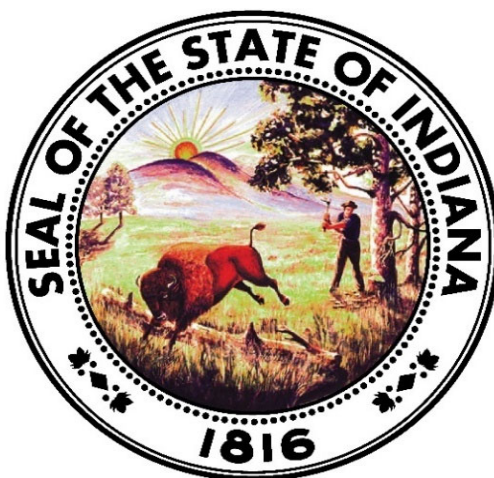


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT
OF

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED
BY VINCENNES UNIVERSITY
VINCENNES, INDIANA

July 1, 2022 to June 30, 2023



FILED

02/05/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Dr. Charles R. Johnson	07-01-22 to 06-30-24
Vice President for Financial Services	Timothy Eaton	07-01-22 to 06-30-24
Chair of the Board of Trustees	John A. Stachura Michael J. Sievers	07-01-22 to 10-05-23 10-06-23 to 10-06-24
Director	Nichole L. Carie	07-01-22 to 06-30-24



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WVUT-TV, A PUBLIC TELEVISION STATION
OPERATED BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

Opinion

We have audited the accompanying financial statements of WVUT-TV, a public television station operated by Vincennes University (WVUT-TV), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise WVUT-TV's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of WVUT-TV, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of WVUT-TV, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WVUT-TV's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

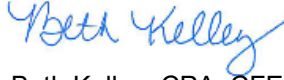
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WVUT-TV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WVUT-TV's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Beth Kelley, CPA, CFE
Deputy State Examiner

January 22, 2024

WVUT-TV

A Public Television Station Owned and Operated by Vincennes University

Management's Discussion and Analysis

INTRODUCTION

WVUT-TV (the Station) presents its financial statements for the year ending June 30, 2023. This discussion and analysis provide an overview of the financial position and activities of WVUT-TV for the year ending June 30, 2023 with comparative information for the years ending June 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

WVUT-TV is licensed to the Board of Trustees of Vincennes University. WVUT-TV was the first Public Television station to go on the air in Indiana on October 22, 1968. Vincennes University was also the first college in Indiana to go on the air with a Digital Television Station on September 2, 2002. On June 12, 2009, WVUT-TV, along with all other analog TV stations, turned the analog transmitter off and went on-air completely digital. In July of 2010, all in-studio and out-of-studio local productions were converted to High Definition, making WVUT-TV one of the first stations in the state to completely convert all operations to High Definition.

USING THE FINANCIAL STATEMENTS

The WVUT-TV report includes three financial statements: The Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles. WVUT-TV follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis-for Public Colleges and Universities – An Amendment of GASB Statement No. 34*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the entity as a whole, with resources classified for accounting and reporting purposes into three net position categories.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of WVUT-TV at the end of the fiscal year and includes all assets and liabilities of WVUT-TV. The difference between total assets and total liabilities --net position-- is one indicator of the current financial condition of WVUT-TV, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarization of the WVUT-TV's assets, liabilities and net position at June 30, 2023, 2022 and 2021 is as follows:

	2023	2022	Restated 2021
Current Assets	\$ 1,739,456	\$ 1,770,589	\$ 1,797,166
Noncurrent Assets			
Lease Receivable	\$ 237,437	\$ 253,280	\$ 267,967
Capital Assets, net of depreciation	848,883	584,081	658,586
Total Assets	<u>\$ 2,825,776</u>	<u>\$ 2,607,950</u>	<u>\$ 2,723,719</u>
Current Liabilities	\$ 20,284	\$ 7,858	\$ 198
Deferred Inflows	235,420	255,039	274,657
Net Position	<u>\$ 2,570,072</u>	<u>\$ 2,345,053</u>	<u>\$ 2,448,864</u>

Current assets consist of cash and cash equivalents, accounts receivable, lease receivable, accrued interest, and prepaid expenses. Current liabilities consist of accounts payable. WVUT-TV has no long-term liabilities.

In fiscal year 2023, there was a 1.8 percent decrease in current assets. Cash and cash equivalents decreased by \$43,794, primarily due to the timing of the Station's spending of CARES Act and American Rescue Plan Act Stabilization funds received in 2020 and 2021. These funds are being utilized for Station expenses, to supplement traditional Station funding gaps following the pandemic. The Community Service Grant (CSG) funds remained unchanged from the prior year.

Noncurrent assets consist of the long-term portion of lease receivable and net capital assets.

A noncurrent portion of lease receivable was recorded in connection with implementation of GASB Statement No. 87, *Leases* in the prior year. The noncurrent lease receivable of \$237,437 was recorded for fiscal year 2023, as compared to \$253,280 for fiscal year 2022.

Capital acquisitions for fiscal year 2023 totaled \$430,871. The majority of this capital equipment was purchased with funding from the Indiana Public Broadcasting Station (IPBS) for the datacasting project. This program is provided to K-12 public schools within the Station's viewing area. This equipment also serves the Station in an eventual shift to ATSC 3.0 broadcasting. During fiscal year 2023, there was an overall increase of \$264,802 in capital assets, net of depreciation.

Accounts payable increased by \$12,426 in fiscal year 2023 which was related to timing of payments. Deferred inflows of resources in the amounts of \$235,420 and \$255,039 were recognized as of June 30, 2023 and June 30, 2022, respectively, in accordance with the GASB Statement No. 87 for lease arrangements. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period.

In fiscal year 2022, there was a 1.5 percent decrease in current assets. Cash and cash equivalents decreased by \$15,646, primarily due to the timing of grant fund spending. There was a 3.2 percent increase in the television Community Service Grant (CSG) received in 2022. The decrease in cash is tied to the Station's spending of CARES Act and American Rescue Plan Act Stabilization funds received in 2020 and 2021. The funds are being utilized for Station expenses, to supplement traditional Station funding gaps following the pandemic.

The University's implementation of GASB Statement No. 87, *Leases*, resulted in the recognition of current lease and interest receivables for the Station's lease of tower space to the Integrated Public Safety Commission. Fiscal year 2021 financial statements were restated as required by GASB 87.

There was a small \$1,541 increase in current receivables as a result of unreimbursed grant expenditures and GASB 87 implementation. A \$12,472 decrease in prepaid expenses is the final contribution to the overall \$26,577 decrease in current assets in fiscal year 2022.

Noncurrent assets consist of the long-term portion of lease receivable and net capital assets.

A noncurrent portion of lease receivable was recorded in connection with implementation of GASB Statement No. 87, *Leases*. A restatement of \$267,967 in noncurrent lease receivable was recorded for fiscal year 2021, and \$253,280 was recorded for fiscal year 2022.

Capital acquisitions for fiscal year 2022 totaled \$55,415. Broadcasting computer and recording equipment represent the major assets purchased and contributed to the Station by the University. During fiscal year 2022, there was an overall decrease of \$74,505 in capital assets, net of depreciation.

Accounts payable increased by \$7,660 in fiscal year 2022. Deferred inflows of resources in the amounts of \$255,039 and \$274,657, were recognized for the first time as of June 30, 2022 and June 30, 2021, respectively, in accordance with newly adopted GASB Statement No. 87 for lease arrangements. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period.

Net Position

Net position represents the residual interest in WVUT-TV's assets after liabilities are deducted. WVUT-TV's net position is summarized as follows:

	2023	2022	Restated 2021
Net Investment in Capital Assets	\$ 848,883	\$ 584,081	\$ 658,586
Restricted	854,887	862,827	785,138
Unrestricted	866,302	898,145	1,005,140
Total Net Position	<u>\$ 2,570,072</u>	<u>\$ 2,345,053</u>	<u>\$ 2,448,864</u>

Net Investment in Capital Assets represents the Station's equity in property, plant and equipment, net of accumulated depreciation.

Capital asset additions of \$430,871, along with additional depreciation of \$166,069, combine for the increase of \$264,802 to net investment in capital assets in fiscal year 2023. As previously mentioned, the majority of the equipment purchases made during fiscal year 2023 were supported by funds received from the IPBS for the datacasting project. These enhancements will allow for efficiencies into the future. Fully depreciated capital assets totaling \$566,304 were disposed of in fiscal year 2023.

Capital asset additions of \$55,415, along with additional depreciation of \$129,920, combine for the \$74,505 decrease to net investment in capital assets in fiscal year 2022. Broadcast computers and recording equipment represent the majority of capital acquisitions. There were no capital disposals in fiscal year 2022.

Restricted Net Position represents constraints placed on net position use when imposed by third parties or by law through constitutional provisions or enabling legislation. The Station's restricted net position remained relatively unchanged in FY23. These funds include the unspent CSG and Interconnect funds. There was greater use of non-restricted funds in fiscal year 2022. As a result, the increase in restricted net position was created from the timing difference in CSG fund spending as compared to fiscal year 2021.

Unrestricted Net Position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. The decrease in unrestricted net position from 2022 to 2023 and from 2021 to 2022 is related to the Station's spending of the unrestricted stabilization funds during fiscal years 2023 and 2022.

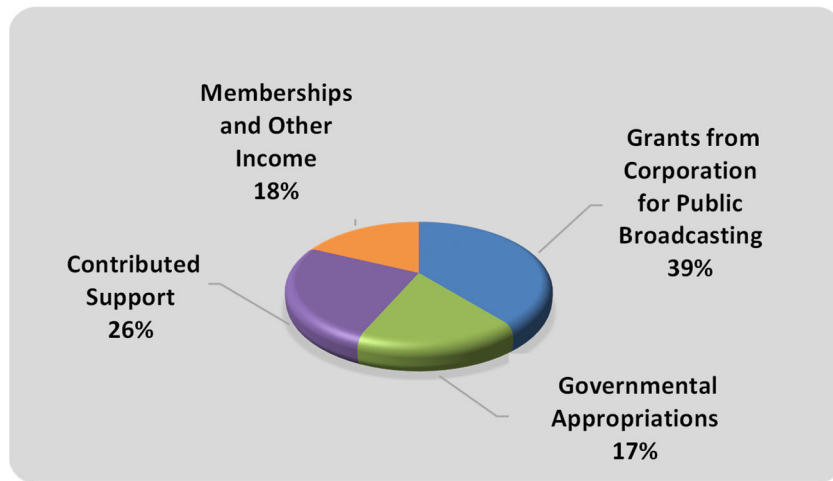
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of WVUT-TV as well as the non-operating revenues and expenses. Governmental appropriations, while used for operations, are considered non-operating revenues as defined by GASB Statement No. 35. A summarized comparison of the Statement of Revenues, Expenses, and Changes in Net Position is presented below:

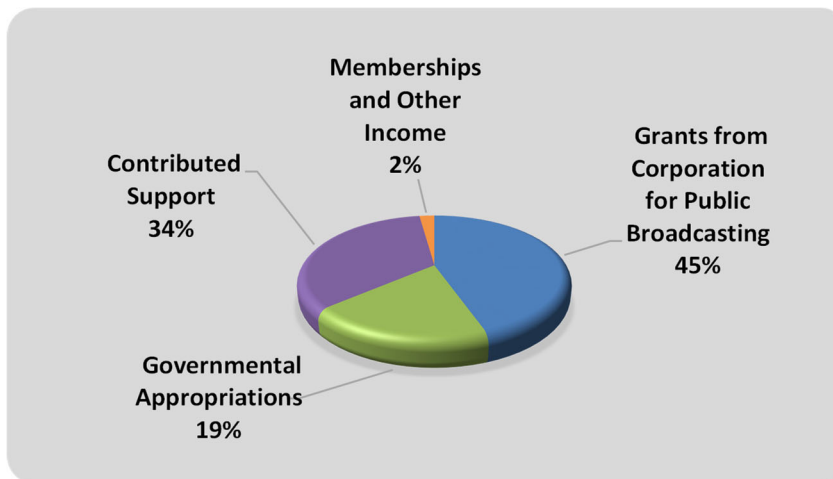
	<u>2023</u>	<u>2022</u>	<u>Restated 2021</u>
Operating Revenue	\$ 1,629,550	\$ 1,397,895	\$ 1,785,137
Operating Expenses	<u>1,787,635</u>	<u>1,869,210</u>	<u>1,625,950</u>
Net Operating Gain (Loss)	\$ (158,085)	\$ (471,315)	\$ 159,187
Non-Operating Revenue	<u>\$ 383,104</u>	<u>\$ 367,504</u>	<u>\$ 338,716</u>
Increase (Decrease) in Net Position	\$ 225,019	\$ (103,811)	\$ 497,903
Net Position - Beginning of Year	\$ 2,345,053	\$ 2,448,864	\$ 1,950,961
Net Position - End of Year	<u><u>\$ 2,570,072</u></u>	<u><u>\$ 2,345,053</u></u>	<u><u>\$ 2,448,864</u></u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUT-TV for the years ended June 30, 2023 and June 30, 2022, respectively.

Fiscal Year Ended June 30, 2023



Fiscal Year Ended June 30, 2022



Fiscal Year 2023

Appropriations from CPB serve as the largest funding source for the Station. During fiscal year 2023, \$786,627 was received in CPB grants, a slight decrease from 2022. Operating revenue increased by 16.6 percent from fiscal year 2022 to 2023. This increase is a result of funds totaling \$319,386 received by IPBS to purchase equipment for datacasting. This program is provided to K-12 public schools within the Station's viewing area.

As the institutional licensee for WVUT-TV, Vincennes University provides significant financial support for ongoing operations through direct and indirect contributions to the Station. The University contributed \$513,613 in support to the Station for fiscal year 2023 compared to contributed support of just over \$602,228 in fiscal year 2022. Contributed support consists of direct costs incurred by the University on behalf of the Station, indirect administrative cost, and other contributions of goods or services from outside parties.

In fiscal year 2023, governmental appropriations from the State of Indiana totaling \$352,063 provided additional revenue to help cover nearly \$1.79 million in Station operating expenses.

Each year, WVUT-TV seeks to expand its revenue base. In fiscal year 2023, the Station saw another increase in its online PBS Passport member donations from viewers. Contributions totaled \$9,093 in fiscal year 2023 as compared to \$6,540 in fiscal year 2022. Since introducing PBS Passport membership on the website, the Station has received a steady stream of small donations, adding to operating revenue.

Total operating expenses decreased 4.4 percent in fiscal year 2023. While programming costs increased \$28,516 in fiscal year 2023, repairs and maintenance cost decreased by \$81,698 during that same time period. The increase in programming costs was attributable to new local programming and the decrease in repairs and maintenance is mainly due to the television lighting repair project during fiscal year 2022.

The \$92,471 decrease in management and general costs is directly related to the indirect administrative support calculation for WVUT-TV. During fiscal year 2023, there were the actuarial changes for the University's retiree postemployment benefit calculation which decreased the administrative costs.

Fiscal Year 2022

Appropriations from CPB serve as the largest funding source for the Station. In fiscal year 2022, \$787,075 was received in grants from CPB, a 3.2 percent increase from 2021. The 2022 decrease in operating revenue is explained by the \$471,408 in American Rescue Act stabilization funds that were received in fiscal year 2021. The funds were approved by Congress and distributed by CPB to public radio and television stations to help maintain local programming and services during the economic decline triggered by COVID-19.

As the institutional licensee for WVUT-TV, Vincennes University provides significant financial support for ongoing operations through direct and indirect contributions to the Station. The University contributed over \$602,228 in support to the Station for fiscal year 2022 compared to contributed support of just over \$507,553 in fiscal year 2021. Contributed support consists of direct costs incurred by the University on behalf of the Station, indirect administrative cost, and other contributions of goods or services from outside parties.

In fiscal year 2022, governmental appropriations from the State of Indiana totaling \$337,454 provided additional revenue to help cover nearly \$1.87 million in Station operating expenses.

Each year, WVUT-TV seeks to expand its revenue base. In fiscal year 2022, the Station saw another increase in its online PBS Passport member donations from viewers. Contributions totaled \$6,540 in fiscal year 2022. Since introducing PBS Passport membership on the website, the Station has received a steady stream of small donations, adding to operating revenue.

Operating expenses increased 15 percent in fiscal year 2022. The major increases were related to programming and production costs. Programming and production personnel cost increased by 7.8 percent as a result of filling a production position. The Station also replaced 20 studio lighting fixtures which accounts for \$43,840 of the 18.1 percent increase in programming and production repairs and maintenance cost from fiscal year 2021.

The \$90,157 increase in management and general costs consists mainly of a \$67,785 increase in indirect administrative support and increased supply cost of \$31,997 for fiscal year 2022. The increased supply cost includes non-capital furniture purchased by the Station totaling \$33,713.

Expenses

A summary of WVUT-TV's expenses by object for the year ended June 30, 2023, 2022 and 2021 is as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Expenses:			
Compensation and Benefits	\$ 638,339	\$ 619,421	\$ 579,595
Supplies and Services	489,440	571,401	468,144
Programming Costs	281,374	252,858	231,036
Depreciation	166,069	129,920	119,350
Administrative Support	212,413	295,610	227,825
Total Operating Expenses	<u>\$ 1,787,635</u>	<u>\$ 1,869,210</u>	<u>\$ 1,625,950</u>

Fiscal Year 2023

When analyzing the natural classification of expenses, total expenditures decreased 4.4 percent. Significant changes include:

- The \$18,918 increase in compensation and benefits is primarily related to the 2 percent merit increase and the one-time payment for Station employees during 2023.
- The \$81,961 decrease in supplies and services was predominantly related to the television studio's lighting system repair project which occurred in fiscal year 2022.
- Programming costs increased 11.3 percent which was attributable to the acquisition of the new local programming from Jericho Road Productions.
- Depreciation increased \$36,149 as a result of the equipment purchases to provide datacasting.
- As mentioned beforehand, the administrative support decreased with the actuarial changes for the University's retiree postemployment benefit calculation.

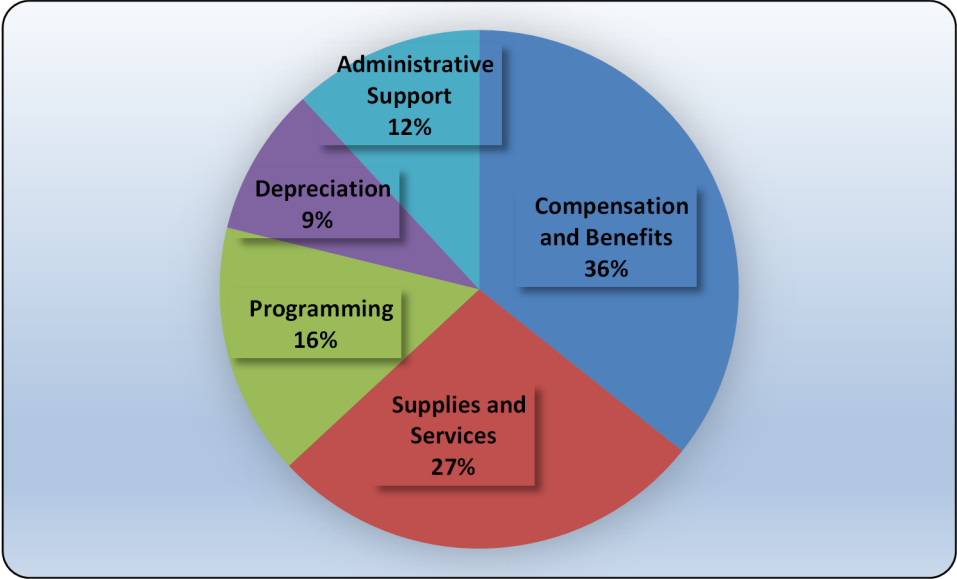
Fiscal Year 2022

Total operating expenses rose 15 percent in fiscal year 2022. Significant changes include:

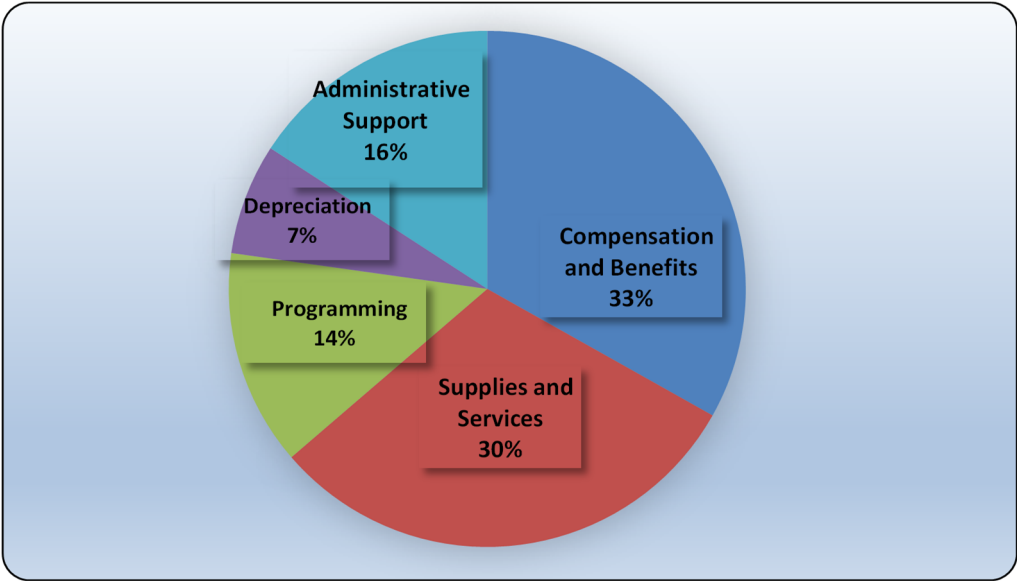
- A 22 percent increase in the supplies and services cost category represents the largest increase within operating expenses for fiscal year 2022. Included in this category is repairs and maintenance, which incurred the most significant cost increase of approximately \$100,000 for studio lighting repair project. Supply cost accounts for the other major increase in this category. The Station's furniture purchase of \$33,713, and a \$20,196 increase in programming and production supplies represent the majority of the \$60,046 increase in supplies.
- Since the indirect cost rate is applied to the Station's net direct expenses, the increase in total operating expenses is also reflected in higher indirect administration support cost for fiscal year 2022.
- The Station filled a production position in fiscal year 2022, increasing compensation and benefit costs by 6.9 percent from 2021. Depreciation expense also increased in fiscal year 2022 from the major capital asset additions in 2020 and 2021.

Graphic illustration of total expenses by object for fiscal years 2023 and 2022 are shown below:

Fiscal Year Ended June 30, 2023



Fiscal Year Ended June 30, 2022



A summary of WVUT-TV's expenses by functional classification for the years ended June 30, 2023, 2022 and 2021 is as follows:

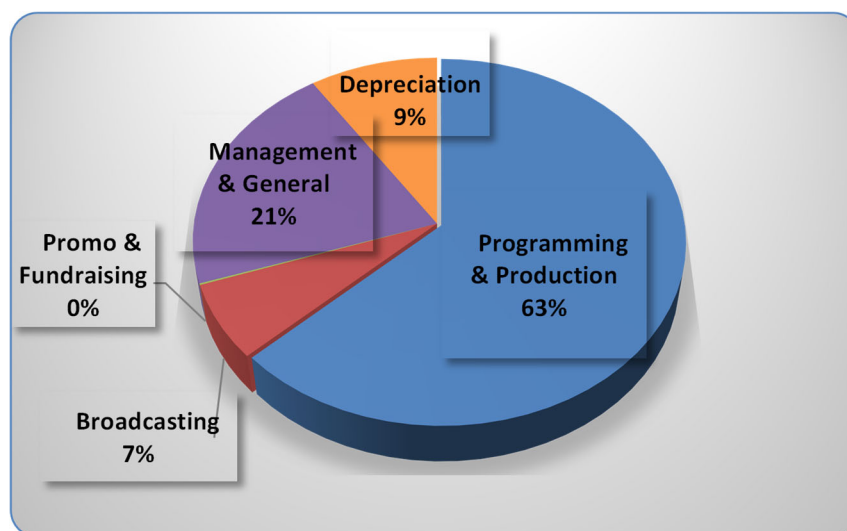
	2023	2022	Restated 2021
Operating Expenses:			
Compensation and Benefits	\$ 638,339	\$ 619,421	\$ 579,595
Supplies and Services	489,440	571,401	468,144
Programming Costs	281,374	252,858	231,036
Depreciation	166,069	129,920	119,350
Administrative Support	212,413	295,610	227,825
Total Operating Expenses	<u>\$ 1,787,635</u>	<u>\$ 1,869,210</u>	<u>\$ 1,625,950</u>

When analyzing the functional classifications over the past three fiscal years, the following factors have contributed to the changes within each cost category:

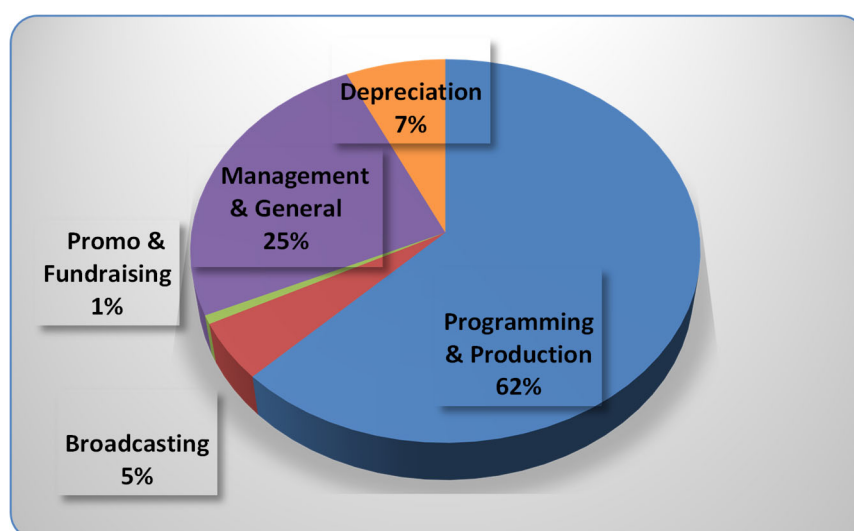
- The major reason for the decrease from 2022 to 2023 and the increase from 2021 to 2022 in programming and production costs is related to the 2022 student lighting repair project that was previously mentioned.
- Broadcasting increased \$27,420 from 2022 to 2023. The majority of this cost is related to the professional services purchased to update the power supplies associated with the upgrade of the router. In fiscal year 2022, broadcasting costs declined sharply following the completion of the repack project and installation of the new transmitter. The decrease in broadcasting professional services and repairs and maintenance cost was \$53,545 in fiscal year 2022.
- Management and general cost decreased 19.9 percent as a result of the actuarial changes for the University's retiree postemployment benefit calculation which carried over to the calculation for WVUT-TV's indirect cost. During fiscal year 2022, these costs rose 24 percent. The significant increase consists of furniture replacement totaling \$33,713.

The graphic illustrations below present total expenses by function for fiscal years 2023 and 2022.

Fiscal Year Ended June 30, 2023



Fiscal Year Ended June 30, 2022



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about WVUT-TV's financial results by reporting the major sources and uses of cash. Cash received from operations primarily consists of funds from the Corporation for Public Broadcasting and contributions from the University.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

WVUT-TV continues to navigate challenges in the current economic environment. The station continues to receive level funding from the State of Indiana, the Corporation for Public Broadcasting and Vincennes University. Attention remains focused on the possible future impact university enrollment may have on our department, as well as state and national legislation that could adversely affect our funding levels.

WVUT-TV is investing in automated studio equipment to empower our ability to increase the amount of local content created with small staff numbers into the future. Expenses are anticipated to increase due to economic factor, which include wage growth for current staff and increasing PBS dues.

WVUT-TV maintains a strong hold with viewers in our broadcast area and digitally through our online outreach. WVUT-TV is expanding its availability on streaming platforms in an attempt to reach our communities where they are consuming video programming, as well as maintaining and enhancing our broadcast services. This has led to a modest increase in membership support. Groundwork is also being laid to onboard underwriting practices for the station with personnel recently hired for this effort. WVUT-TV expects a slight increase in underwriting funding during this initial year's ramp up, however the addition of the staff member is a needed expense as we invest into the underwriting effort.

WVUT-TV management is optimistic in maintaining current budget expectations while battling current economic conditions and uncertainty.

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BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of WVUT-TV. The financial statements and notes are presented as intended by WVUT-TV.

WVUT-TV
A Public TV Station Operated by Vincennes University
Statement of Net Position
As of June 30, 2023 and 2022

	6/30/2023	6/30/2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,708,674	\$ 1,752,468
Accounts receivable	-	1,569
Lease receivable	15,843	14,687
Accrued interest income	634	671
Prepaid expense	14,305	1,194
Total current assets	\$ 1,739,456	\$ 1,770,589
Non-current assets:		
Lease receivable	\$ 237,437	\$ 253,280
Capital assets being depreciated	3,652,654	3,788,087
Less accumulated depreciation	(2,803,771)	(3,204,006)
Total non-current assets	\$ 1,086,320	\$ 837,361
Total assets	\$ 2,825,776	\$ 2,607,950
Liabilities		
Current liabilities:		
Accounts payable	\$ 20,284	\$ 7,858
Total current liabilities	\$ 20,284	\$ 7,858
Deferred inflows		
Deferral of leases	\$ 235,420	\$ 255,039
	\$ 235,420	\$ 255,039
Net position		
Investment in capital assets	\$ 848,883	\$ 584,081
Restricted for station activities	854,887	862,827
Unrestricted	866,302	898,145
Total net position	\$ 2,570,072	\$ 2,345,053
Total liabilities and net position	\$ 2,825,776	\$ 2,607,950

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

WVUT-TV
A Public TV Station Operated By Vincennes University
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2023 and 2022

	<u>6/30/2023</u>	<u>6/30/2022</u>
Operating revenue:		
Grants from Corporation for		
Public Broadcasting	\$ 786,627	\$ 787,075
Other grants and contracts	317,817	1,569
Memberships and underwriting	11,493	7,023
Contributed support	513,613	602,228
Total operating revenue	<u>\$ 1,629,550</u>	<u>\$ 1,397,895</u>
Operating expenses:		
Programming and production	\$ 1,126,572	\$ 1,168,161
Broadcasting	118,774	91,354
Program information and promotion	2,333	13,600
Management and general	373,191	465,662
Fundraising and membership development	696	513
Depreciation	166,069	129,920
Total operating expenses	<u>\$ 1,787,635</u>	<u>\$ 1,869,210</u>
Operating loss	<u>\$ (158,085)</u>	<u>\$ (471,315)</u>
Non-operating revenues:		
Governmental appropriations	\$ 352,063	\$ 337,454
Other non-operating revenues	31,041	30,050
Total non-operating revenues	<u>\$ 383,104</u>	<u>\$ 367,504</u>
Increase (decrease) in net position	<u>\$ 225,019</u>	<u>\$ (103,811)</u>
Net Position - beginning of year	2,345,053	2,448,864
Net Position - end of year	<u><u>\$ 2,570,072</u></u>	<u><u>\$ 2,345,053</u></u>

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

WVUT-TV
A Public TV Station Operated By Vincennes University
Statement of Cash Flows
For the Years Ended June 30, 2023 and 2022

	6/30/2023	6/30/2022
Cash flows from operating activities:		
Grants and contracts	\$ 1,106,013	\$ 787,517
Underwriting and other contributions	11,493	7,023
Contributed support	273,200	261,019
Payments to suppliers	(743,500)	(776,127)
Payments to employees	(467,121)	(454,583)
Payments for benefits	(171,218)	(164,838)
Net cash provided (used) in operating activities	\$ 8,867	\$ (339,989)
Cash flows from noncapital financing activities:		
Governmental appropriations	352,063	337,454
Other income	26,147	24,705
Net cash provided by noncapital financing activities	\$ 378,210	\$ 362,159
Cash flows from capital and related financing activities:		
Purchases of capital assets and construction	(430,871)	(37,816)
Net cash used in capital and related financing activities	\$ (430,871)	\$ (37,816)
Net decrease in cash and cash equivalents	\$ (43,794)	\$ (15,646)
Cash and cash equivalents - beginning of year	1,752,468	1,768,114
Cash and cash equivalents - end of year	<u><u>\$ 1,708,674</u></u>	<u><u>\$ 1,752,468</u></u>
Reconciliation of operating loss to net cash provided (used) in operating activities:		
Operating loss	\$ (158,085)	\$ (471,315)
Adjustments to reconcile operating loss to net cash provided (used) in operating activities:		
Depreciation expense	166,069	129,920
Contributions of capital assets	-	(17,599)
Changes in assets and liabilities:		
Accounts receivable	1,569	(1,127)
Prepaid expense	(13,111)	12,472
Accounts payable and accrued liabilities	12,425	7,660
Net cash provided (used) in operating activities	\$ 8,867	\$ (339,989)

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

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting entity: WVUT-TV (the Station) is a public television station operated by Vincennes University (the University). The University is an institution of higher education and is considered to be a component unit of the State of Indiana.

Financial statement presentation: The financial statements have been prepared 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*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. Effective for the fiscal year ending June 30, 2022, the University implemented the provisions of GASB Statement No. 87, *Leases* and for the fiscal year ending June 30, 2023, the University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. WVUT-TV financial statements were not impacted by the adoption of GASB Statement No. 96.

Basis of accounting: For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements, imposed by the provider, have been met.

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 amounts reported in the financial statements and accompanying notes. The University generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases, unless the actual rate charged by the lessor/vendor is known. Actual results could differ from those estimates.

Cash equivalents: For purposes of the Statement of Cash Flows, the Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable: The receivable reflects the estimated reimbursable expenditures incurred for the GEER ATSC 3.0 project as of June 30, 2022. Management has concluded that no allowance for uncollectible accounts is necessary.

Lease receivable: The receivable reflects the present value of the expected future minimum lease payments, discounted by an applicable interest rate.

Capital assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Inventories of materials and supplies at year-end are not considered material; therefore, are not reflected in the financial statements.

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 10 years for equipment.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred inflows of resources: As prescribed by GASB Statement No. 63, the Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources is an acquisition of net assets that is applicable to a future reporting period. Lease-related amounts are recognized at the inception of leases in which Vincennes University is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Membership and underwriting revenue: Contributions are recognized as revenue upon receipt.

Contributed support: Contributed materials, supplies, facilities, and non-capital property are recorded at their estimated acquisition value at the date of donation. If the acquisition value of contributed materials, supplies, facilities and non-capital property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

Indirect administrative support: Administrative support from Vincennes University (licensee) consists of indirect costs incurred by the University on behalf of the Station, calculated using the indirect administrative support method as required by the Corporation for Public Broadcasting (CPB).

Net position: The Station's net position is classified as follows:

Investment in capital assets: This represents the Station's total investment in capital assets. There is no outstanding debt related to these capital assets.

Restricted net position: Restricted net position represents constraints placed on net position use when imposed by third parties or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: Unrestricted net position represents resources derived from grants, underwriting, and fees. These resources are used for transactions relating to the educational and general operations of the Station. The unrestricted component of net position is the net amount of the assets and liabilities that are not included in the determination of investment in capital assets and restricted net position.

Income taxes: The University, as a political subdivision of the State of Indiana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of revenues and expenses: The Station has classified its revenues as operating revenues and expense according to the following criteria:

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Operating revenues and expenses: The Station distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Station's principal ongoing operations. The principal operating revenues of the Station are grants for public broadcasting entities, including grants to enhance the quality of programming and expand the scope of public broadcasting services, contributed support from the University, contributions from donors and underwriting. Operating expenses include costs of services, payments to suppliers and employees, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Corporation for Public Broadcasting Community Service Grants: The Corporation for Public Broadcasting 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. CSGs are used to augment the financial resources of public broadcasting entities to 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.

Corporation for Public Broadcasting – Other Grants: In fiscal year 2021, the Station received American Rescue Plan Act Stabilization Grant funds. The funds were distributed by the Corporation for Public Broadcasting for the purpose of maintaining the Station's programming and services impacted by the coronavirus and attendant loss of revenues. These funds have no spending period.

Other Grants and Contracts – In fiscal year 2023, the Station entered into an agreement with the Indiana Public Broadcasting Station to purchase equipment for datacasting. This program is provided to K-12 public schools within the Station's viewing area. All funds were expended during fiscal year 2023.

Non-operating revenues and expenses: Non-operating revenues and expenses are defined in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments*. Examples of non-operating revenue include governmental appropriations and examples of non-operating expenses include loss on disposition of capital assets.

Advertising Costs: Advertising costs are expensed in the period in which they are incurred.

Note 2 – Cash

Cash deposits are insured by agencies of the federal government up to \$250,000. Amounts over \$250,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount reported for the checking account at June 30, 2023 and June 30, 2022 is \$1,708,674 and \$1,752,468, respectively.

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

Note 3: Capital Assets

The following are summaries of the Station's capital asset activities as of June 30:

<u>2022-2023</u>	Beginning Balances 07/01/22	Increases	Decreases	Transfers	Ending Balances 06/30/23
Capital assets being depreciated:					
Building and improvements	401,036	-	-	-	401,036
Equipment	3,387,051	430,871	566,304	-	3,251,618
Total capital assets being depreciated	3,788,087	430,871	566,304	-	3,652,654
Less accumulated depreciation for:					
Building and improvements	251,924	9,728	-	-	261,652
Equipment	2,952,082	156,341	566,304	-	2,542,119
Total accumulated depreciation	3,204,006	166,069	566,304	-	2,803,771
Total capital assets being depreciated, net	584,081	264,802	-	-	848,883
Capital assets, net	\$ 584,081	\$ 264,802	\$ -	\$ -	\$ 848,883

<u>2021-2022</u>	Beginning Balances 07/01/21	Increases	Decreases	Transfers	Ending Balances 06/30/22
Capital assets being depreciated:					
Building and improvements	401,036	-	-	-	401,036
Equipment	3,331,636	55,415	-	-	3,387,051
Total capital assets being depreciated	3,732,672	55,415	-	-	3,788,087
Less accumulated depreciation for:					
Building and improvements	238,702	13,222	-	-	251,924
Equipment	2,835,384	116,698	-	-	2,952,082
Total accumulated depreciation	3,074,086	129,920	-	-	3,204,006
Total capital assets being depreciated, net	658,586	(74,505)	-	-	584,081
Capital assets, net	\$ 658,586	\$ (74,505)	\$ -	\$ -	\$ 584,081

Note 4: Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operating expenses by functional classification for the years ended June 30, 2023 and 2022, are summarized as follows:

WVUT-TV
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Notes to Financial Statements

2023							
	PROGRAM SERVICES			SUPPORT SERVICES		Total 6/30/2023	Total 6/30/2022
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development		
Salaries, Wages & Benefits	\$ 522,341	-	-	\$ 115,998	\$ -	\$ 638,339	\$ 619,421
Professional Services	-	12,573	-	24,496	696	37,765	25,262
Supplies	60,888	17,686	29	5,552	-	84,155	90,474
Occupancy	-	48,687	-	2,016	-	50,703	48,390
Postage	-	-	-	209	-	209	147
Advertising	-	-	2,304	-	-	2,304	3,513
Conferences & Meetings	14,587	-	-	9,903	-	24,490	235
Repairs & Maintenance	59,956	39,828	-	844	-	100,628	182,326
Programming Costs	281,374	-	-	-	-	281,374	252,858
Membership & Dues	187,426	-	-	1,760	-	189,186	221,054
Administrative Support	-	-	-	212,413	-	212,413	295,610
Depreciation	-	-	-	166,069	-	166,069	129,920
Total	\$ 1,126,572	\$ 118,774	\$ 2,333	\$ 539,260	\$ 696	\$ 1,787,635	\$ 1,869,210

2022							
	PROGRAM SERVICES			SUPPORT SERVICES		Total 6/30/2022	Total 6/30/2021
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development		
Salaries, Wages & Benefits	\$ 517,766	\$ -	\$ -	\$ 101,655	\$ -	\$ 619,421	\$ 579,595
Professional Services	-	-	-	24,749	513	25,262	76,051
Supplies	43,719	8,148	-	38,607	-	90,474	30,428
Occupancy	-	46,374	-	2,016	-	48,390	47,198
Postage	-	-	-	147	-	147	276
Advertising	-	-	3,513	-	-	3,513	5,780
Conferences & Meetings	-	-	-	235	-	235	-
Repairs & Maintenance	134,937	36,832	9,997	560	-	182,326	82,404
Programming Costs	252,768	-	90	-	-	252,858	231,036
Membership & Dues	218,971	-	-	2,083	-	221,054	226,007
Administrative Support	-	-	-	295,610	-	295,610	227,825
Depreciation	-	-	-	129,920	-	129,920	119,350
Total	\$ 1,168,161	\$ 91,354	\$ 13,600	\$ 595,582	\$ 513	\$ 1,869,210	\$ 1,625,950

Note 5: Indirect Administrative Support

The Station (grantee) calculates indirect administrative support (IAS) received from the University (licensee) using the method prescribed by the Corporation for Public Broadcasting. The IAS calculation utilizes indirect and direct cost information from the licensee's audited financial statements in calculating indirect administrative support.

Indirect administrative support from other state agencies consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support and also as an expense in the management and general functional expense category.

Included as part of the University's institutional support is Other Postemployment Benefit cost (OPEB). Because the University funds OPEB cost entirely through the general fund, and the Station is not charged for OPEB related costs, there is not a special allocation of OPEB cost to the Station. There is, however, a portion of OPEB cost that is allocated to the Station as part of the indirect administrative support calculation.

The value of this support for the years ended June 30, 2023 and June 30, 2022 was \$212,413 and \$295,610 respectively.

WVUT-TV
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Notes to Financial Statements

Note 6: Contributed In-Kind Support

Contributed in-kind support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services and donated materials. The acquisition value of this support is recognized in the Statement of Revenues, Expenses, and Changes in the Net Position as Contributed Support. As an equal amount of expense is also recognized, there is no impact on net position. The Station received in-kind contributed support of \$28,000 for fiscal year ended June 30, 2023 and \$28,000 for fiscal year ended June 30, 2022.

Note 7: Support from Vincennes University

Vincennes University contributes support to the Station by partially funding the operations, studio, and production facility. The total costs for this support totaled \$273,200 and \$278,618 for the years ended June 30, 2023 and June 30, 2022, respectively.

Note 8: Risk Management

WVUT-TV is licensed to the Board of Trustees of Vincennes University; therefore, the station is exposed to the same risk as the University. These risks include: torts, theft, damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; health and other medical benefits provided to the employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For building and contents, the risk retention is \$100,000 per incident. General liability, commercial crime, cyber crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a maximum stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be \$744,477 for the fiscal year 2022-23 and \$658,533 for the fiscal year 2021-22.

The liability, for medical claims but not reported at June 30, is based on an average monthly claim multiplied by the plan's provider's average turnaround time from when claims are incurred to when the claims are submitted for payment.

Changes in the total reported self-insured health, dental & drug benefit liability during the years ending June 30, 2023 and 2022 were as follows:

	2023	2022
Balance, beginning of year	\$ 658,533	\$ 1,102,779
Claims incurred	11,544,091	11,182,191
Claim payments	(11,458,147)	(11,626,437)
Balance, end of year	\$ 744,477	\$ 658,533

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

Note 9: TIAA/CREF Pension Plan

Plan Description

Through Vincennes University, eligible employees at WVUT-TV participate in a tax deferred 403(b) Retirement Annuity Plan (RA) through Teachers Insurance and Annuity Association of America (TIAA). This plan is a defined contribution plan under IRC 403(b). Income during retirement is based on the participant's total account balance. Participants are immediately 100% invested in the funds contributed. An agreement between the University and TIAA is approved by the University Board of Trustees.

Funding Policy

For all full-time faculty and professional staff, the University contributes 10% of earned wages. Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment, participate in a supplemental defined contribution retirement income plan with TIAA. The University contributes 5% of covered wages for this plan, which is included in the contributed support and expense allocation to WVUT-TV.

Additional Details of the plan can be found in the Vincennes University's Annual Financial Report, which can be found on the Indiana State Board of Accounts' website <http://www.in.gov/sboa>.

Note 10: Lessor Arrangement

The University leases space on its cell tower to the Integrated Public Safety Commission. In accordance with GASB Statement No. 87, Leases, the University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. If the lease does not include a stated interest rate, municipal bond rate yield curves are used as the discount rate for calculating present value. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2023 and 2022, the University recognized revenue, including interest income, related to this lease agreement totaling \$28,367 and \$28,852, respectively.

OTHER REPORTS

In addition to this report, other reports may have been issued for WVUT-TV. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.