Karen Gorham	Member	2011
John Hall	Member	2011
Dr. Keith Stamp	Member	2009
Elaine Harrington	Member	2009
Kevin King	Member	2009
Paul Glenn	Member	2011
Marcia Rogers	Member	2011
Community College		
Dr. Mick Starcevich	President	
Jim Choate	Board of Treasurer, V.P. and Chief Financial/Operating Officer	
Sheryl Cook	Board Secretary	
Susan Pregler	Director of Financial Management	
Dennis Green	Station Manager	

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Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
KCKK-FM Radio
Kirkwood Community College
Cedar Rapids, Iowa

We have audited the accompanying basic financial statements of KCKK-FM Radio, a public telecommunications entity operated by Kirkwood Community College, Cedar Rapids, Iowa as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of KCKK-FM Radio's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of KCKK-FM Radio for the year ended June 30, 2008 were audited by other auditors whose report, dated December 22, 2008, expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KCKK-FM Radio's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 1, the financial statements of KCKK-FM Radio, an enterprise activity and public telecommunications entity operated by Kirkwood Community College, are intended to present the financial position, changes in financial position and cash flows of only that portion of the enterprise activity of Kirkwood Community College that is attributable to the transactions of the public telecommunications entity. They do not purport to, and do not, present fairly the financial position of Kirkwood Community College as of June 30, 2009 and 2008, the changes in its financial position or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the financial position of KCKK-FM Radio, as of June 30, 2009, and the changes in its financial position and its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, for the year ended June 30, 2009, we have also issued our report dated January 13, 2010 and for the year ended June 30, 2008, other auditors have issued their report dated December 22, 2008, on our respective consideration of the KCCK-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 our report and the report of other auditors 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 considered in assessing the results of our audit.

Management's discussion and analysis, on pages 4 through 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 and the other auditors have applied certain limited procedures, which consisted principally of inquiries 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.

McGladrey & Pullen, LLP

Davenport, Iowa
January 13, 2010

KCCK-FM Radio
A Public Telecommunications Entity
Operated by Kirkwood Community College

Management's Discussion and Analysis
Years Ended June 30, 2009 and 2008

KCCK-FM Radio, a public telecommunications entity operated by Kirkwood Community College, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2009 and 2008. We encourage readers to consider this information in conjunction with KCCK-FM Radio's financial statements, which follow.

2009 Financial Highlights

- KCCK-FM Radio's operating revenues increased slightly, from \$1,000,379 in fiscal 2008 to \$1,018,357 in fiscal 2009.
- KCCK-FM Radio's operating expenses decreased 2% or \$22,309 from fiscal 2008 to fiscal 2009.
- KCCK-FM Radio's net assets decreased 24% or \$58,826 from June 30, 2008 to June 30, 2009.

2008 Financial Highlights

- KCCK-FM Radio's operating revenues decreased slightly, from \$1,004,964 in fiscal 2007 to \$1,000,379 in fiscal 2008.
- KCCK-FM Radio's operating expenses decreased 6% or \$65,208 from fiscal 2007 to fiscal 2008.
- KCCK-FM Radio's net assets decreased 10% or \$28,573 from June 30, 2007 to June 30, 2008.

Using This Annual Report

KCCK-FM Radio presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to KCCK-FM Radio's basic financial statements. This report includes a series of financial statements and other information, as follows:

- The Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of KCCK-FM Radio's financial activities.
- The statements of net assets present information on KCCK-FM Radio's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of KCCK-FM Radio is improving or deteriorating.
- The statements of revenues, expenses and changes in net assets present information on KCCK-FM Radio's operating revenues and expenses, nonoperating revenues and expenses and whether KCCK-FM Radio's financial position has improved or deteriorated as a result of the year's activities.
- The statements of cash flows present the change in KCCK-FM Radio's cash and cash equivalents during the year. This information can assist readers of the report in determining how KCCK-FM Radio financed its activities and how it met its cash requirements.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

KCCK-FM Radio
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Management's Discussion and Analysis
Years Ended June 30, 2009 and 2008

Financial Analysis of KCCK-FM Radio

Statements of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of KCCK-FM Radio's financial position. KCCK-FM Radio's net assets at the end of fiscal 2009 totaled \$186,968. This compares to \$245,794 at the end of fiscal 2008 and \$274,367 at the end of fiscal 2007. A summary of KCCK-FM Radio's net assets is presented below:

	2009	2008	2007
Current assets	\$ 215,828	\$ 405,168	\$ 397,901
Capital assets, net of accumulated depreciation	82,716	65,331	88,777
Total assets	<u>\$ 298,544</u>	<u>\$ 470,499</u>	<u>\$ 486,678</u>
Current liabilities	<u>\$ 111,576</u>	<u>\$ 224,705</u>	<u>\$ 212,311</u>
Net assets:			
Invested in capital assets	\$ 82,716	\$ 65,331	\$ 88,777
Unrestricted	104,252	180,463	185,590
Total net assets	<u>\$ 186,968</u>	<u>\$ 245,794</u>	<u>\$ 274,367</u>
(Decrease) in net assets	<u>\$ (58,826)</u>	<u>\$ (28,573)</u>	<u>\$ (47,344)</u>

As of June 30, 2009, the unrestricted portion of KCCK-FM Radio's net assets (56%) may be used to meet KCCK-FM Radio's obligations as they come due. The invested in capital assets (i.e., land, buildings and equipment) portion of net assets (44%) are resources allocated to capital assets.

The primary reason for the decrease in current assets was due to receipt of a receivable from Kirkwood Community College Foundation in fiscal 2009. Additions to capital assets were \$32,732, made up of a DRT Translator, HD Importer and an HD Monitor. The primary reason for the decrease in liabilities was the change in amounts due to Kirkwood College.

KCCK-FM Radio
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Operated by Kirkwood Community College

Management's Discussion and Analysis
Years Ended June 30, 2009 and 2008

Statements of Revenues, Expenses and Changes in Net Assets

Operating revenues are received from State Board and Iowa Department of Education allocations, administrative support and contributions from Kirkwood Community College and CPB – Community Service grants. Operating expenses are expenses paid to operate KCCK-FM Radio, including programming and production, and administrative expenses. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net assets for the years ended June 30, 2009, 2008 and 2007 is presented below:

	Year Ended June 30,		
	2009	2008	2007
Revenues:			
State Board and Iowa Department of Education allocations	\$ 421,569	\$ 430,061	\$ 449,300
Administrative support from Kirkwood Community College	167,750	178,211	184,444
CPB, Community Service grants	94,941	166,057	129,920
Contributions from individuals through			
Kirkwood Community College Foundation	190,398	170,359	190,020
Contributions from business and industry through			
Kirkwood Community College Foundation	129,299	50,891	36,861
Miscellaneous	14,400	4,800	14,419
Nonoperating income, investment income (loss)	(33,549)	(7,627)	34,225
Total revenues	984,808	992,752	1,039,189
Expenses:			
Programming and production	513,401	477,938	502,639
Broadcast and engineering	60,598	72,572	86,099
Program information and production	52,889	53,494	34,676
Management and general	350,313	333,376	363,268
Fund raising and membership development	32,184	41,744	63,833
Underwriting and grant solicitation	18,902	18,755	12,572
Depreciation	15,347	23,446	23,446
Total expenses	1,043,634	1,021,325	1,086,533
Change in net assets	(58,826)	(28,573)	(47,344)
Net assets:			
Beginning	245,794	274,367	321,711
Ending	\$ 186,968	\$ 245,794	\$ 274,367

The statements of revenues, expenses and changes in net assets reflect a decrease in net assets for fiscal years 2009, 2008 and 2007.

KCCK-FM Radio
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Management's Discussion and Analysis
Years Ended June 30, 2009 and 2008

Year ended June 30, 2009: Operating revenues increased \$17,978. Operating expenses decreased 2% or \$22,309. The decrease in operating expenses was the result of budget reductions put in place as the economy declined in 2008 and 2009.

Year ended June 30, 2008: Operating revenues decreased \$4,585. Operating expenses decreased 6% or \$65,208. The decrease was primarily a result of fewer donations because of economic factors. Expenses were trimmed to reduce the anticipated deficit.

Statements of Cash Flows

The statements of cash flows present information related to cash inflows and outflows, summarized by operating, capital financing and investing activities. Cash provided by operating activities includes State Board and Iowa Department of Education allocations, and funds received from Kirkwood Community College and others for the underwriting of programs. Cash used from capital financing activities includes the purchase of capital assets.

Capital Assets

As of June 30, 2009, KCCK-FM Radio had \$292,295 invested in capital assets, net of accumulated depreciation of \$209,579. Additions to capital assets were \$32,732, made up of a DRT Translator, HD Importer and an HD Monitor. As of June 30, 2008, KCCK-FM Radio had \$259,563 invested in capital assets, net of accumulated depreciation of \$194,232. Depreciation charges for fiscal 2009 and 2008 totaled \$15,347 and \$23,446, respectively. More detailed information about KCCK-FM Radio's capital assets is presented in Note 4 to the financial statements.

Economic Factors

Despite a severe downturn in the economy, KCCK-FM's revenue in Fiscal Year 2009 actually increased, due primarily to the hiring of an experienced development staffer to supervise the station's private and corporate fund raising. This resulted in increases in the two main revenue lines that KCCK can control, Contributions and Underwriting. However, the financial position of the station decreased overall mainly due to investment losses.

Anticipating that the economic recovery may take a long time, or may not be sustained, station management has examined all expense lines and trimmed expenses for FY 2010. Kirkwood Community College has also increased its allocation to KCCK-FM Radio to cover increased employee benefit costs. The ability to raise donations is affected by many economic factors out of the station's control, so the current state of the economy continues to be a concern for KCCK-FM radio officials.

Contacting KCCK-FM Radio's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of KCCK-FM Radio's finances and to show KCCK-FM Radio's accountability for the money it receives. If you have questions about this report or need additional financial information, contact KCCK-FM Radio, Dennis Green, General Manager, KCCK-FM Radio, 6301 Kirkwood Blvd. SW, Cedar Rapids, Iowa 52404.

KCKK-FM Radio
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Statements of Net Assets
June 30, 2009 and 2008

Assets	2009	2008
Current Assets:		
Accounts receivable	\$ 9,090	\$ 23,712
Due from Kirkwood Community College Foundation	206,738	381,456
Total current assets	215,828	405,168
 Noncurrent Assets, capital assets, net of accumulated depreciation	 82,716	 65,331
	\$ 298,544	\$ 470,499
 Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 31,883	\$ 1,697
Due to Kirkwood Community College	21,361	173,814
Deferred revenue	7,445	-
Compensated absences	50,887	49,194
Total current liabilities	111,576	224,705
 Net Assets:		
Invested in capital assets	82,716	65,331
Unrestricted	104,252	180,463
	186,968	245,794
	\$ 298,544	\$ 470,499

See Notes to Basic Financial Statements.

KCKK-FM Radio
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Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	2009	2008
Operating revenues:		
State Board and Iowa Department of Education allocations	\$ 421,569	\$ 430,061
Administrative support from Kirkwood Community College	167,750	178,211
CPB - Community Service grants	94,941	166,057
Contributions from individuals through Kirkwood Community College Foundation	190,398	170,359
Contributions from business and industry through Kirkwood Community College Foundation	129,299	50,891
Miscellaneous	14,400	4,800
Total operating revenues	1,018,357	1,000,379
Operating expenses:		
Programming and production	513,401	477,938
Broadcast and engineering	60,598	72,572
Program information and promotion	52,889	53,494
Management and general	350,313	333,376
Fund raising and membership development	32,184	41,744
Underwriting and grant solicitation	18,902	18,755
Depreciation	15,347	23,446
Total operating expenses	1,043,634	1,021,325
Operating (loss)	(25,277)	(20,946)
Nonoperating revenues (expenses), investment earnings (losses)	(33,549)	(7,627)
Change in net assets	(58,826)	(28,573)
Net assets:		
Beginning	245,794	274,367
Ending	\$ 186,968	\$ 245,794

See Notes to Basic Financial Statements.

KCKK-FM Radio
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Statements of Cash Flows
Years Ended June 30, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities:		
Cash received from State Board and Iowa Department of Education allocations	\$ 429,014	\$ 456,560
Cash received for administrative support	167,750	178,211
Cash received from CPB, Community Service grants	109,563	128,712
Cash received from Kirkwood Community College Foundation contributors, underwriting and other	460,866	230,069
Other operating revenues	14,400	4,800
Cash paid to employees	(673,882)	(604,759)
Cash paid to vendors and suppliers	(474,979)	(393,593)
Net cash provided by operating activities	32,732	-
Cash Flows (Used in) Capital Financing Activities, acquisition of capital assets		
	(32,732)	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents:		
Beginning	-	-
Ending	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating (loss)	\$ (25,277)	\$ (20,946)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	15,347	23,446
Investment earnings (losses)	(33,549)	(7,627)
(Increase) decrease in accounts receivable	14,622	(23,712)
Decrease in due from Kirkwood Community College Foundation	174,718	16,445
Increase (decrease) in accounts payable	30,186	(2,772)
Increase (decrease) in due to Kirkwood Community College	(152,453)	26,500
Increase (decrease) in deferred income	7,445	(13,633)
Increase in compensated absences	1,693	2,299
Total adjustments	58,009	20,946
Net cash provided by operating activities	\$ 32,732	\$ -

See Notes to Basic Financial Statements.

KCCK-FM Radio
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Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

KCCK-FM Radio is a public telecommunication entity, a noncommercial radio station and an affiliate of the National Public Radio Network operating with a power of 10,000 watts. Emphasis is placed on service to a seven county area in East Central Iowa. KCCK-FM Radio is operated by Kirkwood Community College (College).

Significant accounting policies:

Reporting entity: KCCK-FM Radio is an enterprise activity of the College. These financial statements present only the financial position, changes in financial position and cash flows of the KCCK-FM Radio and do not purport to, and do not, present fairly the financial position of the College and changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

Accounting standards: KCCK-FM Radio reports under Government Accounting Standards Board (GASB) and presents its financial statements following GASB Statement No. 35, which establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net asset categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Unrestricted net assets consist of net assets not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Basis of accounting: KCCK-FM Radio's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

KCCK-FM Radio, as an enterprise activity, has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements on or issued before November 30, 1989, unless the pronouncements conflict with or contradict GASB Statements. KCCK-FM Radio has elected not to apply FASB guidance subsequent to November 30, 1989.

Accounting estimates: The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: KCCK-FM Radio considers cash and all short-term cash investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the date of purchase, have a maturity date no longer than three months.

KCCK-FM Radio deposits its cash with Kirkwood Community College and the Kirkwood Community College Foundation (Foundation) to obtain greater flexibility, efficiency and return. The amounts held by the College and Foundation are included in due from the College and Foundation on the statement of net assets.

KCCK-FM Radio
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Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Cash and cash equivalents (continued): KCCK-FM Radio's deposits held by the College and the Foundation as of June 30, 2009 and 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Capital assets: Capital assets are valued at historical cost if purchased. Donated capital assets are stated at fair value at the date of donation. The cost of repair and maintenance is charged to expense when incurred, while the cost of renewals or substantial betterments is capitalized. Capital assets are defined by KCCK-FM Radio as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years. Depreciation is computed using the straight-line method over the estimated useful lives of the equipment held, which is 10 years.

Compensated absences: KCCK-FM Radio employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as current liabilities. These liabilities have been computed based on rates of pay in effect as of June 30, 2009 and 2008, respectively.

Operating revenues and expenses: Operating revenues result from providing services and goods in connection with the KCCK-FM Radio's principal ongoing operations. Operating expenses include the programming and production, broadcasting and engineering, general and administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Donated facilities and administrative support: KCCK-FM Radio receives the use of facilities and administrative support from the College. The value of donated facilities is computed using the valuation method currently advocated by the Corporation for Public Broadcasting and is based on the original cost of the facilities. Administrative support is based on KCCK-FM Radio's operating expenses compared to the College's administrative costs. Physical plant support is based on the square footage used. The fair value of this support is recognized in the Statements of Revenues, Expenses and Changes in Net Assets as indirect administrative support and also as expense in the management and general expense category.

Corporation for Public Broadcasting Community Service Grants: The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSG's are used to augment the financial resources of public broadcasting entities and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of participants for purposes relating primarily to production and acquisition of programming. The grants may also be used to sustain activities begun with CSGs awarded in prior years.

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Notes to Financial Statements

Note 2. Due from Kirkwood Community College Foundation

The Kirkwood Community College Foundation collects contributions from individuals, business and industry for the benefit of KCCK-FM Radio. The amounts reported as due from Kirkwood Community College Foundation represents cash and investments held by the Foundation restricted for the benefit of KCCK-FM Radio. KCCK-FM Radio reported investment loss of \$33,549 and \$7,627 for the years ended June 30, 2009 and 2008, respectively, due to the pass through of realized and unrealized losses recorded by the Foundation.

Note 3. Kirkwood Community College Allocations and Due from/to Kirkwood Community College

The College pays all expenses, including salaries, for KCCK-FM Radio. The College allocates these expenses, direct costs, to KCCK-FM Radio. Included in these expenses is a provision for sharing in the College's risk management program, the College's other postemployment benefit liability and the College's early retirement incentive program.

Revenues for the State Board and Iowa Department of Education allocations are determined by recording revenue in an amount equal to direct salaries and fringe benefit expenses plus allocations of other salaries and fringe benefit expenses based on a percentage of time spent as well as adding certain other direct expenses. Revenues for indirect support are determined by allocating a percentage of indirect costs for institutional support using the percentage of direct costs of KCCK-FM Radio to overall institutional support expenses. In addition, an allocation for property, plant and equipment is made based upon KCCK-FM Radio's square footage usage.

The net effect of the allocations above results in an amount due to or due from the College. At June 30, 2009 and 2008, KCCK-FM Radio owed the College \$21,361 and \$173,814, respectively.

Note 4. Capital Assets

Capital assets activity for the years ended June 30, 2009 and 2008 is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital assets being depreciated, equipment	\$ 259,563	\$ 32,732	\$ -	\$ 292,295
Less accumulated depreciation for equipment	194,232	15,347	-	209,579
Capital assets, net	\$ 65,331	\$ 17,385	\$ -	\$ 82,716
	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets being depreciated, equipment	\$ 259,563	\$ -	\$ -	\$ 259,563
Less accumulated depreciation for equipment	170,786	23,446	-	194,232
Capital assets, net	\$ 88,777	\$ (23,446)	\$ -	\$ 65,331

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Notes to Financial Statements

Note 5. Iowa Public Employees Retirement System (IPERS)

KCCK-FM Radio, through Kirkwood Community College, contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

For the year ended June 30, 2009, plan members were required to contribute 4.10% of their annual covered salary and KCCK-FM Radio is required to contribute 6.35% of annual covered payroll. For the year ended June 30, 2008, plan members were required to contribute 3.90% of their annual covered salary and KCCK-FM Radio was required to contribute 6.05% of their annual covered payroll. Contribution requirements are established by state statute. Contributions made on behalf of KCCK-FM Radio are included in the allocation determined by the College as discussed in Note 3.

Note 6. Teachers Insurance and Annuity Association, College Retirement Equities Fund (TIAA-CREF)

KCCK-FM Radio, through Kirkwood Community College, contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible KCCK-FM Radio employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. For the year ended June 30, 2009, each employee was required to contribute 4.10% of their annual covered salary and KCCK-FM Radio was required to contribute 6.35% of annual covered payroll. For the year ended June 30, 2008, each employee was required to contribute 3.90% of their annual covered salary and KCCK-FM Radio is required to contribute 6.05% of annual covered payroll. Contribution requirements are specified by the contract with TIAA-CREF and in accordance with the Code of Iowa. Contributions made on behalf of KCCK-FM Radio are included in the allocation determined by the College as discussed in Note 3.

KCCK-FM Radio
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Notes to Financial Statements

Note 7. New and Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several Statements not yet implemented by KCCK-FM Radio. The Statements which might impact KCCK-FM Radio are as follows:

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the KCCK-FM Radio beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This standard provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, issued June 2008, will be effective for the KCCK-FM Radio beginning with its year ending June 30, 2010. This Statement will improve how state and local governments report information about derivative instruments in their financial statements. The Statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. The guidance in this Statement also addresses hedge accounting requirements.

KCCK-FM Radio's management has not yet determined the effect these statements will have on KCCK-FM Radio's financial statements.