

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, 2019 to June 30, 2020



FILED
12/30/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Management's Discussion and Analysis.....	5-15
Basic Financial Statements and Accompanying Notes:	
Statement of Net Position.....	18
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements.....	21-29
Other Reports.....	30

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-19 to 07-12-19
Vice President of Financial Services	(Vacant) Linda Waldroup	07-13-19 to 07-28-19 07-29-19 to 06-30-21
President	Charles Johnson	07-01-19 to 12-31-20
Chairman of the Board	John A. Stachura	07-01-19 to 10-03-21
General Manager	Kevin Watson	07-01-19 to 06-30-21
Director	Nichole L. Carie	07-01-19 to 06-30-21



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 WVUB-FM, a public radio station operated by Vincennes University (WVUB-FM), as of and for the years ended June 30, 2020 and 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 the 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 WVUB-FM'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WVUB-FM, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof and for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)


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, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

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 16, 2020

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, 2020. This discussion and analysis provide an overview of the financial position and activities of WVUB-FM for the year ending June 30, 2020 with comparative information for the fiscal years ended June 30, 2019 and June 30, 2018. 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.

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, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets	\$ 283,370	\$ 183,235	\$ 213,922
Noncurrent Assets			
Capital Assets, net of depreciation	<u>19,136</u>	<u>26,253</u>	<u>23,860</u>
Total Assets	<u>302,506</u>	<u>209,488</u>	<u>237,782</u>
Current Liabilities	-	8,396	-
Net Position	<u>\$ 302,506</u>	<u>\$ 201,092</u>	<u>\$ 237,782</u>

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

Current assets increased \$100,135 in fiscal year 2020 as compared to the decrease of \$30,687 in fiscal year 2019. As a result of legislative action addressing the impact of COVID-19 on public radio stations, WVUB-FM received stabilization funds from the CARES Act in the amount of \$112,136 in April, 2020. These funds account for the increase in current assets.

In fiscal year 2019, approximately \$32,000 was spent to make significant antenna repairs. The decrease in current assets can be tied to these expenditures for fiscal year 2019. The Station has efficiently managed resources providing the availability of unrestricted funds for this type of non-recurring cost.

Depreciation expense represents the total \$7,117 decrease in capital assets, net of depreciation from fiscal year 2019 to fiscal year 2020.

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.

Current liabilities decreased \$8,396 in fiscal year 2020 following completion of the Station's antenna repair and payment for all related services.

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

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, 2020, 2019 and 2018 are summarized as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Investment in Capital Assets	\$ 19,136	\$ 26,253	\$ 23,860
Restricted	127,820	128,354	132,413
Unrestricted	155,550	46,485	81,509
Total Net Position	<u>\$ 302,506</u>	<u>\$ 201,092</u>	<u>\$ 237,782</u>

Net Investment in Capital Assets represents the Station's equity in property, plant and equipment net of accumulated depreciation. The decrease in this net position amount for fiscal year 2020 was due to a \$7,117 increase in accumulated depreciation as a result of depreciation expense incurred for the year. The slight increase in 2019 was from capital assets received as a contribution from the University.

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. The \$109,065 increase in unrestricted net position is directly related to the receipt of CARES Act stabilization funds in fiscal year 2020. Per the Corporation for Public Broadcasting, the \$112,136 of stabilization funds are unrestricted and there is no specified spending period for these funds.

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.

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>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenue	\$ 607,731	\$ 515,178	\$ 520,987
Operating Expenses	<u>564,650</u>	<u>617,961</u>	<u>593,580</u>
Net Operating Loss	43,081	(102,783)	(72,593)
Non Operating Revenue	<u>58,333</u>	<u>56,583</u>	<u>56,583</u>
Other Financing Sources	<u>-</u>	<u>9,510</u>	<u>-</u>
Increase (Decrease) in Net Position	101,414	(36,690)	(16,010)
Net Position - Beginning of year, as restated	201,092	237,782	253,792
Net Position - End of year	<u>\$ 302,506</u>	<u>\$ 201,092</u>	<u>\$ 237,782</u>

Increased grant revenues account for the majority of the change in total operating revenue for 2020. Specifically, the \$112,136 in CARES Act stabilization funds are the significant addition to operating revenues. Also impacting total operating revenue was a 15 percent increase in underwriting revenue. The additional revenues combined with an 11 percent decrease in contributed support make up the \$92,553 net increase in total operating revenue.

Contributed support was impacted by a new method for calculating indirect administrative support from the University (licensee). The new method was implemented by Corporation for Public Broadcasting (CPB) in fiscal year 2020 for all institutional licensees. Since a corresponding expense is also recorded for indirect administrative support, there is a \$0 net effect on Station net income.

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.

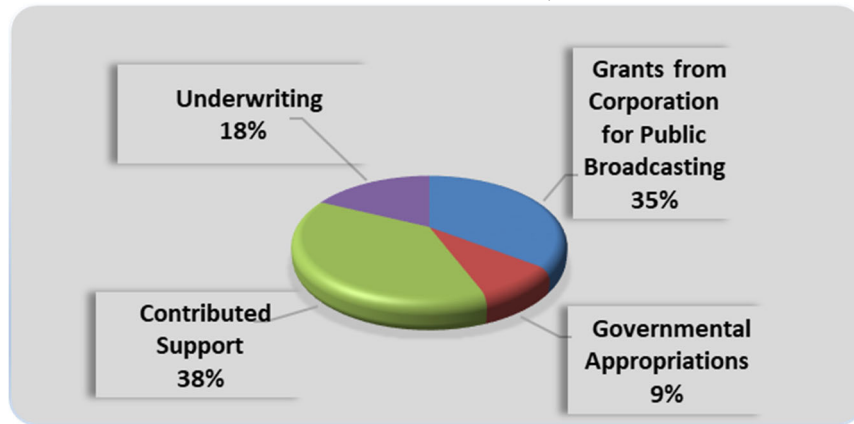
Throughout the fiscal year, including the period of time with stay-at-home orders due to COVID-19, the station maintained regular operations and programming. Overall, operating expenses were 9 percent lower for fiscal year 2020 than in 2019. Programming and production, broadcasting, and management and general cost categories represent a combined decrease of \$63,216 in total operating costs. Programming costs decreased in 2020 as a result of National Public Radio's change from annual to quarterly program billing. Broadcasting costs dropped to previous levels in 2020 following the \$32,000 in antenna repairs reported in fiscal year 2019.

Additionally, management and general expenses decreased from 2019 to 2020, including a \$20,000 decrease in indirect administrative support, as described above.

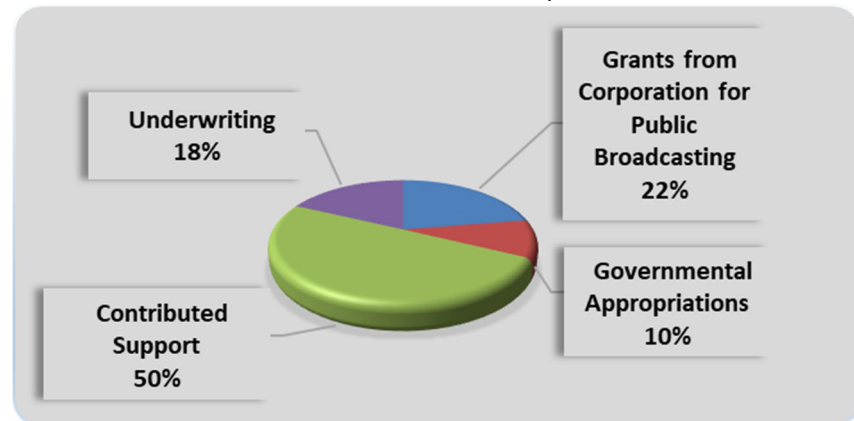
There was a 4 percent increase in operating expenses from 2018 to 2019. Along with the increase in broadcasting expenses for the antenna repair, there was also an 8 percent increase in management and general expenses in 2019. Increases in indirect administrative support and audit costs make up the majority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

Graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM are shown below for fiscal years 2020 and 2019.

Fiscal Year Ended June 30, 2020



Fiscal Year Ended June 30, 2019



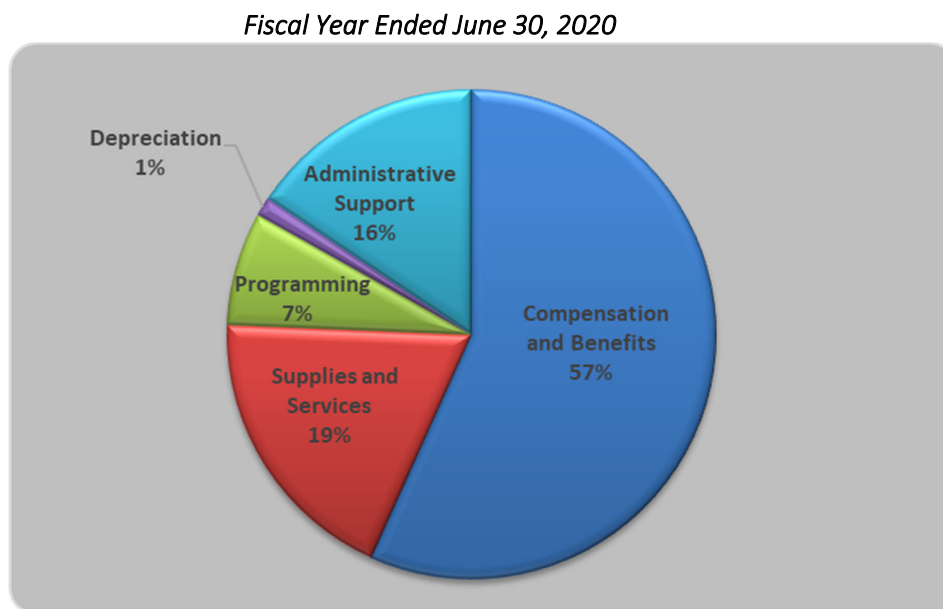
A summary of WVUB-FM’s operating expenses by the natural classifications for the year ended June 30, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating:			
Compensation and Benefits	\$ 320,283	\$ 323,719	\$ 325,949
Supplies and Services	106,819	125,586	109,811
Programming Costs	42,188	53,060	51,844
Depreciation	7,117	7,117	5,654
Administrative Support	88,243	108,479	100,322
Total Operating Expenses	<u>\$ 564,650</u>	<u>\$ 617,961</u>	<u>\$ 593,580</u>

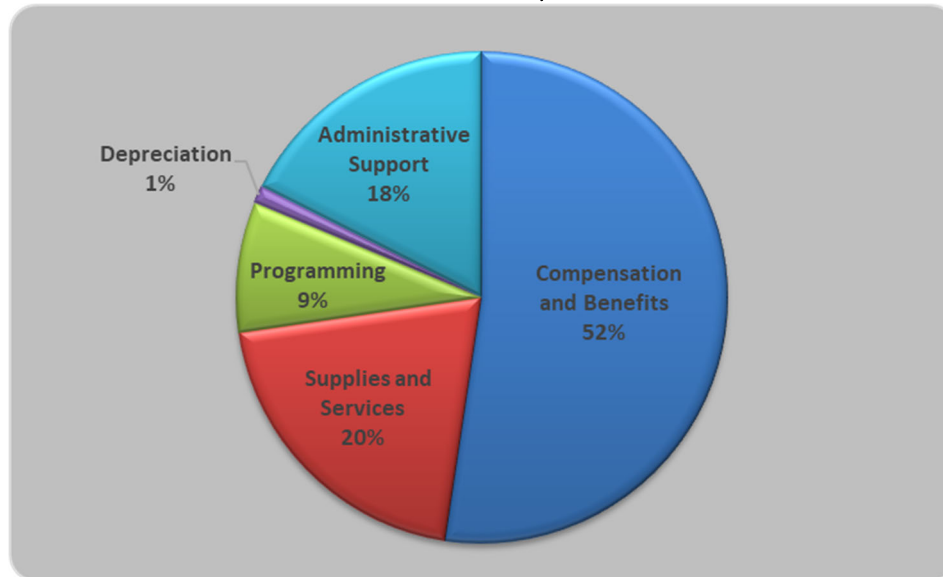
Operating expenses declined by 9 percent in fiscal year 2020. Supplies and services costs decreased to normal levels following the major repair costs in 2019. CPB implemented a new method for calculating indirect administrative support in fiscal year 2020. The Station’s total direct costs were relatively unchanged for 2020; however, under the new method, the indirect cost rate decreased by 5 percent from the prior year, reducing indirect administrative support by just over \$20,000. Compensation and benefits, and programming costs increased slightly from 2019.

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.

The following graphic illustrations present total expenses by object for fiscal years 2020 and 2019.



Fiscal Year Ended June 30, 2019



A summary of WVUB-FM’s expenses by the functional classifications for the years ended June 30, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Expenses			
Programming and Production	\$ 290,728	\$ 306,059	\$ 304,042
Broadcasting	18,906	45,602	20,778
Program Information and Promotion	4,438	4,020	9,906
Management and General	197,635	218,824	202,369
Fundraising and Membership Development	45,826	36,339	50,831
Depreciation	7,117	7,117	5,654
Total Operating Expenses	<u>\$ 564,650</u>	<u>\$ 617,961</u>	<u>\$ 593,580</u>

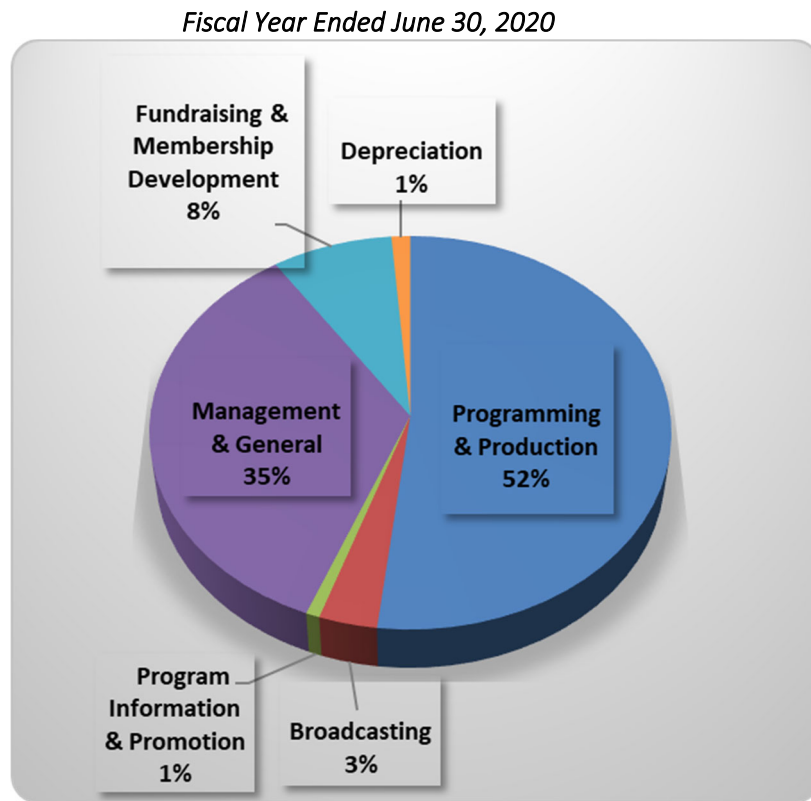
A review of functional expense categories shows a 5 percent decrease in programming and production costs in fiscal year 2020. The cost decrease reflects a price adjustment by National Public Radio which allowed the Station to increase programming content at a lower cost. There was an expected decline in broadcasting costs, given the major antenna repairs that were completed in fiscal year 2019.

As a result of the new method of calculating indirect administrative support implemented by CPB in fiscal year 2020, there was a 10 percent decrease in management and general costs.

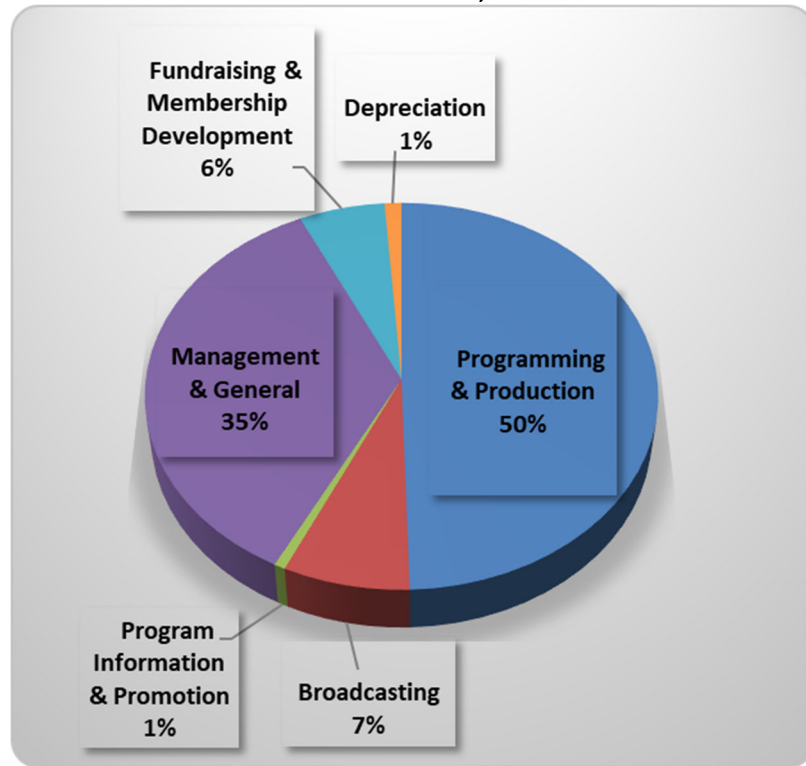
Efforts of the Station’s full-time underwriting contractor generated increased fundraising support and related expense for 2020, despite the economic downturn in the final months of the fiscal year due to COVID-19.

When comparing the functional expense classifications in fiscal year 2019, 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 following graphic illustration presents total expenses by function for the year ended June 30, 2020:



Fiscal 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, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash received from operations	\$ 512,981	\$ 401,748	\$ 414,156
Cash expended for operations	(471,233)	(488,697)	(482,450)
Net cash provided (used) in operating activities	<u>41,748</u>	<u>(86,949)</u>	<u>(68,294)</u>
Net cash provided by non capital financing activities	<u>58,333</u>	<u>56,583</u>	<u>56,583</u>
Net increase (decrease) in cash and cash equivalents	100,081	(30,366)	(11,711)
Cash and cash equivalents, beginning of year	<u>182,435</u>	<u>212,801</u>	<u>224,512</u>
Cash and cash equivalents, end of year	<u>\$ 282,516</u>	<u>\$ 182,435</u>	<u>\$ 212,801</u>

In fiscal year 2020, the increase in cash reflects the receipt of CARES Act funds provided by Congress. CPB distributed \$112,136 in CARES Act funds to WVUB-FM and other public radio and television stations to help maintain local programming and services during the economic decline triggered by COVID-19. Lower operating costs in fiscal year 2020 resulted in less cash used for Station expenditures.

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.

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.

COVID-19 has created a challenging time for WVUB-FM, in regards to station growth and our ability to host community outreach events. While staffing levels have remained consistent, growth in underwriting has slowed. This was due, in part, to the cancellation or postponement of large community outreach events. In addition to furthering our mission, these events also provide excellent fundraising opportunities through underwriting support.

The majority of the station's funding remains tied directly to the University, the State of Indiana and federal funding through the Corporation for Public Broadcasting. Underwriting income continues to provide supplemental operating funds for the Station.

- The Corporation for Public Broadcasting was able to secure emergency stabilization funds for stations included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As a result, WVUB-FM received \$112,136 in April 2020. These funds will help maintain WVUB-FM staffing and production, depending on the severity of any possible budget cuts on the federal, state or university levels in the near future.
- University enrollment has incurred a 4 percent decline due to the COVID-19 pandemic, which is less than the enrollment decline experienced by most two-year institutions during the same time period. The University has instituted a hiring freeze, but staffing levels have been maintained. The University's continued support to maintain the station's staffing levels is much appreciated.
- The Indiana Legislature is entering into a budget year. We are anticipating a budget reduction for public broadcasting across the state. Station managers are hopeful that increased efforts to help with programming aimed at assisting during the COVID-19 pandemic will help keep this reduction in budget to a minimum. The funding we receive from the State of Indiana goes towards offsetting station expenses, as well as towards WVUB-FM's membership in the Indiana Public Broadcasting Stations (IPBS).

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 continues as a participating member of Greater Public. In an effort to make fundraising more efficient and effective, Greater Public provides member stations access to a multitude of resources designed specifically for public media stations. 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.

During the past 18 months, both CPB and National Public Radio (NPR) were reviewing and considering revisions of funding and membership structures in an effort to provide relief to smaller, rural stations. This would include WVUB-FM. NPR has moved forward on a new station compact but, due to COVID-19, has altered the fee structure for FY 21. This has lowered programming costs in some cases and guaranteed that rates will not increase more than 3 percent for annual commitments. The overall impact has been favorable for WVUB-FM in regard to membership and programming costs associated with NPR.

Station management remains committed to the fiscal stewardship of funds in order to maintain sound financial position for the Station, while maintaining quality programming. Efforts will continue to adapt practices and explore opportunities to grow underwriting and sponsorship for WVUB-FM. Community outreach remains a cornerstone of our operation as we continue to serve those in our listening 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 WVUB-FM.

WVUB-FM
A Public Radio Station Operated by Vincennes University

Statement of Net Position
As of June 30, 2020 and 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 282,516	\$ 182,435
Prepaid expense	854	800
Total current assets	<u>\$ 283,370</u>	<u>\$ 183,235</u>
Non-current assets:		
Capital assets	320,896	320,896
Less accumulated depreciation	(301,760)	(294,643)
Total non-current assets	<u>19,136</u>	<u>26,253</u>
Total assets	<u>\$ 302,506</u>	<u>\$ 209,488</u>
Liabilities		
Current liabilities		
Accounts payable	-	8,396
Total current liabilities	<u>\$ -</u>	<u>\$ 8,396</u>
Net Position:		
Investment in capital assets	19,136	26,253
Restricted	127,820	128,354
Unrestricted	155,550	46,485
Total net position	<u>\$ 302,506</u>	<u>\$ 201,092</u>
Total liabilities and net position	<u>\$ 302,506</u>	<u>\$ 209,488</u>

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, 2020 and 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Operating revenue:		
Grants from Corporation for Public Broadcasting	\$ 236,005	\$ 128,188
Contributed support	253,644	284,718
Underwriting	118,082	102,272
Total operating revenue	<u>\$ 607,731</u>	<u>\$ 515,178</u>
Operating expenses:		
Programming & production	\$ 290,728	\$ 306,059
Broadcasting	18,906	45,602
Program information and promotion	4,438	4,020
Management and general	197,635	218,824
Fundraising and membership development	45,826	36,339
Depreciation	7,117	7,117
Total operating expenses	<u>\$ 564,650</u>	<u>\$ 617,961</u>
Operating Income (Loss)	<u>43,081</u>	<u>(102,783)</u>
Non-operating revenues		
Governmental appropriations	58,333	56,583
Total non-operating revenues	<u>58,333</u>	<u>56,583</u>
Other financing sources		
Transfer from University	-	9,510
Total other financing sources	<u>-</u>	<u>9,510</u>
Increase (Decrease) in net position	<u>\$ 101,414</u>	<u>\$ (36,690)</u>
Net position - beginning of year	201,092	237,782
Net position - end of year	<u>\$ 302,506</u>	<u>\$ 201,092</u>

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, 2020 and 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Cash flows from operating activities:		
Grants from Corporation for Public Broadcasting	\$ 236,005	\$ 128,188
Underwriting and other contributions	118,082	102,272
Support from Vincennes University	158,894	171,288
Payments to suppliers	(150,951)	(164,978)
Payments to employees	(248,661)	(251,867)
Payments for benefits	(71,621)	(71,852)
Net cash provided (used) in operating activities	<u>\$ 41,748</u>	<u>\$ (86,949)</u>
Cash flows from noncapital financing activities:		
Governmental appropriations	58,333	56,583
Net cash provided by noncapital financing activities	<u>\$ 58,333</u>	<u>\$ 56,583</u>
Net increase (decrease) in cash and cash equivalents	\$ 100,081	\$ (30,366)
Cash and cash equivalents - beginning of year	<u>182,435</u>	<u>212,801</u>
Cash and cash equivalents - end of year	<u>\$ 282,516</u>	<u>\$ 182,435</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating gain (loss)	\$ 43,081	\$ (102,783)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expenses	7,117	7,117
Changes in assets and liabilities:		
Prepaid expense	(54)	321
Accounts payable and accrued liabilities	(8,396)	8,396
Net cash provided (used) in operating activities	<u>\$ 41,748</u>	<u>\$ (86,949)</u>

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.

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.

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.

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Indirect administrative support: Administrative support from Vincennes University (licensee) consists of indirect costs incurred by the University on behalf of the Station, calculated using the indirect administrative support method as required by the Corporation for Public Broadcasting (CPB). CPB implemented a new method to be used by institutional licensees for calculating indirect administrative support beginning with fiscal year 2020. The new method utilizes indirect and direct cost information from the licensee's audited financial statements for a more consistent approach in calculating indirect administrative support. For fiscal year 2019, indirect administrative support was calculated using the University's Negotiated Indirect Cost Rate on modified total direct costs. The rate was modified for rate components not benefiting the Station, in accordance with guidelines established by 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.

Corporation for Public Broadcasting Community Service Grants: CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. 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.

**WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

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, 2020 and June 30, 2019 is \$282,516 and \$182,435 respectively.

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

NOTE 3: Capital Assets

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

<u>2019-2020</u>	<i>Beginning</i>				<i>Ending</i>
	<i>Balances</i> 07/01/19	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Balances</i> 06/30/20
Capital Assets being depreciated:					
Equipment	320,896	-	-	-	320,896
Total Capital Assets being depreciated	320,896	-	-	-	320,896
Less accumulated depreciation for:					
Equipment	294,643	7,117			301,760
Total accumulated depreciation	294,643	7,117	-	-	301,760
Total Capital Assets being depreciated, net	\$ 26,253	\$ (7,117)	\$ -	\$ -	\$ 19,136

<u>2018-2019</u>	<i>Beginning</i>				<i>Ending</i>
	<i>Balances</i> 07/01/18	<i>Increases</i>	<i>Decreases</i>	<i>Transfers</i>	<i>Balances</i> 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

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, 2020 and 2019, are summarized as follows:

	PROGRAM SERVICES			SUPPORT SERVICES		Total 6/30/2020	Total 6/30/2019
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development		
Salaries, Wages & Benefits	\$ 233,097	\$ -	\$ -	\$ 87,186	\$ -	\$ 320,283	\$ 323,719
Professional Services	-	-	-	14,041	45,826	59,867	57,597
Supplies	2,301	5,503	-	190	-	7,994	1,220
Occupancy	-	-	-	3,291	-	3,291	3,291
Postage	-	-	-	565	-	565	696
Advertising	-	-	4,438	-	-	4,438	4,020
Conferences & Meetings	2,204	-	-	932	-	3,136	4,541
Repairs & Maintenance	571	3,303	-	825	-	4,699	32,442
Programming Costs	32,088	10,100	-	-	-	42,188	53,060
Membership & Dues	20,467	-	-	2,362	-	22,829	21,779
Administrative Support	-	-	-	88,243	-	88,243	108,479
Depreciation	-	-	-	7,117	-	7,117	7,117
Total	\$ 290,728	\$ 18,906	\$ 4,438	\$ 204,752	\$ 45,826	\$ 564,650	\$ 617,961

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

2019

	PROGRAM SERVICES			SUPPORT SERVICES		Total 6/30/2019	Total 6/30/2018
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development		
Salaries, Wages & Benefits	\$ 238,989	\$ -	\$ -	\$ 84,730	\$ -	\$ 323,719	\$ 325,949
Professional Services	-	9,341	-	11,917	36,339	57,597	58,216
Supplies	-	-	-	1,220	-	1,220	2,117
Occupancy	-	-	-	3,291	-	3,291	3,763
Postage	-	-	-	696	-	696	802
Advertising	-	-	4,020	-	-	4,020	9,506
Conferences & Meetings	-	-	-	4,541	-	4,541	2,459
Repairs & Maintenance	4,999	26,568	-	875	-	32,442	9,724
Programming Costs	43,367	9,693	-	-	-	53,060	51,844
Membership & Dues	18,704	-	-	3,075	-	21,779	23,224
Administrative Support	-	-	-	108,479	-	108,479	100,322
Depreciation	-	-	-	7,117	-	7,117	5,654
Total	\$ 306,059	\$ 45,602	\$ 4,020	\$ 225,941	\$ 36,339	\$ 617,961	\$ 593,580

Note 5: Indirect Administrative Support

The Corporation for Public Broadcasting (CPB) implemented a new method for calculating indirect administrative support beginning with fiscal year 2020. The new method utilizes indirect and direct cost information from the licensee's audited financial statements for a more consistent approach in calculating indirect administrative support.

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

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

For fiscal year 2019, indirect administrative support was calculated using the University's Negotiated Indirect Cost Rate on modified total direct costs. The rate was modified for rate components not benefiting the Station, in accordance with guidelines established by CPB.

The value of this support for the years ended June 30, 2020 and June 30, 2019 was \$88,243 and \$108,479, 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 \$165,401 and \$185,749 for the years ended June 30, 2020, and June 30, 2019, 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

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

handled through fully insured commercial policies. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a maximum stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be \$1,203,986 for the fiscal year 2019-20 and \$976,802 for the fiscal year 2018-19.

The liability, for medical claims incurred but not reported at June 30, 2020, is based on an average monthly claim multiplied by the plan's provider's average turnaround time from when claims are incurred to when the claims are submitted for payment.

Changes in the total reported self-insured health, dental & drug benefit liability during the years ending June 30, 2020 and 2019 were as follows:

	2020	2019
Balance, beginning of year	\$ 976,802	\$ 870,234
Claims incurred	13,351,971	12,737,647
Claim payments	(13,124,787)	(12,631,079)
Balance, end of year	\$ 1,203,986	\$ 976,802

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>.

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

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

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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/>.