

KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
TABLE OF CONTENTS
JUNE 30, 2009 AND 2008**

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2
Basic Financial Statements	
STATEMENT OF NET ASSETS	8
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE BASIC FINANCIAL STATEMENTS	11

INDEPENDENT AUDITORS' REPORT

The District Governing Board
Yuma/LaPaz County Community College District
Arizona Western College
Yuma, Arizona

We have audited the accompanying financial statements of KAWC-AM Radio (Station), a public telecommunications entity operated by Arizona Western College (District), as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic 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 1, the financial statements present only KAWC-AM Radio and do not purport to, and do not, present fairly the financial position of Arizona Western College, as of June 30, 2009, 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of KAWC-AM Radio as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2-6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We 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.

LarsonAllen LLP

LarsonAllen LLP

Mesa, Arizona
December 11, 2009

**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND 2008**

December 11, 2009

This discussion and analysis introduces the basic financial statements and provides an overview of KAWC-AM Radio's (the Station's) financial activities for the fiscal years ended June 30, 2009 and 2008. Please read it in conjunction with the financial statements, which immediately follow.

Basic Financial Statements:

The Station's annual financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" and Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." These statements allow for the presentation in a consolidated, single-column, entity-wide format. This format is similar to the type of financial statements typical of a business enterprise or a not-for-profit organization. The basic financial statements consist of the following:

The Statement of Net Assets reflects the financial position of the Station at June 30, 2009. It shows the various assets owned or controlled, related liabilities and other obligations, and the various categories of net assets. Net assets is an accounting concept defined as total assets less total liabilities, and as such, represents institutional equity or ownership in the total assets of the Station. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets reflects the results of operations and other changes for the year ended June 30, 2009. It shows the various revenues and expenses, both operating and non-operating, reconciling the beginning net assets amount to the ending net assets amount – which is shown on The Statement of Net Assets described above.

The Statement of Cash Flows presents the inflows and outflows of cash and cash equivalents for the year ended June 30, 2009. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Assets described above. In addition, this statement reconciles cash flows from operating activities to operating income/loss on the Statement of Revenues, Expenses and Changes in Net Assets described above.

The primary focus of this document is on the results of activity for the fiscal year ended June 30, 2009. This Management's Discussion and Analysis (MD&A) uses prior fiscal year for comparison purposes which illustrates where the Station's financial performance may have changed.

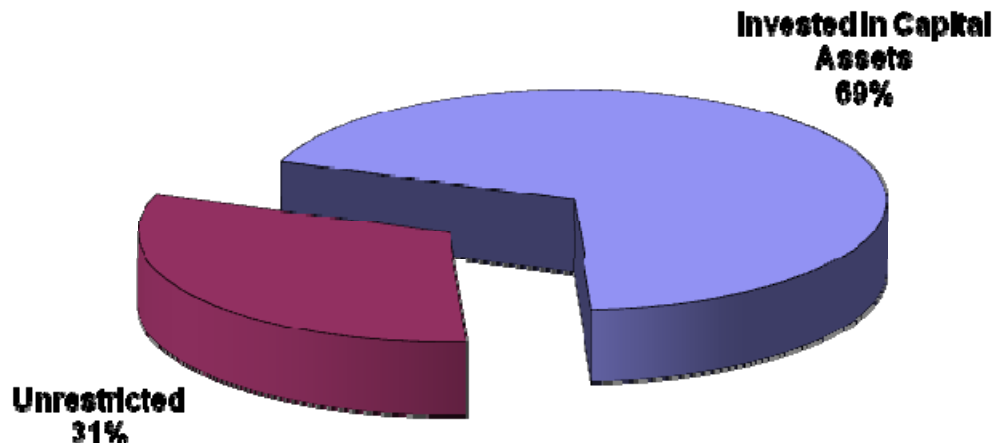
**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND 2008**

Condensed Financial Statements:

Condensed Statement of Net Assets
As of June 30

	2009	2008
Assets:		
Current Assets	\$ 91,601	\$ 94,611
Capital Assets, Net	195,020	209,153
Total Assets	286,621	303,764
Current Liabilities:		
Accounts Payable	2,130	4,731
Net Assets:		
Capital Assets, Net of Related Debt	195,020	209,153
Unrestricted	89,471	89,880
Total Net Assets	\$ 284,491	\$ 299,033

Percent of Net Assets for 2009

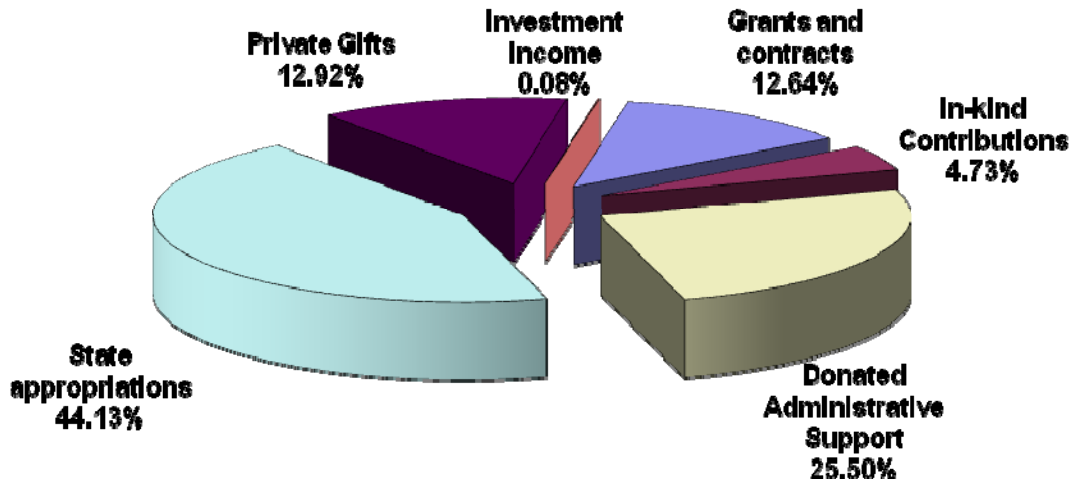


KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND 2008

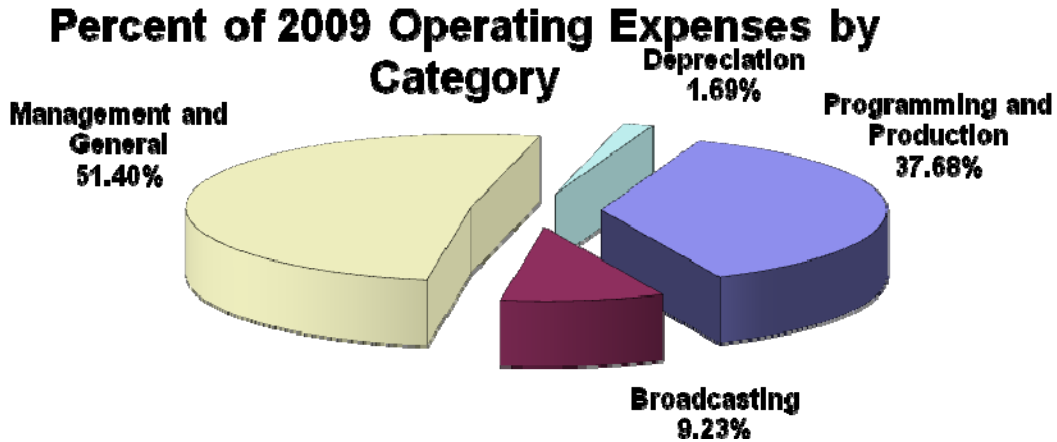
Condensed Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30

	2009	2008
Revenues		
Operating		
Grants and Contracts	\$ 103,589	89,764
In-Kind Contributions	38,739	34,490
Donated Administrative Support	209,054	227,791
Nonoperating		
State Appropriations	361,806	315,658
Private Gifts	105,893	131,669
Investment Income	650	2,141
Total Revenues	819,731	801,513
Expenses		
Operating		
Education and General		
Programming and Production	314,363	320,492
Broadcasting	77,030	96,018
Management and General	428,747	405,906
Depreciation	14,133	23,084
Total expenses	834,273	845,500
Increase (decrease) in Net Assets	(14,542)	(43,987)
Net Assets, Beginning of Year	299,033	343,020
Net Assets, June 30	\$ 284,491	\$ 299,033

Percent of 2009 Revenues by Source



**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND 2008**



Financial Highlights and Analysis:

Statement of Net Assets

The Station's overall financial position decreased in FY 2009. Total assets decreased \$17 thousand from FY 2008 to FY 2009. This decrease is primarily due to a drop in private gifts and investment income, along with an increase in management and general expenses caused by the addition of our new Development Assistant position.

Total liabilities decreased by \$2.6 thousand which is mostly due to the reduction in underwriting contracts.

Total net assets for the Station decreased by \$14 thousand from FY 2008 to FY 2009. This decrease is primarily due to the changes in capital assets and cash and cash equivalents and the reduction in accounts payable as described above.

The Station's financial position remains strong with adequate resources to meet all current obligations.

Statement of Revenues, Expenses, and Changes in Net Assets

The Station has three major revenue sources. These are private grants and contracts, in-kind contributions, and donated administrative support.

Total revenues for the Station decreased by less than \$1 thousand from FY 2008 to FY 2009. The following revenue sources make up the total decrease.

- Increase of less than \$14 thousand in grants and contracts.
- Increase of \$4 thousand in in-kind contributions.
- Decrease of less than \$19 thousand in donated administrative support.

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ARIZONA WESTERN COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009 AND 2008**

Total expenses decreased by \$11 thousand from FY 2008 to FY 2009. These decreases were made possible through cancellation of some network programming and fewer studio renovation expenses. These expenses are reflected in the Station's programming and broadcasting expenses.

The Net nonoperating revenues/expenses in FY 2009 increased \$18.8 thousand due to two factors:

1. A 13% increase our state appropriation.
2. A 20% reduction in engineering expenses.

Capital Assets Administration:

The Station's capital assets as of June 30, 2009 totaled \$195,020 (net of accumulated depreciation). Capital assets include antenna, buildings, and equipment. The change in the Station's capital assets for the current year was a decrease of 7% due to depreciation. Additional information on capital assets can be found in detail in Note 2 to the Station's basic financial statements.

Current Factors Having Probable Future Financial Significance:

KAWC-AM is investing in signal expansion. Through a leased management agreement KAWC will begin broadcasting on a network of transmitters across central and western Arizona. These transmitters serve a population over 300,000 in the communities of Flagstaff, Prescott, the Verde Valley and Kingman. It is our expectation that many of these potential listeners will become contributing members and prove to be a significant selling point for additional corporate support.

This discussion and analysis is designed to provide a general overview of the KAWC-AM Radio's finances for all those with an interest in such matters. Questions concerning any of the information provided in this Single Audit Reporting Package or requests for additional financial information should be addressed to the Vice President for Administrative Services, P.O. Box 929, Yuma, Arizona 85366.

Basic Financial Statements

KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
STATEMENT OF NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 87,991	\$ 89,996
Pledges Receivable	3,610	4,615
Total Current Assets	91,601	94,611
NONCURRENT ASSETS		
Capital Assets (Net)	195,020	209,153
Total Noncurrent Assets	195,020	209,153
Total Assets	286,621	303,764
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	2,130	4,731
NET ASSETS		
Invested in Capital Assets	195,020	209,153
Unrestricted	89,471	89,880
Total Net Assets	\$ 284,491	\$ 299,033

See accompanying Notes to the Basic Financial Statements.

KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
JUNE 30, 2009 AND 2008

	2009	2008
REVENUES		
Operating Revenues:		
Private Grants and Contracts	\$ 103,589	\$ 89,764
In-Kind Contributions	38,739	34,490
Donated Administrative Support	209,054	227,791
Total Operating Revenues	351,382	352,045
EXPENSES		
Operating Expenses:		
Educational and General		
Programming and Production	314,363	320,492
Broadcasting	77,030	96,018
Management and General	428,747	405,906
Depreciation	14,133	23,084
Total Operating Expenses	834,273	845,500
Operating Loss	(482,891)	(493,455)
NONOPERATING REVENUES		
State Appropriations	361,806	315,658
Private Gifts	105,893	131,669
Investment Income	650	2,141
Total Nonoperating Revenues	468,349	449,468
CHANGE IN NET ASSETS	(14,542)	(43,987)
Net Assets - Beginning of Year	299,033	343,020
NET ASSETS - END OF YEAR	\$ 284,491	\$ 299,033

See accompanying Notes to the Basic Financial Statements.

KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
STATEMENT OF CASH FLOWS
JUNE 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Private Grants and Contracts	\$ 143,333	\$ 123,780
Payments to Employees	(361,349)	(334,996)
Payments to Suppliers	(461,392)	(504,360)
Other Receipts	209,054	227,791
Net Cash Used by Operating Activities	(470,354)	(487,785)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts and Grants Received for Other than Capital Purposes	105,893	131,669
Other Nonoperating Receipts	361,806	315,658
Net Cash Provided by Noncapital Financing Activities	467,699	447,327
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	-
Net Cash Used by Capital and Related Financing Activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	650	2,141
Net Cash Provided by Investing Activities	650	2,141
NET DECREASE IN CASH	(2,005)	(38,317)
Cash and Equivalents - Beginning of Year	89,996	128,313
CASH AND EQUIVALENTS - END OF YEAR	\$ 87,991	\$ 89,996
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (482,891)	\$ (493,455)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	14,133	23,084
Loss on Disposal of Capital Assets	-	-
Change in Assets and Liabilities:		
Pledges Receivable	1,005	(474)
Accounts Payable	(2,601)	(16,940)
Net Cash Used by Operating Activities	\$ (470,354)	\$ (487,785)

See accompanying Notes to the Basic Financial Statements.

**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of KAWC-AM Radio (the Station) conform to accounting principles generally accepted in the United States of America applicable to governmental units as promulgated by the Governmental Accounting Standards Board. A summary of the Station's more significant accounting policies follows.

A. Reporting Entity

The Station is a departmental operation, not a component unit, of the Yuma/LaPaz County Community College District (District) in Yuma, Arizona, under a license granted by the Federal Communications Commission. The District provides administrative and other financial support to the Station. The Station's financial statements include those portions of the District's Restricted Fund for which the Station has financial accountability. Financial accountability for the Station remains with the District.

B. Basic Financial Statements

The basic financial statements (i.e., the statement of net assets and the statement of revenues, expenses and changes in net assets) report information on all of the nonfiduciary activities of the Station. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Station had no governmental activities or component units during the fiscal year.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the basic financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The Station distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Station's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In-kind contributions, other than contributions from the District, are recognized as revenue at the estimated fair market value at the date of gift.

When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

The Station's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the County Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition.

Arizona Revised Statutes (A.R.S.) authorize the Station to invest public monies in the State and County Treasurer's investment pools; U.S. Treasury obligations; specified state and local government bonds; and interest-earning investment contracts such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories.

The State Board of Deposit provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares. No comparable oversight is provided for the County Treasurer's investment pool, and that pool's structure does not provide for shares.

2. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the basic financial statements. Capital assets are defined by the Station as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities and Net Assets (Continued)

2. Capital Assets (Continued)

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Antenna	10 years
Buildings	15-40 years
Equipment	10 years

3. Net Assets

In the basic financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt is separately reported because the Station reports all Station assets which make up a significant portion of total net assets. Restricted net assets account for the portion of net assets restricted by parties outside the Station. Unrestricted net assets are the remaining net assets not included in the previous two categories.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2009 consist of the following:

Investments	
State Treasurer's Local Government Investment Pool	<u>\$ 87,991</u>

**KAWC-AM RADIO
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
ARIZONA WESTERN COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Investments - At June 30, 2009, the Station's investments are reported at fair value and consisted of the following:

	<u>Reported Amount</u>
State Treasurer's Local Government Investment Pool	<u>\$ 87,991</u>

The Station's investment in the State Treasurer's investment pools represents a proportionate interest in those pools' portfolios; however, the Station's portion is not identified with specific investments and is not subject to custodial credit risk. Interest earned and the net change in the face value of the investments are recorded as investment income. Income is allocated to each of the Station's funds based on the month-end balances of each fund, and is susceptible to accrual. The Station's investment in the State Treasurer's investment pool did not receive a credit quality rating from a national agency.

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the counterparty's failure, the Station will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities purchased are required to be delivered to the Station's custodial bank or held by an independent third-party financial institution in the name of the Station. Additionally, the Station personnel are not affiliated or related to investment brokers or custodians in accordance with state statutes. Accordingly, the Station has limited exposure to custodial credit risk.

**KAWC-AM RADIO
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ARIZONA WESTERN COLLEGE
NOTES TO THE BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

2. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Equipment	\$ 229,231	\$ -	\$ -	\$ 229,231
Buildings	195,789	-	-	195,789
Total	<u>425,020</u>	<u>-</u>	<u>-</u>	<u>425,020</u>
Less Accumulated Depreciation:				
Equipment	208,525	9,238	-	217,763
Buildings	7,342	4,895	-	12,237
Total Accumulated Depreciation	<u>215,867</u>	<u>14,133</u>	<u>-</u>	<u>230,000</u>
Capital Assets, Net	<u><u>\$ 209,153</u></u>	<u><u>\$ (14,133)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 195,020</u></u>

Land values are included in the capital assets of Arizona Western College.