

WVUB-FM

**(A Public Radio Station Operated as a
Department of Vincennes University)**

Financial Report
June 30, 2018

Contents

Schedule of University Officials	1
<hr/>	
Independent auditor's report	2-3
<hr/>	
Management's discussion and analysis	4-11
Financial statements	
Statements of net position	12
Statements of revenues, expenses and changes in net position	13
Statements of cash flows	14
Notes to financial statements	15-24
<hr/>	

UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice-President for Financial Services and Government Relations	Phillip S. Rath	07-01-16 to 06-30-18
President	Charles Johnson	12-02-15 to 12-31-19
Chairman of the Board	John Stachura	07-01-16 to 06-30-18
General Manager	Nichole Carie	07-01-16 to 06-30-18

Independent Auditor's Report

To the Officials
WVUB-FM (A Public Radio Station Operated
as a Department of Vincennes University)
Vincennes, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of WVUB-FM, a public radio station operated as a department of Vincennes University (WVUB-FM), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise WVUB-FM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WVUB-FM as of June 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of WVUB-FM are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities of Vincennes University (University) that are attributable to the transactions of WVUB-FM. They do not purport to, and do not present fairly the financial position of the University, as of June 30, 2018 and 2017, the changes in its financial position, or, where applicable, its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, WVUB-FM restated beginning net position to correct an error in the recognition of revenue. Our opinion was not modified for this matter.

Other Matter

The financial statements of WVUB-FM, as of and for the year ended June 30, 2017, were audited by other auditors, whose report, dated December 12, 2017, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information, 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.

RSM US LLP

Indianapolis, Indiana
February 11, 2019

WVUB-FM

A Public Radio Station Operated by Vincennes University Management's Discussion and Analysis

INTRODUCTION

WVUB-FM (the Station) presents its financial statements for fiscal year ending June 30, 2018. This discussion and analysis provides an overview of the financial position and activities of WVUB-FM for the year ending June 30, 2018 with comparative information for the fiscal years ended June 30, 2017 and June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

Licensed to the Board of Trustees of Vincennes University, WVUB-FM is a 50,000 watt public radio station serving twelve counties in Southwestern Indiana. WVUB-FM began broadcasting in December of 1970, making it one of the first Public Radio stations to go on the air in Indiana. In addition to the primary signal, WVUB also broadcasts two alternate programming channels in HD Radio. WVUB HD-2 is a Smooth Jazz station featuring NPR News reports. WVUB HD-3, Blazer Bilingue is a full-time Spanish language radio station broadcasting music, news and talk programming through affiliation with Radio Bilingue out of Southern California. The programming is designed to both entertain and inform members of the Hispanic and Latino communities living within WVUB's primary coverage area.

USING THE FINANCIAL STATEMENTS

The WVUB-FM 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. WVUB-FM 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 four net position categories.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of WVUB-FM at the end of the fiscal year and includes all assets and liabilities of WVUB-FM. The difference between total assets and total liabilities--net position-- is one indicator of the current financial condition of WVUB-FM, 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 WVUB-FM's assets, liabilities, and net position at June 30, 2018, 2017 and 2016 is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Assets	\$ 213,922	\$ 224,562	\$ 275,399
Noncurrent Assets			
Capital Assets, net of depreciation	<u>23,860</u>	<u>29,514</u>	<u>38,200</u>
Total Assets	<u>237,782</u>	<u>254,076</u>	<u>313,599</u>
Current Liabilities	-	284	25,316
Net Position	<u>\$ 237,782</u>	<u>\$ 253,792</u>	<u>\$ 288,283</u>

Current assets materially consist of cash and cash equivalents. Current liabilities consist of accounts payable. WVUB-FM has no long-term liabilities.

Current assets decreased \$10,640 in fiscal year 2018 as compared to the prior year decrease of \$50,837. The Station made a conscious effort to decrease its spending from 2017 to 2018 in an attempt to manage resources more efficiently. New programming purchases account for the majority of the decrease along with higher salary and benefit costs paid in 2017 as compared to 2016.

The Station had no capital asset acquisitions in 2018 and 2017, therefore, capital assets remained relatively unchanged. Depreciation expense represents the major portion of the decrease in capital assets, net of depreciation, for both years.

Twenty-five thousand dollars of accounts payable from the server conversion software purchases in fiscal year 2016 were paid in 2017, representing the portion of the decrease in current liabilities from 2016 to 2017.

Net Position

Net position represents the residual interest in WVUB-FM's assets after liabilities are deducted. WVUB-FM's net position at June 30, 2018, 2017 and 2016 are summarized as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Net Investment in Capital Assets	\$ 23,860	\$ 29,514	\$ 38,200
Restricted	132,413	127,517	135,459
Unrestricted	81,509	96,761	114,624
Total Net Position	<u>\$ 237,782</u>	<u>\$ 253,792</u>	<u>\$ 288,283</u>

Net Investment in Capital Assets represents the Station's equity in property, plant and equipment net of accumulated depreciation. This equity amount decreased in 2018 and 2017 as a result of an increase in accumulated depreciation. The decrease from 2016 to 2017 also included capital asset transfers to WVUT-TV.

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. These amounts are for the unspent Community Service Grant funds.

Unrestricted Net Position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets. Unrestricted net position decreased by \$15,252 in 2018. The majority of this decrease is related to the decrease in cash. Unrestricted net position decreased by \$17,863 in 2017. This change is the net effect of the decrease in cash and the decrease in current liabilities.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of WVUB-FM 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 summary of the Statement of Revenues, Expenses, and Changes in Net Position is presented below:

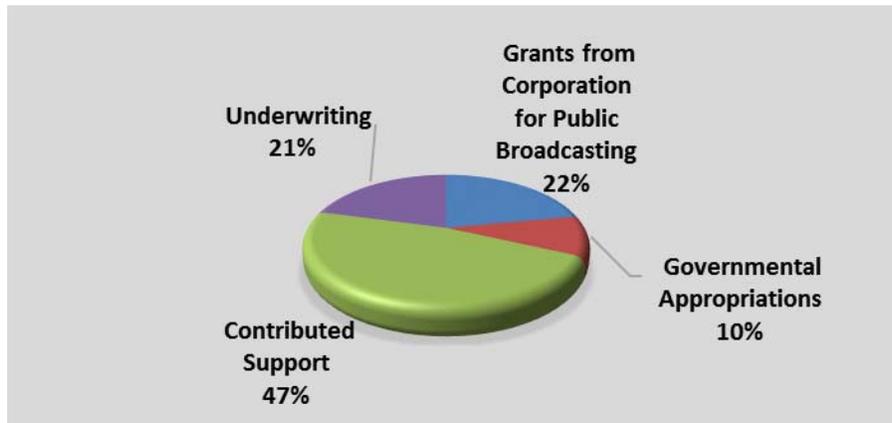
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenue	\$520,987	\$578,743	\$578,492
Operating Expenses	<u>593,580</u>	<u>669,817</u>	<u>626,986</u>
Net Operating Loss	(72,593)	(91,074)	(48,494)
Non Operating Revenue	<u>56,583</u>	<u>56,583</u>	<u>56,583</u>
Increase (Decrease) in Net Position	(16,010)	(34,491)	8,089
Net Position - Beginning of year, as restated	253,792	288,283	168,826
Restatement			138,183
Prior Period Adjustment for Change in Accounting Principle	-	-	(26,815)
Net Position - End of year	<u><u>\$237,782</u></u>	<u><u>\$253,792</u></u>	<u><u>\$288,283</u></u>

The 2018 operating revenue decreased 10 percent from 2017. This change includes a decrease of approximately \$10,000 in underwriting support and a decrease of \$37,000 in contributed support from the University. The change in contributed support is primarily related to the

Station’s administrative support calculation. The Station moved from the basic rate method to a modified rate using the University’s indirect rate from its cognizant agency. Operating revenue remained relatively unchanged from fiscal year 2016 to fiscal year 2017.

As previously mentioned, the decrease in the management and general expense classification is directly related to the change in the administrative support calculation for 2018. The increase in operating expenses from 2016 to 2017 was related to the increase in programming and promotional costs. The 2018 operating expenses are more comparable to the 2016 level of operating expenses.

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM for the year ended June 30, 2018:



A summary of WVUB-FM’s operating expenses by the natural classifications for the year ended June 30, 2018, 2017 and 2016 is as follows:

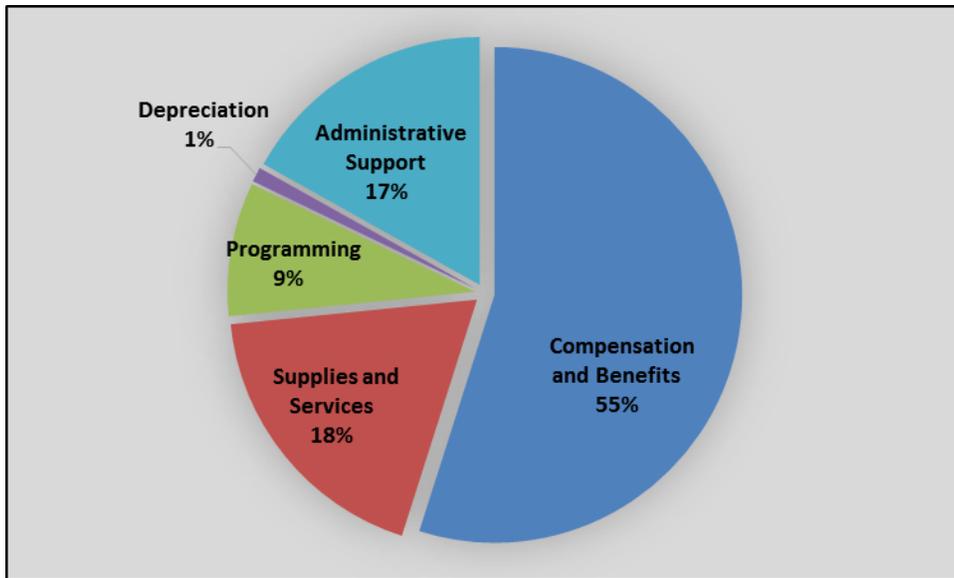
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating:			
Compensation and Benefits	\$ 325,949	\$ 309,219	\$ 291,959
Supplies and Services	109,811	128,318	125,444
Programming Costs	51,844	83,550	68,724
Depreciation	5,654	5,806	5,901
Administrative Support	100,322	142,924	134,958
Total Operating Expenses	<u>\$ 593,580</u>	<u>\$ 669,817</u>	<u>\$ 626,986</u>

There was an 11 percent decrease in operating expenses from fiscal year 2017 to fiscal year 2018. In 2018, professional services for audit services and fundraising decreased approximately \$11,000 collectively. Programming costs decreased \$31,706 from 2017 to 2018. Approximately fifty percent of this decrease was related to the DLC media contribution for newswriting that the Station no longer receives. The remaining amount was related to the decrease in programming costs which corresponded to the decrease in funding. As previously mentioned, the

administrative support had a significant decrease. This decrease also had a corresponding decrease in the recognized revenue contribution which caused a \$0 net effect to the statements.

The 6.8 percent increase in operating expenses from fiscal year 2016 to fiscal year 2017 is comprised primarily of increases in compensation and benefits, programming costs and administration support. The largest increase is in compensation and benefits, at \$17,260, or 5.9 percent. The Station’s utilization of Davis Hall also increased in 2017, contributing to a 5.9 percent increase in administrative support.

The following is a graphic illustration of total expenses by object for the year ended June 30, 2018:



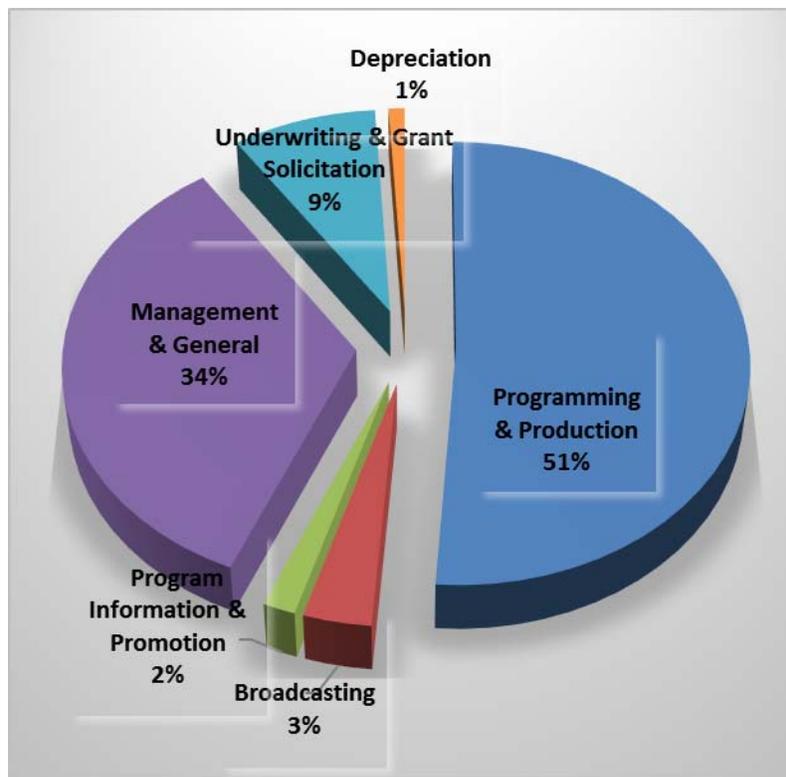
A summary of WVUB-FM’s expenses by the functional classifications for the years ended June 30, 2018, 2017 and 2016 is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Expenses			
Programming & Production	\$ 304,042	\$ 315,407	\$ 282,840
Broadcasting	20,778	21,428	25,695
Program Information & Promotion	9,906	15,384	7,732
Management & General	202,369	256,058	249,750
Underwriting & Grant Solicitation	50,831	55,734	55,068
Depreciation	5,654	5,806	5,901
Total Operating Expenses	<u>\$ 593,580</u>	<u>\$ 669,817</u>	<u>\$ 626,986</u>

When comparing the functional expense classifications, the management & general expense decreased approximately 21 percent in contributed support which is directly related to the change in the indirect support calculation as previously mentioned.

The 11.5 percent increase in programming & productions in 2017 reflects the Station's focus on program expansion. As discussed previously, additional funds were also directed toward promoting the Station in fiscal year 2017, which accounts for the significant increase in program information and promotion expense. These expenses decreased during 2018.

The following graphic illustration presents total expenses by function for the year ended June 30, 2018:



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about WVUB-FM's financial results by reporting the major sources and uses of cash. A summary of the Statement of Cash Flows for the year ended June 30, 2018, 2017 and 2016 is as follows:

	2018	2017	2016
Cash received from operations	\$414,156	\$419,067	\$407,855
Cash expended for operations	(482,450)	(526,537)	(437,072)
Net cash used in operating activities	<u>(68,294)</u>	<u>(107,470)</u>	<u>(29,217)</u>
Net cash provided by non capital financing activities	56,583	56,583	56,583
Net cash used in capital and related financing activities	-	-	(20,980)
Net increase/(decrease) in cash and cash equivalents	<u>(11,711)</u>	<u>(50,887)</u>	<u>6,386</u>
Cash and cash equivalents, beginning of year	<u>224,512</u>	<u>275,399</u>	<u>269,013</u>
Cash and cash equivalents, end of year	<u><u>\$212,801</u></u>	<u><u>\$224,512</u></u>	<u><u>\$275,399</u></u>

The cash and cash equivalents decreased slightly from fiscal year 2017 to 2018. The Station continues to control their spending levels with the decrease in funding.

Overall, cash decreased \$50,887 during fiscal year 2017. The net change is associated solely with operating activities including increased expenditures as previously noted.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

WVUB-FM is committed to serving the general public by offering quality programming, including state and local programs focused on community issues while also hosting community outreach events.

Factors influencing WVUB-FM's economic position:

- State of Indiana funding levels remain strong in support of education and public service
- Increased efforts to combine community outreach events with funding opportunities on a local, state and regional level
- Continued focus on the growth of Underwriting revenue for local programming

The Indiana Legislature restored funding levels for public broadcasting in the 2 year budget adopted in 2016. These levels matched a benchmark high set eight years ago. WVUB-FM's share of the restored state appropriation helped to off-set Station expenses, while allowing the Station to invest in an expansion of statewide and local programming. This includes participation in the RJC/News Across All Platforms project that launched during fiscal year 2017 with the Indiana Public Broadcasting Stations (IPBS). The IPBS Board of Directors, of which WVUB management is a part, is hopeful that this pattern of support will continue to grow in the state legislature.

Management continues to utilize partnerships with both public and commercial stations and other entities to help improve operations, local programming and funding opportunities. To better position the Station to realize these opportunities WVUB-FM is a participating member of

Greater Public. Greater Public provides member stations access to a multitude of resources designed specifically for public media stations, in an effort to make fundraising more efficient and effective. WVUB-FM is also a participating member of the Indiana Association of Broadcasters, which provides information and tools to both commercial and public stations within the state.

WVUB continues to provide high quality broadcasting services for the area and has managed to keep staffing levels constant. WVUB-FM has the smallest staffing of all Indiana Public Radio Stations but is consistently exploring ways of expanding programming and outreach efforts in the local service area.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Statements of Net Position
As of June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 212,801	\$ 224,512
Prepaid expenses	1,121	50
Total current assets	213,922	224,562
Non-current assets:		
Capital assets	320,381	320,381
Less accumulated depreciation	(296,521)	(290,867)
Total non-current assets	23,860	29,514
Total assets	\$ 237,782	\$ 254,076
Liabilities		
Current liabilities:		
Accounts payable	\$ -	\$ 284
Total current liabilities	-	284
Net position:		
Investment in capital assets	23,860	29,514
Restricted for station activities	132,413	127,517
Unrestricted	81,509	96,761
Total net position	237,782	253,792
Total liabilities and net position	\$ 237,782	\$ 254,076

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

WVUB-FM
A Public Radio Station Operated by Vincennes University

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	2018	2017
Operating revenue:		
Grants from Corporation for Public Broadcasting	\$ 127,299	\$ 127,517
Contributed support	273,277	320,714
Underwriting	120,411	130,512
Total operating revenue	520,987	578,743
Operating expenses:		
Programing and production	304,042	315,407
Broadcasting	20,778	21,428
Program information and promotion	9,906	15,384
Management and general	202,369	256,058
Fundraising and membership development	50,831	55,734
Depreciation	5,654	5,806
Total operating expenses	593,580	669,817
Operating loss	(72,593)	(91,074)
Non-operating revenues		
Governmental appropriations	56,583	56,583
Total non-operating revenues	56,583	56,583
Decrease in net position	(16,010)	(34,491)
Net position, beginning of year, as restated	253,792	288,283
Net position, end of year	\$ 237,782	\$ 253,792

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

WVUB-FM
A Public Radio Station Operated by Vincennes University

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Grants from Corporation for Public Broadcasting	\$ 127,299	\$ 127,517
Underwriting and other contributions	120,411	130,512
Contributed support	166,446	161,038
Payments to suppliers	(156,501)	(217,318)
Payments to employees	(253,653)	(239,037)
Payments for benefits	(72,296)	(70,182)
Net cash used in operating activities	(68,294)	(107,470)
Cash flows from noncapital financing activities:		
Governmental appropriations	56,583	56,583
Net cash provided by noncapital financing activities:	56,583	56,583
Net decrease in cash and cash equivalents	(11,711)	(50,887)
Cash and cash equivalents - beginning of year	224,512	275,399
Cash and cash equivalents - end of year	\$ 212,801	\$ 224,512
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (72,593)	\$ (91,074)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expenses	5,654	5,806
Contributions of capital assets	-	2,881
Changes in assets and liabilities:		
Prepaid expense	(1,071)	(50)
Accounts payable and accrued liabilities	(284)	(25,033)
Net cash used in operating activities	\$ (68,294)	\$ (107,470)

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

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: WVUB-FM (the Station) is a public radio 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. During fiscal year 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*.

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. Actual results could differ from those estimates.

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

Capital assets: Capital assets are recorded at cost at the date of acquisition, or acquisition 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; and 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.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 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 acquisition value of the contribution portion of the total value received.

Indirect administrative support: Administrative support from the University consists of indirect costs incurred by the University on behalf of the Station, calculated using the University's Negotiated Indirect Cost Rate on modified total direct costs. The rate has been modified for rate components that do not benefit the Station in accordance with guidelines established 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 operating revenues and expenses according to the following criteria:

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, as well as contributed support from the University and contributions from donors. 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.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 checking accounts at various banks at June 30, 2018 and June 30, 2017 is \$212,801 and \$224,512 respectively.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the years ended June 30, 2018 and 2017, were as follows:

	2018				
	Balance June 30, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Capital assets being depreciated:					
Equipment	\$ 320,381	\$ -	\$ -	\$ -	\$ 320,381
Total capital assets being depreciated	320,381	-	-	-	320,381
Less accumulated depreciation for:					
Equipment	290,867	5,654	-	-	296,521
Total accumulated depreciation	290,867	5,654	-	-	296,521
Total capital assets being depreciated, net	\$ 29,514	\$ (5,654)	\$ -	\$ -	\$ 23,860
	2017				
	Balance June 30, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Capital assets being depreciated:					
Equipment	\$ 371,035	\$ -	\$ 45,505	\$ (5,149)	\$ 320,381
Total capital assets being depreciated	371,035	-	45,505	(5,149)	320,381
Less accumulated depreciation for:					
Equipment	332,835	5,806	45,505	(2,269)	290,867
Total accumulated depreciation	332,835	5,806	45,505	(2,269)	290,867
Total capital assets being depreciated, net	\$ 38,200	\$ (5,806)	\$ -	\$ (2,880)	\$ 29,514

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

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, 2018 and 2017, are summarized as follows:

	2018					
	Program Services			Support Services		
	Programming and Production	Broadcasting	Program	Management and General	Fundraising	Total
			Information and Promotion		and Membership Development	
Salaries, wages and benefits	\$ 242,984	\$ -	\$ -	\$ 82,965	\$ -	\$ 325,949
Professional services	-	-	-	7,385	50,831	58,216
Supplies	-	1,485	-	632	-	2,117
Occupancy	-	-	-	3,763	-	3,763
Postage	-	-	-	802	-	802
Advertising	-	-	9,506	-	-	9,506
Conferences and meetings	-	-	-	2,459	-	2,459
Repairs and maintenance	-	8,849	-	875	-	9,724
Programming costs	41,000	10,444	400	-	-	51,844
Membership and dues	20,058	-	-	3,166	-	23,224
Administrative support	-	-	-	100,322	-	100,322
Depreciation	-	-	-	5,654	-	5,654
Total	\$ 304,042	\$ 20,778	\$ 9,906	\$ 208,023	\$ 50,831	\$ 593,580

	2017					
	Program Services			Support Services		
	Programming and Production	Broadcasting	Program	Management and General	Fundraising	Total
			Information and Promotion		and Membership Development	
Salaries, wages and benefits	\$ 227,795	\$ -	\$ -	\$ 81,424	\$ -	\$ 309,219
Professional services	-	-	-	13,358	55,734	69,092
Supplies	-	1,689	-	2,798	-	4,487
Occupancy	-	-	-	7,140	-	7,140
Postage	-	-	-	794	-	794
Advertising	-	-	12,701	-	-	12,701
Conferences and meetings	-	-	-	4,324	-	4,324
Repairs and maintenance	-	6,627	-	-	-	6,627
Programming costs	67,755	13,112	2,683	-	-	83,550
Membership and dues	19,857	-	-	3,296	-	23,153
Administrative support	-	-	-	142,924	-	142,924
Depreciation	-	-	-	5,806	-	5,806
Total	\$ 315,407	\$ 21,428	\$ 15,384	\$ 261,864	\$ 55,734	\$ 669,817

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 5. 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 acquisition value of this support is recognized in the statements of revenues, expenses and changes in net position as Contributed Support and also as an expense in the management and general functional expense category.

The Station changed the method of calculating its indirect support for the 2018 fiscal year. The Station had been utilizing the Basic Method and made the decision to use the Other Sponsored Activities (OSA) rate with a Modified Total Direct Cost (MTDC) base as approved by the University's cognizant agency, Health and Human Services. The approved rate of 35.1 percent was modified for costs not benefiting the station. The modified rate is 23.48 percent.

The value of this support for the years ended June 30, 2018 and June 30, 2017 was \$100,322 and \$142,924, respectively.

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 donated materials. The acquisition value of this support is recognized in the statements of revenues, expenses and changes in net position as Contributed Support. As expenses of an equivalent amount are also recognized, there is no impact on net position. The Station did not receive newswriter support for 2018. The total support received in 2017 was \$13,125.

Note 7. Support from the University

Vincennes University contributes support to the Station by partially funding the operations, studio, and production facility. The total costs for this support totaled \$172,953 and \$164,665 for the years ended June 30, 2018 and June 30, 2017, respectively.

Note 8. Risk Management

WVUB-FM is licensed to the Board of Trustees of the 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 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. The University records a liability for incurred but unpaid claims, which is estimated to be \$870,234 and \$680,003 for the fiscal years ended June 30, 2018 and 2017, respectively. WVUB-FM's contribution is included in the contributed support and expense allocation from the University.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 9. TIAA/CREF Pension Plan

Plan Description

Through Vincennes University, eligible employees at WVUB-FM 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% vested 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 WVUB-FM.

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. Other Postemployment Benefits

Plan Description

Through the University, eligible WVUB-FM employees participate in the University's Healthcare Plan which is a single-employer defined benefit healthcare plan administered by Anthem. This plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. The University's Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study. WVUB-FM's contribution is included in the contributed support and expense allocation from the University.

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/>.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 11. Teachers' Retirement Fund (TRF) Pension Plans

General Information about the TRF Pension Plans

Through the University, eligible WVUB-FM employees participate in the Indiana Public Retirement System (INPRS). TRF has two (2) cost-sharing, multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

Teachers' Retirement Fund Pre-1996 Accounts (TRF Pre-1996)

Benefits: TRF Pre-1996 is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement. The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their annuity savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

Membership: Membership in TRF Pre-1996 is closed to new entrants. Legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees hired before July 1, 2011, are required to participate in TRF as a condition of employment. Generally, members hired prior to 1996 participate in the TRF Pre-1996 Account and members hired after 1996 participate in the TRF 1996 account.

Contributions: State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as part of the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5.

This pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for all of the net pension liability and contributions to the pension plan. TRF Pre-1996 account members contributed three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which the University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts. WVUB-FM's contribution is included in the contributed support and expense allocation from the University.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 11. Teachers' Retirement Fund (TRF) Pension Plans (Continued)

Teachers' Retirement Fund 1996 Account (TRF 1996)

Benefits: TRF 1996 is a cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995 were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings accounts that supplements the defined benefit at retirement.

The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their annuity savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

Membership: Membership in TRF 1996 is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or the alternate University Plan not administered by INPRS.

Contributions: The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provided for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers.

TRF 1996 account members contributed 3 percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which the University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts. WVUB-FM's contribution is included in the contributed support and expense allocation from the University.

Additional details of the plans 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/>.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Notes to Financial Statements

Note 12. Restatement

The Station restated beginning net position as follows:

Net position July 1, 2016, as previously reported	\$ 152,824
Remove unearned revenue and recognize revenue	<u>135,459</u>
Net position July 1, 2016, as restated	<u><u>\$ 288,283</u></u>
Net position July 1, 2017, as previously reported	\$ 126,275
Remove unearned revenue and recognize revenue	<u>127,517</u>
Net position July 1, 2017, as restated	<u><u>\$ 253,792</u></u>

The net position was restated for the recognition of revenue related to unspent CSG funds historically reported as unearned revenue. This practice had been consistently applied in previous years. The effect on the change in net position for the years ended June 30, 2017 and 2016 as previously reported is a decrease of \$7,942 and \$2,724, respectively.