

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

FINANCIAL STATEMENTS AUDIT REPORT  
OF

WVUB-FM  
A PUBLIC RADIO STATION OPERATED  
BY VINCENNES UNIVERSITY  
VINCENNES, INDIANA

July 1, 2018 to June 30, 2019



**FILED**  
12/13/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-18 to 07-12-19
Vice President for Financial Services	(Vacant) Linda Waldroup	07-12-19 to 07-28-19 07-29-19 to 06-30-20
President	Charles Johnson	12-02-15 to 12-31-20
Chairman of the Board	John A. Stachura	07-01-18 to 06-30-20
General Manager	Nichole L. Carie	07-01-18 to 06-30-20



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF WVUB-FM, A PUBLIC RADIO STATION OPERATED  
BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of WVUB-FM, a public radio station of Vincennes University (WVUB-FM), as of and for the year ended June 30, 2019, 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 WVUB-FM'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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WVUB-FM, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and 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, 2019, 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 State of America. Our opinion is not modified with respect to this matter.


As discussed in Note 1 to the financial statements, in fiscal year 2019, the University adopted new accounting guidance GASB Statement 83 *Certain Asset Retirement Obligations*, GASB Statement 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, and GASB Statement 89 *Accounting and Interest Cost Incurred before the End of a Construction Period*. Our opinion is not modified with respect to these matters.

***Other Matters***

The financial statements of WVUB-FM, as of and for the year ended June 30, 2018, were audited by other auditors, whose report, dated February 11, 2019, expressed an unmodified opinion on those statements.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the Table of Contents, 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.

  
Paul D. Joyce, CPA  
State Examiner

December 5, 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, 2019. This discussion and analysis provides an overview of the financial position and activities of WVUB-FM for the year ending June 30, 2019 with comparative information for the fiscal years ended June 30, 2018 and June 30, 2017. 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, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current Assets	\$ 183,235	\$ 213,922	\$ 224,562
Noncurrent Assets			
Capital Assets, net of depreciation	<u>26,253</u>	<u>23,860</u>	<u>29,514</u>
Total Assets	<u>209,488</u>	<u>237,782</u>	<u>254,076</u>
Current Liabilities	8,396	-	284
Net Position	<u>\$ 201,092</u>	<u>\$ 237,782</u>	<u>\$ 253,792</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 \$30,687 in fiscal year 2019 as compared to the decrease of \$10,640 in fiscal year 2018. The Station's antenna required significant repair at a cost of approximately \$32,000 in fiscal year 2019. The Station has been very focused in its efforts to reduce spending and manage resources efficiently. As a result, unrestricted funds were available for the antenna repair costs.

The Station was the recipient of a \$9,510 capital asset contribution from the University in fiscal year 2019 for HD2 On-Air Studio project. Capital asset dispositions in fiscal year 2019 totaled \$9,727, and the assets disposed were fully depreciated. The contributed assets represent the small increase in capital assets, net of depreciation.

In fiscal year 2019, current liabilities increased \$8,396 for the amount of services received but not yet paid at June 30, 2019.

Depreciation expense represents the total decrease in capital assets, net of depreciation from fiscal year 2017 to fiscal year 2018.

### **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, 2019, 2018 and 2017 are summarized as follows:



	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Investment in Capital Assets	\$ 26,253	\$ 23,860	\$ 29,514
Restricted	128,354	132,413	127,517
Unrestricted	46,485	81,509	96,761
Total Net Position	<u>\$ 201,092</u>	<u>\$ 237,782</u>	<u>\$ 253,792</u>

*Net Investment in Capital Assets* represents the Station's equity in property, plant and equipment net of accumulated depreciation. This equity amount increased slightly in 2019 from capital assets received as a contribution from the University as mentioned above. In the previous year, the equity had a decrease in the amount of increased accumulated depreciation.

*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 consist of 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. There was a \$35,024 decrease in unrestricted net position in 2019. As explained above, this decrease resulted primarily from the utilization of unrestricted funds for repair of the Station's antenna.

Unrestricted net position decreased by \$15,252 in 2018. The majority of this decrease is related to the decrease in cash.

#### **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>2019</u>	<u>2018</u>	<u>2017</u>
Operating Revenue	\$515,178	\$ 520,987	\$ 578,743
Operating Expenses	<u>617,961</u>	<u>593,580</u>	<u>669,817</u>
Net Operating Loss	(102,783)	(72,593)	(91,074)
Non Operating Revenue	<u>56,583</u>	<u>56,583</u>	<u>56,583</u>
Other Financing Sources	<u>9,510</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	(36,690)	(16,010)	(34,491)
Net Position - Beginning of year, as restated	237,782	253,792	288,283
Net Position - End of year	<u>\$201,092</u>	<u>\$ 237,782</u>	<u>\$ 253,792</u>

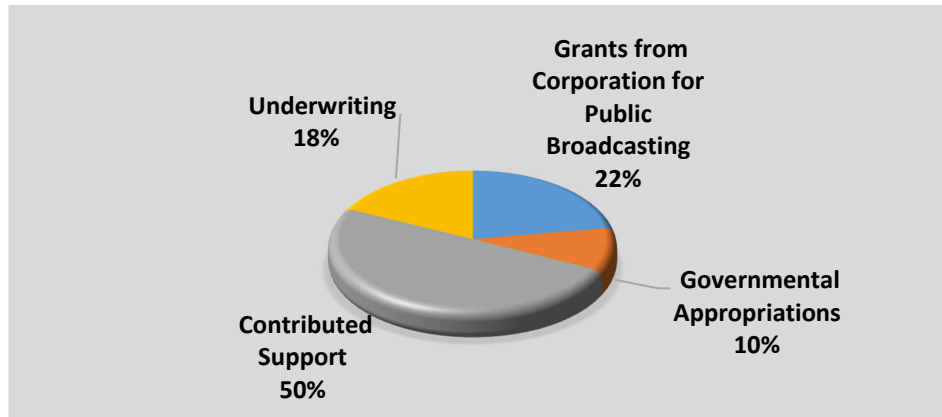
Operating revenue decreased slightly in 2019. This net decrease in revenue consists of a 4 percent increase in contributed support and a 15 percent decrease in underwriting. In 2019, the Station hired a new contractor for underwriting development and sales. The decrease in underwriting revenue occurred while the Station was without an underwriting salesperson and during the transition period for the new contractor.

The 2018 operating revenue decreased 10 percent from 2017. This change included 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 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.

There was a 4 percent increase in operating expenses from 2018 to 2019. Along with the increase in broadcasting expenses for the antenna repair, there was also an 8 percent increase in management and general expenses in 2019. Increases in indirect administrative support and audit costs make up the majority of the change in management and general expenses.

In 2018, the decrease in the management and general expense classification is directly related to the change in the administrative support calculation.

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, 2019:



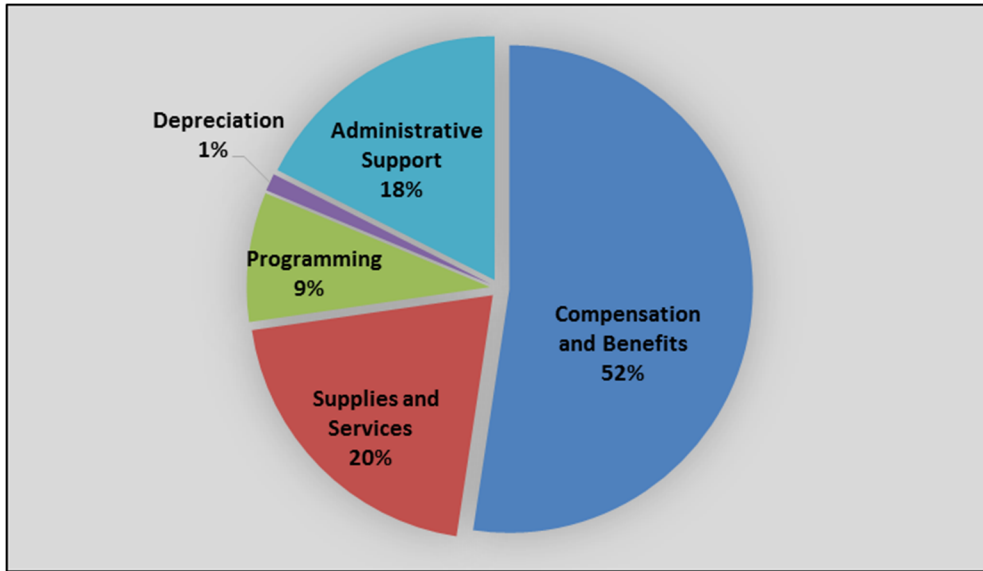
A summary of WVUB-FM's operating expenses by the natural classifications for the year ended June 30, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating:			
Compensation and Benefits	\$ 323,719	\$ 325,949	\$ 309,219
Supplies and Services	125,586	109,811	128,318
Programming Costs	53,060	51,844	83,550
Depreciation	7,117	5,654	5,806
Administrative Support	<u>108,479</u>	<u>100,322</u>	<u>142,924</u>
Total Operating Expenses	<u>\$ 617,961</u>	<u>\$ 593,580</u>	<u>\$ 669,817</u>

Operating expenses were up 4 percent in fiscal year 2019. The increase in supplies and services includes expenditures for the antenna repair discussed earlier. The other major increase was in administrative support, which was up 8 percent from 2018.

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 ended in 2017. The remaining amount was related to the decrease in programming costs which corresponded to the decrease in funding. As previously mentioned, there was a significant decrease in administrative support. This decrease also had a corresponding decrease in the recognized revenue contribution which caused a \$0 net effect to the statements.

The following is a graphic illustration of total expenses by object for the year ended June 30, 2019:



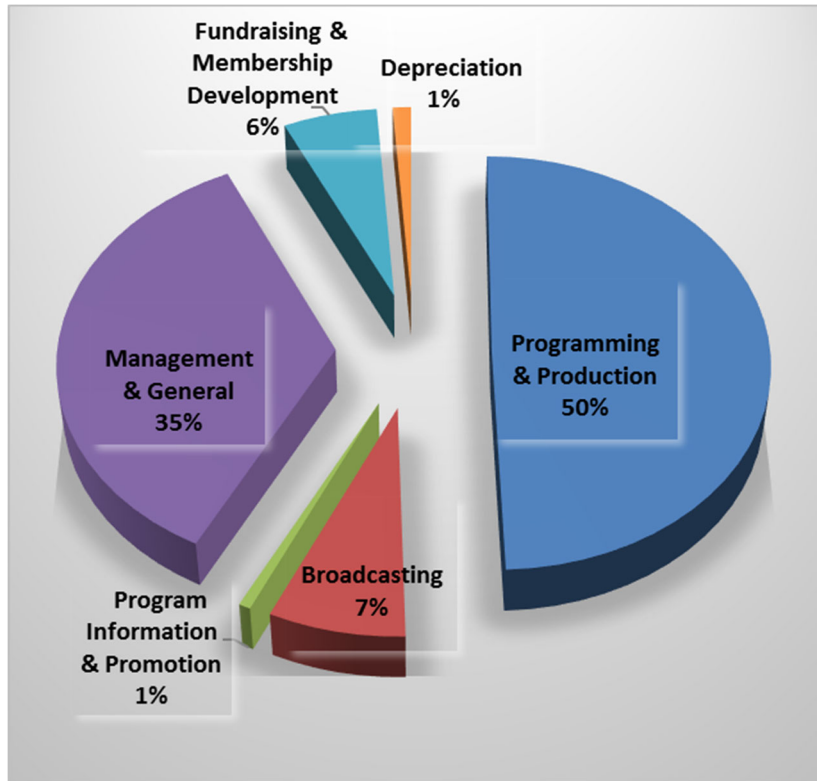
A summary of WVUB-FM's expenses by the functional classifications for the years ended June 30, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Operating Expenses			
Programming and Production	\$ 306,059	\$ 304,042	\$ 315,407
Broadcasting	45,602	20,778	21,428
Program Information and Promotion	4,020	9,906	15,384
Management and General	218,824	202,369	256,058
Fundraising and Membership Development	36,339	50,831	55,734
Depreciation	7,117	5,654	5,806
Total Operating Expenses	<u>\$ 617,961</u>	<u>\$ 593,580</u>	<u>\$ 669,817</u>

When comparing the functional expense classifications, the largest changes were in broadcasting, management and general, and underwriting and grant solicitation. Along with the increase in broadcasting expenses for antenna repair, management and general expenses also increased in 2019. Indirect administrative support increased approximately \$8,000 and audit costs increased \$4,900. Underwriting and grant solicitation dropped by nearly \$14,500 due to a decrease in Station underwriting revenue, mentioned above.

The management and general expense decreased approximately 21 percent in contributed support from 2017 to 2018 which is directly related to the change in the indirect support calculation as described previously.

The following graphic illustration presents total expenses by function for the year ended June 30, 2019:



### 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, 2019, 2018 and 2017 is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash received from operations	\$ 401,748	\$ 414,156	\$ 419,067
Cash expended for operations	<u>(488,697)</u>	<u>(482,450)</u>	<u>(526,537)</u>
Net cash used in operating activities	(86,949)	(68,294)	(107,470)
Net cash provided by non capital financing activities	<u>56,583</u>	<u>56,583</u>	<u>56,583</u>
Net decrease in cash and cash equivalents	(30,366)	(11,711)	(50,887)
Cash and cash equivalents, beginning of year	<u>212,801</u>	<u>224,512</u>	<u>275,399</u>
Cash and cash equivalents, end of year	<u>\$ 182,435</u>	<u>\$ 212,801</u>	<u>\$ 224,512</u>

Cash and cash equivalents decreased by approximately \$30,000 from fiscal year 2018 to 2019. Increased operating costs and lower operating revenue make up the net decrease in cash and are explained above within the discussion and analysis of the Statement of Revenues, Expenses, and Changes in Net Position.

The cash and cash equivalents decreased slightly from fiscal year 2017 to 2018. The Station has effectively controlled spending levels in response to the decrease in funding.

### **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 continue to remain strong in support of education and public service
- Efforts to combine community outreach events with funding opportunities have begun to see success
- Management continues to focus on the growth of underwriting revenue for local programming and services, including the use of digital media assets
- Change in funding and membership formulas within CPB and NPR

The Indiana Legislature maintained level funding for public broadcasting in the 2 year budget adopted in 2019. WVUB-FM's share of the state appropriation helped to off-set Station expenses, while allowing the Station to invest in an expansion of statewide and local programming. This includes continued participation in the Regional Journalism Center project, now known as Indiana Public Broadcast News, which 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 and is pursuing support for capital investment in addition to the current bi-annual operational funding.

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.

Both the Corporation for Public Broadcasting and National Public Radio are reviewing and considering revisions of current funding and membership structures in an effort to provide relief to smaller, rural stations. This would include WVUB. If recent proposals are adopted the station would stand to receive as much as an additional \$40,000 in CSG funds annually which, with reduced membership costs, could produce an increased cash flow of in excess of \$50,000.

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 continually exploring ways of expanding programming and outreach efforts in the local service area.

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## BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of WVUB-FM. The financial statements and notes are presented as intended by the WVUB-FM.

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
**STATEMENT OF NET POSITION**  
AS OF JUNE 30, 2019 AND 2018

	6/30/2019	6/30/2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 182,435	\$ 212,801
Prepaid expense	800	1,121
<b>Total current assets</b>	<b>\$ 183,235</b>	<b>\$ 213,922</b>
Non-current assets:		
Capital assets	320,896	320,381
Less accumulated depreciation	(294,643)	(296,521)
<b>Total non-current assets</b>	<b>26,253</b>	<b>23,860</b>
<b>Total assets</b>	<b>\$ 209,488</b>	<b>\$ 237,782</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	8,396	-
<b>Total current liabilities</b>	<b>\$ 8,396</b>	<b>\$ -</b>
Net Position:		
Investment in capital assets	26,253	23,860
Restricted	128,354	132,413
Unrestricted	46,485	81,509
<b>Total net position</b>	<b>\$ 201,092</b>	<b>\$ 237,782</b>
<b>Total liabilities and net position</b>	<b>\$ 209,488</b>	<b>\$ 237,782</b>

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

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	6/30/2019	6/30/2018
Operating revenue:		
Grants from Corporation for Public Broadcasting	\$ 128,188	\$ 127,299
Contributed support	284,718	273,277
Underwriting	102,272	120,411
<b>Total operating revenue</b>	<b>\$ 515,178</b>	<b>\$ 520,987</b>
Operating expenses:		
Programming & production	\$ 306,059	\$ 304,042
Broadcasting	45,602	20,778
Program information and promotion	4,020	9,906
Management and general	218,824	202,369
Fundraising and membership development	36,339	50,831
Depreciation	7,117	5,654
<b>Total operating expenses</b>	<b>\$ 617,961</b>	<b>\$ 593,580</b>
<b>Operating loss</b>	<b>(102,783)</b>	<b>(72,593)</b>
Non-operating revenues		
Governmental appropriations	56,583	56,583
<b>Total non-operating revenues</b>	<b>56,583</b>	<b>56,583</b>
Other financing sources		
Transfer from University	9,510	-
<b>Total other financing sources</b>	<b>9,510</b>	<b>-</b>
<b>Decrease in net position</b>	<b>\$ (36,690)</b>	<b>\$ (16,010)</b>
Net position - beginning of year	237,782	253,792
Net position - end of year	<b>\$ 201,092</b>	<b>\$ 237,782</b>

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

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
**STATEMENT OF CASH FLOWS**  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<b>6/30/2019</b>	<b>6/30/2018</b>
Cash flows from operating activities:		
Grants from Corporation for Public Broadcasting	\$ 128,188	\$ 127,299
Underwriting and other contributions	102,272	120,411
Support from Vincennes University	171,288	166,446
Payments to suppliers	(164,978)	(156,501)
Payments to employees	(251,867)	(253,653)
Payments for benefits	(71,852)	(72,296)
<b>Net cash used in operating activities</b>	<b>\$ (86,949)</b>	<b>\$ (68,294)</b>
Cash flows from noncapital financing activities:		
Governmental appropriations	56,583	56,583
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 56,583</b>	<b>\$ 56,583</b>
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (30,366)</b>	<b>\$ (11,711)</b>
Cash and cash equivalents - beginning of year	212,801	224,512
Cash and cash equivalents - end of year	<b>\$ 182,435</b>	<b>\$ 212,801</b>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (102,783)	\$ (72,593)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expenses	7,117	5,654
Changes in assets and liabilities:		
Prepaid expense	321	(1,071)
Accounts payable and accrued liabilities	8,396	(284)
<b>Net cash used in operating activities</b>	<b>\$ (86,949)</b>	<b>\$ (68,294)</b>

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 2019, the University adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

**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 Statement 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 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.

**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 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 fair value of the contribution portion of the total value received.

**Indirect administrative support:** Administrative support from Vincennes 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 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:

**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.

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**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, 2019 and June 30, 2018 is \$182,435 and \$212,801 respectively.

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**Notes to Financial Statements**

**NOTE 3: Capital Assets**

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

<u>2018-2019</u>	<i>Beginning Balances</i>				<i>Ending Balances</i>
	07/01/18	Increases	Decreases	Transfers	06/30/19
Capital Assets being depreciated:					
Equipment	320,381	-	9,727	10,242	320,896
Total Capital Assets being depreciated	320,381	-	9,727	10,242	320,896
Less accumulated depreciation for:					
Equipment	296,521	7,117	9,727	732	294,643
Total accumulated depreciation	296,521	7,117	9,727	732	294,643
Total Capital Assets being depreciated, net	\$ 23,860	\$ (7,117)	\$ -	\$ 9,510	\$ 26,253

<u>2017-2018</u>	<i>Beginning Balances</i>				<i>Ending Balances</i>
	07/01/17	Increases	Decreases	Transfers	06/30/18
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

**NOTE 4: Functional Statement**

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, 2019 and 2018, are summarized as follows:

	2019					
	PROGRAM SERVICES			SUPPORT SERVICES		
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Total 6/30/2019
Salaries, Wages & Benefits	\$ 238,989	\$ -	\$ -	\$ 84,730	\$ -	\$ 323,719
Professional Services	-	9,341	-	11,917	36,339	57,597
Supplies	-	-	-	1,220	-	1,220
Occupancy	-	-	-	3,291	-	3,291
Postage	-	-	-	696	-	696
Advertising	-	-	4,020	-	-	4,020
Conferences & Meetings	-	-	-	4,541	-	4,541
Repairs & Maintenance	4,999	26,568	-	875	-	32,442
Programming Costs	43,367	9,693	-	-	-	53,060
Membership & Dues	18,704	-	-	3,075	-	21,779
Administrative Support	-	-	-	108,479	-	108,479
Depreciation	-	-	-	7,117	-	7,117
Total	\$ 306,059	\$ 45,602	\$ 4,020	\$ 225,941	\$ 36,339	\$ 617,961



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**Notes to Financial Statements**

2018						
PROGRAM SERVICES				SUPPORT SERVICES		
	Programming and		Program Information and	Management and	Fundraising and	Total
	Production	Broadcasting	Promotion		Membership Development	
Salaries, Wages & 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 & Meetings	-	-	-	2,459	-	2,459
Repairs & Maintenance	-	8,849	-	875	-	9,724
Programming Costs	41,000	10,444	400	-	-	51,844
Membership & 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

**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 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.

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, 2019 and June 30, 2018 was \$108,479 and \$100,322, respectively.

**Note 6: 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 \$185,749 and \$172,953 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Note 7: Risk Management**

WVUB-FM 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 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 \$976,802 and \$870,234 for the fiscal years ended June 30, 2019 and 2018, respectively. WVUB-FM's contribution is included in the contributed support and expense allocation from the University.

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**Notes to Financial Statements**

**Note 8: 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.

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 9: Other Postemployment Benefits**

**Plan Description**

Through Vincennes 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. Vincennes 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 .

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/>.

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**Notes to Financial Statements**

**Note 10 – Teachers’ Retirement Fund (TRF) Pension Plans**

***General Information about the Teachers’ Retirement 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 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 Defined Benefit (DB) Account is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to teachers, administrators and certain INPRS employees. Administration of the account is generally in accordance with IC5-10.2, IC5-10.4, and 35 IAC 14. TRF Pre-'96 Defined Benefit is the employer-funded defined benefit component of the Teachers’ Hybrid Plan, and the Teachers’ Hybrid Members Defined Contribution Account is the other component.

Membership: Membership in TRF Pre-'96 DB is closed to new entrants. Membership 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. Generally, members hired before 1996 participate in TRF Pre-'96 DB, and members hired after 1995 participate in TRF '96 DB.

Contributions: Contributions are based on state statute and employers may pay all or part of the member contribution. This pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for the net pension liability and contributions to the pension plan. The Pre-1996 Account is funded primarily by State General Fund appropriations and state lottery proceeds. These contributions are paid directly to the pension plan and are used to provide pension benefits for members of the pension plan. As a non-employer contributing entity, the State of Indiana contributed \$922.1 million in fiscal year 2018 and \$871 million in fiscal year 2017 to TRF Pre-1996.

Effective January 1, 2018, funds previously known as annuity savings accounts (which had been reported within defined benefit funds) were recategorized as defined contribution (DC) funds. DC member balances previously reported within TRF Pre-'96 DB and TRF '96 DB fund totals were transferred to the appropriate DC fund as of January 1, 2018.

Members are required to contribute three percent of gross wages to their Defined Contribution Account. Employers have the option of making all or part of this contribution on behalf of the member in which Vincennes University elects to make the contribution. Members may also make voluntary contributions to the Defined Contribution Account up to an additional 10 percent of their wages, under certain limitations. WVUB-FM’s contribution is included in the contributed support and expense allocation from the University.

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**Notes to Financial Statements**

**Note 10 – Teachers’ Retirement Fund (TRF) Pension Plans (continued)**

***Teachers’ Retirement Fund 1996 Account (TRF 1996)***

Benefits: TRF '96 DB is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability, and survivor benefits. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.4, and 35 IAC 14. TRF '96 DB is the employer-funded defined benefit component of the Teachers’ Hybrid Plan, and the Teachers’ Hybrid Members Defined Contribution Account (see Defined Contribution Funds section) is the other component.

Membership: Membership in TRF '96 DB 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 an alternate University plan not administered by INPRS. Membership in TRF '96 DB is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers before their employment with the Board, and teachers employed by special management teams as defined under IC 20-31.

Contributions: Employer contribution rates for the 1996 Account are determined annually by the INPRS Board based on recommendations by the INPRS actuary. 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. During fiscal year 2018, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed \$67,271 based on payroll totaling \$896,943. During fiscal year 2017, all participating employers in the TRF 1996 Account were required to contribute 7.50 percent of the covered payroll in which the University contributed \$71,099 based on payroll totaling \$947,989.

Members are required to contribute three percent of gross wages to their Defined Contribution Account. Employers have the option of making all or part of this contribution on behalf of the member in which Vincennes University elects to make the contribution. Members may also make voluntary contributions to the Defined Contribution Account up to an additional 10 percent of their wages, under certain limitations. 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/>.

#### OTHER REPORTS

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