

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, 2020 to June 30, 2021



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services	Linda Waldroup Tim Eaton	07-01-20 to 10-22-21 10-23-21 to 06-30-22
President	Charles R. Johnson	07-01-20 to 12-31-22
Chair of the Board of Trustees	John A. Stachura	07-01-20 to 10-04-22
General Manager	Kevin Watson	07-01-20 to 06-30-22
Director	Nichole L. Carie	07-01-20 to 06-30-22



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, 2021 and 2020, 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 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, 2021 and 2020, 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.


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, 2021 and 2020, 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

January 6, 2022

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, 2021. This discussion and analysis provide an overview of the financial position and activities of WVUB-FM for the year ending June 30, 2021 with comparative information for the fiscal years ended June 30, 2020 and June 30, 2019. 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 three 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, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current Assets	\$ 473,876	\$ 283,370	\$ 183,235
Noncurrent Assets			
Capital Assets, net of depreciation	<u>12,372</u>	<u>19,136</u>	<u>26,253</u>
Total Assets	486,248	302,506	209,488
Current Liabilities	9	-	8,396
Net Position	<u>\$ 486,239</u>	<u>\$ 302,506</u>	<u>\$ 201,092</u>

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

The \$193,506 increase in current assets for fiscal year 2021 was from the receipt of \$199,491 in American Rescue Plan Act Stabilization funds. The funds were distributed through the Corporation for Public Broadcasting to public radio stations for the purpose of maintaining programming and services and to prevent, prepare for, and respond to the coronavirus. The Station received the Stabilization funds in April 2021. At June 30, 2021, the funds were unspent and included in the current asset total.

In fiscal year 2020, current assets increased \$100,135. 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. The CARES Act funds account for the \$100,135 increase in current assets in fiscal year 2020.

Capital asset dispositions in fiscal year 2021 totaled \$50,410. All of the disposed assets were fully depreciated. There were no asset acquisitions or disposals in fiscal year 2020. The decrease in capital assets, net of depreciation for fiscal years 2021 and 2020 is equal to the depreciation charges in each of the two years.

Current liabilities increased slightly in 2021. There were no current liabilities for fiscal year 2020. In fiscal year 2019, the current liability was recorded for services that had been provided to the Station and not billed at fiscal year-end.

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, 2021, 2020 and 2019 are summarized as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Investment in Capital Assets	\$ 12,372	\$ 19,136	\$ 26,253
Restricted	132,420	127,820	128,354
Unrestricted	341,447	155,550	46,485
Total Net Position	<u>\$ 486,239</u>	<u>\$ 302,506</u>	<u>\$ 201,092</u>

Net Investment in Capital Assets represents the Station's equity in property, plant and equipment net of accumulated depreciation. The \$6,764 and \$7,117 increases in accumulated depreciation represent the total change in this equity amount for fiscal years 2021 and 2020, respectively.

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. In fiscal year 2021, the American Rescue Plan Act Stabilization funds account for the \$185,897 increase. 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, both CARES Act and American Rescue Plan Act Stabilization funds are unrestricted funds intended for use by stations as needed to sustain operations and services. There is no specified spending period for the CARES Act or American Rescue Plan Act stabilization funds.

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>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenue	\$694,307	\$ 607,731	\$ 515,178
Operating Expenses	<u>560,157</u>	<u>564,650</u>	<u>617,961</u>
Net Operating Loss	134,150	43,081	(102,783)
Non Operating Revenue	<u>49,583</u>	<u>58,333</u>	<u>56,583</u>
Other Financing Sources	<u>-</u>	<u>-</u>	<u>9,510</u>
Increase (Decrease) in Net Position	183,733	101,414	(36,690)
Net Position - Beginning of year, as restated	302,506	201,092	237,782
Net Position - End of year	<u>\$486,239</u>	<u>\$ 302,506</u>	<u>\$ 201,092</u>

Although there was a \$21,844, or 19 percent, decrease in business underwriting for fiscal year 2021, a \$20,871 increase in contributed support combined with additional grant revenue from the American Rescue Plan Act resulted in an overall increase in operating revenue of \$86,576.

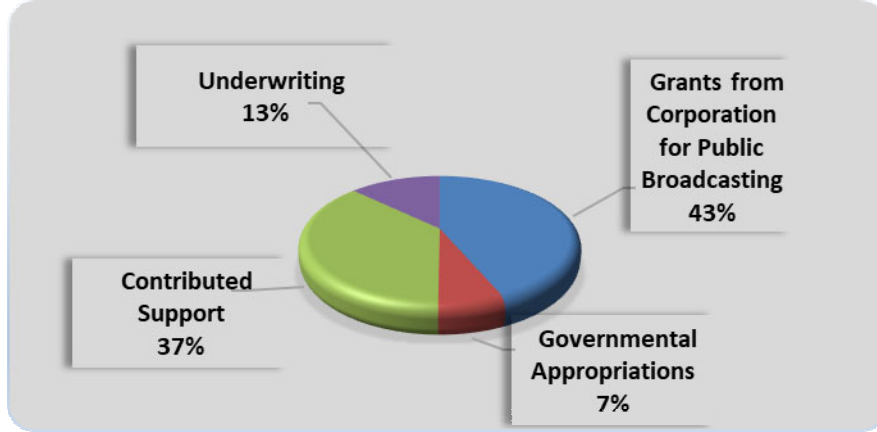
Increased grant revenues account for the majority of the change in total operating revenue for 2020. Specifically, the \$112,136 in CARES Act stabilization funds represent the significant addition to operating revenues. Also impacting total operating revenue was a 15 percent increase in underwriting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

In fiscal year 2021, there was a minor decrease of less than one percent in total operating expenses. Programming and production costs of \$303,421 represent 54 percent of the Station's total operating costs, up \$12,693, or four percent, from fiscal year 2020. Broadcasting, program information and promotion, management and general and depreciation costs were consistent with prior year costs. As a result of personnel changes in Station underwriting, related fundraising costs decreased \$9,206, or 20 percent, tied to decreased underwriting sales.

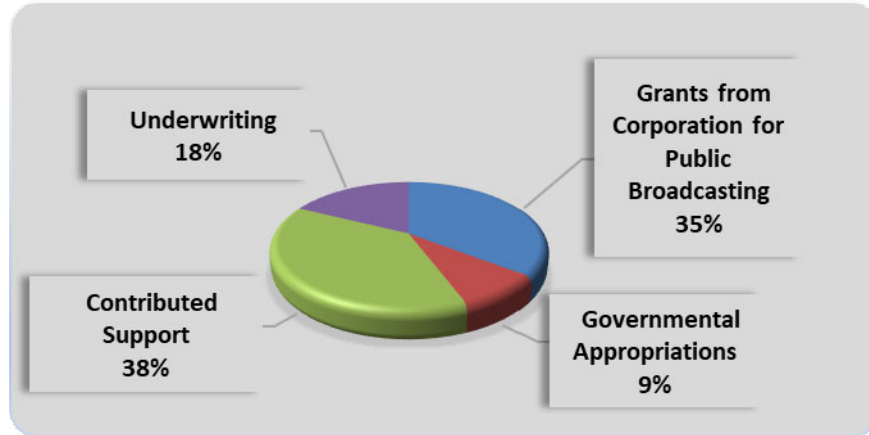
Throughout fiscal year 2020, including the period of time with stay at home orders due to COVID-19, the station maintained regular operations and programming. Overall, operating expenses were nine percent lower for fiscal year 2020 than in 2019. Programming and production, broadcasting, and management 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.

Graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM are shown below for fiscal years 2021 and 2020.

Fiscal Year Ended June 30, 2021



Fiscal Year Ended June 30, 2020



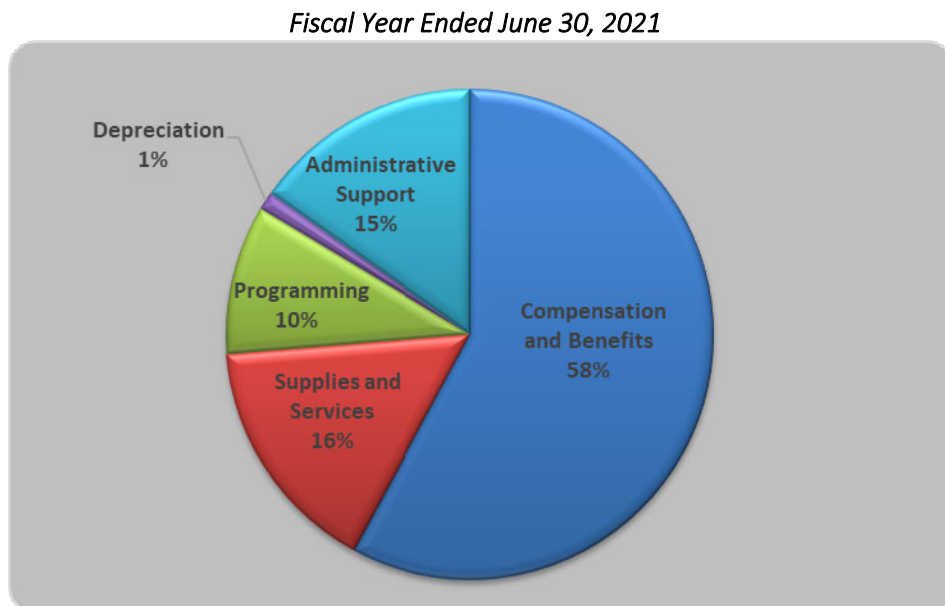
A summary of WVUB-FM’s operating expenses by the natural classifications for the year ended June 30, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating:			
Compensation and Benefits	\$ 324,362	\$ 320,283	\$ 323,719
Supplies and Services	88,510	106,819	125,586
Programming Costs	55,253	42,188	53,060
Depreciation	6,764	7,117	7,117
Administrative Support	85,268	88,243	108,479
Total Operating Expenses	<u>\$ 560,157</u>	<u>\$ 564,650</u>	<u>\$ 617,961</u>

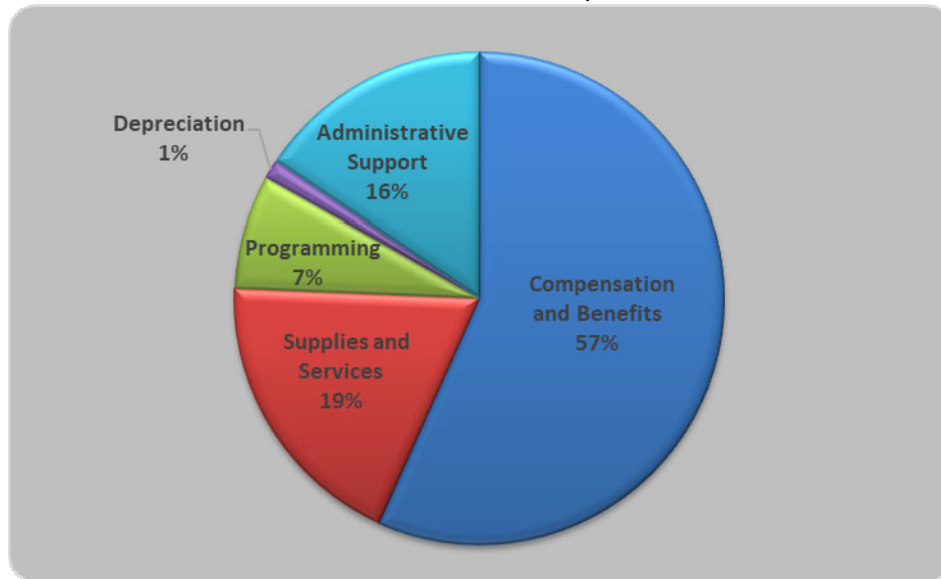
As previously stated, total operating expenses remained constant in fiscal year 2021. Reviewing the natural expense classifications, the \$4,493 net decrease included minimal changes in compensation and benefits, depreciation and administrative support. A decrease in supplies and services of \$18,309, or 17 percent, represents the largest dollar change within the expense categories. Reduced costs for fundraising services along with lower membership and dues produced the net decrease in supplies and services. The \$13,605, or 31 percent, increase in programming costs is closely tied to the \$14,542 decrease in membership and dues. The cost shift to programming is the result of National Public Radio’s implementation of a new fee model in fiscal year 2021. The new fee model replaced NPR membership dues, the digital services fee, and the NPR newsmagazines fees for stations that air them. Fee parity is a key principle of the new model which utilizes a core fee based on a station’s revenue. The multi-year transition follows a comprehensive review of NPR fees as part of the NPR-Member Station Compact process.

Operating expenses declined by nine 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 five percent from the prior year, reducing indirect administrative support by just over \$20,000. Compensation and benefits, and programming costs increased slightly from 2019.

The following graphic illustrations present total expenses by object for fiscal years 2021 and 2020.



Fiscal Year Ended June 30, 2020



A summary of WVUB-FM’s expenses by the functional classifications for the years ended June 30, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Expenses			
Programming and Production	\$ 303,421	\$ 290,728	\$ 306,059
Broadcasting	18,297	18,906	45,602
Program Information and Promotion	2,007	4,438	4,020
Management and General	193,048	197,635	218,824
Fundraising and Membership Development	36,620	45,826	36,339
Depreciation	6,764	7,117	7,117
Total Operating Expenses	<u>\$ 560,157</u>	<u>\$ 564,650</u>	<u>\$ 617,961</u>

The Station’s total operating expenses for fiscal year 2021 were consistent with fiscal year 2020. Overall, the \$4,493 decrease represents only eight-tenths of a percent change in operating expenses.

Among the functional expense categories, the only notable changes were for programming and production and fundraising and membership development.

The \$12,693 increase in programming costs is primarily related to supply purchases in fiscal year 2021. Included in supply purchases were two computers with a combined cost of \$8,710.

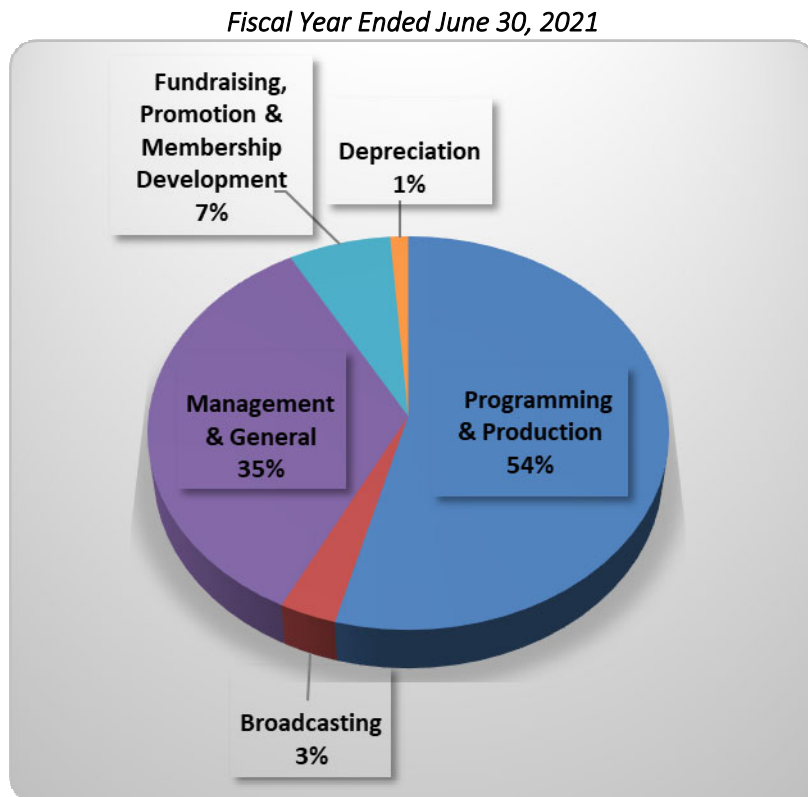
Fundraising and membership development costs were down in fiscal year 2021, directly related to the decrease in Station underwriting.

A review of functional expense categories shows a five 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.

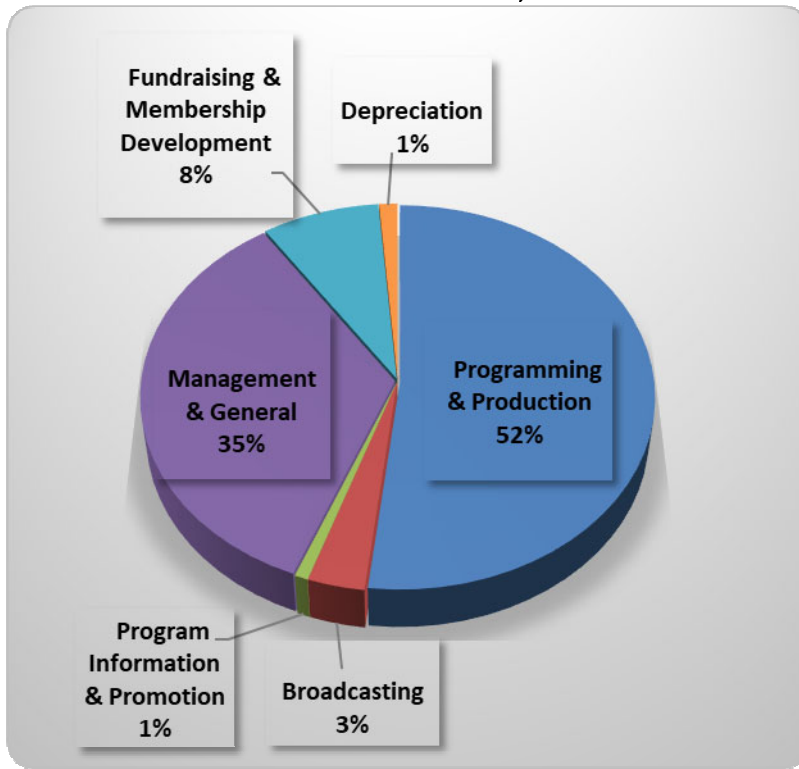
The ten percent decrease in management and general costs is tied to the drop in indirect administrative support, as calculated using the new method implemented by CPB in fiscal year 2020.

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

The following graphic illustration presents total expenses by function for the year ended June 30, 2021:



Fiscal Year Ended June 30, 2020



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, 2021, 2020 and 2019 is as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash received from operations	\$ 609,038	\$ 512,981	\$ 401,748
Cash expended for operations	(470,361)	(471,233)	(488,697)
Net cash provided (used) in operating activities	<u>138,677</u>	<u>41,748</u>	<u>(86,949)</u>
Net cash provided by non capital financing activities	<u>49,583</u>	<u>58,333</u>	<u>56,583</u>
Net increase (decrease) in cash and cash equivalents	<u>188,260</u>	<u>100,081</u>	<u>(30,366)</u>
Cash and cash equivalents, beginning of year	<u>282,516</u>	<u>182,435</u>	<u>212,801</u>
Cash and cash equivalents, end of year	<u>\$ 470,776</u>	<u>\$ 282,516</u>	<u>\$ 182,435</u>

Again in fiscal year 2021, a significant increase in cash was the result of special funding received by the Station. Cash increased \$188,260 primarily due to American Rescue Plan Act Stabilization funds received in the amount of \$199,491. Other cash flows contributing to the net increase in cash include higher support from the University in the amount of \$30,352. A decrease of \$21,844 in underwriting was also a part of the net change in cash received from operations. These changes are explained above within the discussion and analysis of the Statement of Revenues, Expenses, and Changes in Net Position. Cash expended for operations including payments to suppliers, employees and benefits decreased by only \$871 in fiscal year 2021.

The \$8,750 decrease in net cash provided by non-capital financing activities is due to a decrease in State appropriations for public radio and television stations.

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.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

COVID-19 continues to present challenges for WVUB, in regards to station growth and our ability to host community outreach events. Staffing has also presented something of a challenge during the past year. The biggest challenge has been the replacement of our underwriting representative who left the position in April of 2021. Otherwise, staffing levels have remained consistent, but growth in underwriting has been slowed.

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.

- Emergency funding secured and distributed by CPB through the American Rescue Act has been vital in maintaining services provided by WVUB, including the purchase of a new FM transmitter. The existing transmitter was nearing end of life and was no longer supported by the manufacturer. This emergency funding will also help off-set any possible budget cuts on the federal, state or university levels in the near future and help maintain our station operations.
- University enrollment continues to decrease, as a result of the COVID-19 pandemic. The University has continued to implement a hiring freeze, but has allowed WVUB to pursue filling our vacant underwriting position. The University's continued support to maintain existing staffing levels is of significant benefit to the Station. Efforts to increase student enrollment will be vital in sustaining long-term stability for the University and our public broadcasting stations.
- The Indiana Legislature continues to support public broadcasting with its two-year budget set in 2021. While anticipating a budget reduction as high as 15 percent for public broadcasting across the state, legislators settled on a smaller reduction of three

percent based on revenue forecasts which were coming in higher than originally anticipated during the early stages of the pandemic. This state funding continues to be directly dependent on revenue remaining stable at the state level as we move forward.

Management continues to utilize partnerships with both public and commercial stations and other entities in our region to maintain and expand operations, local programming and funding opportunities. To better position the Station for realizing these opportunities, WVUB-FM continues as a participating member of Greater Public. Greater Public provides member stations access to a multitude of resources for achieving greater efficiency and effectiveness in fundraising, helping to ensure future financial sustainability of the stations.

Fee restructuring from NPR based on revised formulas has lowered programming costs in some cases and guaranteed that rates will not increase more than three percent for annual commitments for fiscal year 2022. The overall impact has been favorable for WVUB-FM in regard to membership and programming costs associated with NPR and our ability to invest in more national programming.

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. 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, 2021 and 2020

	<u>6/30/2021</u>	<u>6/30/2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 470,776	\$ 282,516
Prepaid expense	3,100	854
Total current assets	<u>\$ 473,876</u>	<u>\$ 283,370</u>
Non-current assets:		
Capital assets	270,486	320,896
Less accumulated depreciation	(258,114)	(301,760)
Total non-current assets	<u>12,372</u>	<u>19,136</u>
Total assets	<u>\$ 486,248</u>	<u>\$ 302,506</u>
Liabilities		
Current liabilities		
Accounts payable	9	-
Total current liabilities	<u>\$ 9</u>	<u>\$ -</u>
Net Position:		
Investment in capital assets	12,372	19,136
Restricted	132,420	127,820
Unrestricted	341,447	155,550
Total net position	<u>\$ 486,239</u>	<u>\$ 302,506</u>
Total liabilities and net position	<u>\$ 486,248</u>	<u>\$ 302,506</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, 2021 and 2020

	<u>6/30/2021</u>	<u>6/30/2020</u>
Operating revenue:		
Grants from Corporation for		
Public Broadcasting	\$ 323,554	\$ 236,005
Contributed support	274,515	253,644
Underwriting	96,238	118,082
Total operating revenue	<u>\$ 694,307</u>	<u>\$ 607,731</u>
Operating expenses:		
Programming & production	\$ 303,421	\$ 290,728
Broadcasting	18,297	18,906
Program information and promotion	2,007	4,438
Management and general	193,048	197,635
Fundraising and membership development	36,620	45,826
Depreciation	6,764	7,117
Total operating expenses	<u>\$ 560,157</u>	<u>\$ 564,650</u>
Operating gain	<u>134,150</u>	<u>43,081</u>
Non-operating revenues		
Governmental appropriations	49,583	58,333
Total non-operating revenues	<u>49,583</u>	<u>58,333</u>
Increase in net position	<u>\$ 183,733</u>	<u>\$ 101,414</u>
Net position - beginning of year	302,506	201,092
Net position - end of year	<u>\$ 486,239</u>	<u>\$ 302,506</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, 2021 and 2020

	<u>6/30/2021</u>		<u>6/30/2020</u>
Cash flows from operating activities:			
Grants from Corporation for Public Broadcasting	323,554	\$	236,005
Underwriting and other contributions	96,238		118,082
Support from Vincennes University	189,246		158,894
Payments to suppliers	(146,000)		(150,951)
Payments to employees	(243,088)		(248,661)
Payments for benefits	(81,273)		(71,621)
Net cash provided in operating activities	<u>138,677</u>	<u>\$</u>	<u>41,748</u>
Cash flows from noncapital financing activities:			
Governmental appropriations	49,583		58,333
Net cash provided by noncapital financing activities	<u>\$ 49,583</u>	<u>\$</u>	<u>58,333</u>
Net increase in cash and cash equivalents	<u>\$ 188,260</u>	<u>\$</u>	<u>100,081</u>
Cash and cash equivalents - beginning of year	<u>282,516</u>		<u>182,435</u>
Cash and cash equivalents - end of year	<u>\$ 470,776</u>	<u>\$</u>	<u>282,516</u>
Reconciliation of operating gain to net cash used in operating activities:			
Operating gain	\$ 134,150	\$	43,081
Adjustments to reconcile operating gain to net cash used in operating activities:			
Depreciation expense	6,764		7,117
Changes in assets and liabilities:			
Prepaid expense	(2,246)		(54)
Accounts payable and accrued liabilities	9		(8,396)
Net cash provided (used) in operating activities	<u>\$ 138,677</u>	<u>\$</u>	<u>41,748</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. In fiscal year 2021, the University adopted GASB Statement No. 84, *Fiduciary Activities*. WVUB-FM financial statements were not impacted by the adoption of GASB Statement No. 84.

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.

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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).

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: The Corporation for Public Broadcasting is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, *47 United States Code Annotated*, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

Corporation for Public Broadcasting – Other Grants: In fiscal year 2021, the Station received \$199,491 in American Rescue Plan Act Stabilization Grant funds. The funds were distributed by the Corporation for Public Broadcasting for the purpose of maintaining the Station's programming and services impacted by the coronavirus and attendant loss of revenues. The Stabilization Grant funds have no spending period.

**WVUB-FM
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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 the checking account at June 30, 2021 and June 30, 2020 is \$470,776 and \$282,516, respectively.

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NOTE 3: Capital Assets

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

<u>2020-2021</u>	<i>Beginning Balances</i>				<i>Ending Balances</i>
	07/01/20	Increases	Decreases	Transfers	06/30/21
Capital Assets being depreciated:					
Equipment	320,896	-	50,410	-	270,486
Total Capital Assets being depreciated	320,896	-	50,410	-	270,486
Less accumulated depreciation for:					
Equipment	301,760	6,764	50,410		258,114
Total accumulated depreciation	301,760	6,764	50,410	-	258,114
Total Capital Assets being depreciated, net	\$ 19,136	\$ (6,764)	\$ -	\$ -	\$ 12,372

<u>2019-2020</u>	<i>Beginning Balances</i>				<i>Ending Balances</i>
	07/01/19	Increases	Decreases	Transfers	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

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, 2021 and 2020, are summarized as follows:

	2021						
	PROGRAM SERVICES			SUPPORT SERVICES		Total 6/30/2021	Total 6/30/2020
	Programming and Production	Program Information and Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development		
Salaries, Wages & Benefits	\$ 238,786			\$ 85,576		\$ 324,362	\$ 320,283
Professional Services				13,821	34,420	48,241	59,867
Supplies	12,108	2,107		3,652		17,867	7,994
Occupancy				3,323		3,323	3,291
Postage				498		498	565
Advertising			2,007			2,007	4,438
Conferences & Meetings	1,934					1,934	3,136
Repairs & Maintenance	389	5,439		525		6,353	4,699
Programming Costs	44,502	10,751				55,253	42,188
Membership & Dues	5,702			385	2,200	8,287	22,829
Administrative Support				85,268		85,268	88,243
Depreciation				6,764		6,764	7,117
Total	\$ 303,421	\$ 18,297	\$ 2,007	\$ 199,812	\$ 36,620	\$ 560,157	\$ 564,650

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2020

	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

Note 5: Indirect Administrative Support

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

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

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

The value of this support for the years ended June 30, 2021 and June 30, 2020 was \$85,268 and \$88,243, 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 \$189,247 and \$165,401 for the years ended June 30, 2021, and June 30, 2020, 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. There is a liability for incurred but unpaid claims. This liability is estimated to be \$1,102,779 for the fiscal year 2020-21 and \$1,203,986 for the fiscal year 2019-20.

The liability, for medical claims incurred but not reported at June 30, 2021, 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.

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Changes in the total reported self-insured health, dental & drug benefit liability during the years ending June 30, 2021 and 2020 were as follows:

	2021	2020
Balance, beginning of year	\$ 1,203,986	\$ 976,802
Claims incurred	11,208,843	13,351,971
Claim payments	<u>(11,310,050)</u>	<u>(13,124,787)</u>
Balance, end of year	<u>\$ 1,102,779</u>	<u>\$ 1,203,986</u>

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>.

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/>.