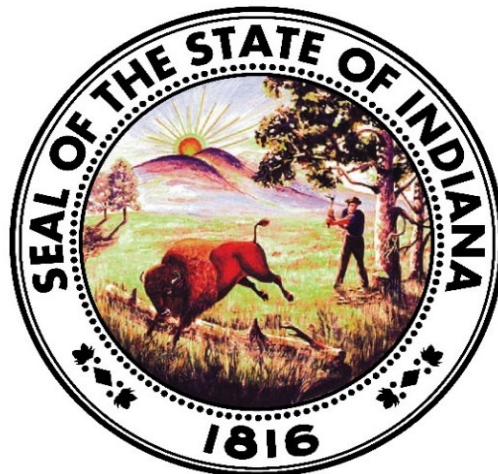


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT
OF

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

July 1, 2021 to June 30, 2022



FILED

02/02/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Dr. Charles R. Johnson	07-01-21 to 06-30-23
Vice President for Financial Services	Linda L. Waldroup Tim Eaton	07-01-21 to 10-22-21 10-23-21 to 06-30-23
Chair of the Board of Trustees	John A. Stachura	07-01-21 to 10-03-23
General Manager	Kevin Watson	07-01-21 to 06-30-23
Director	Nichole L. Carie	07-01-21 to 06-30-23



INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise WVUB-FM's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of WVUB-FM, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

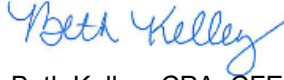
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVUB-FM's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WVUB-FM's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Required Supplementary Information

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


Beth Kelley, CPA, CFE
Deputy State Examiner

January 17, 2023

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, 2022. This discussion and analysis provide an overview of the financial position and activities of WVUB-FM for the year ending June 30, 2022 with comparative information for the fiscal years ended June 30, 2021 and June 30, 2020. 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, 2022, 2021 and 2020 is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current Assets	\$ 304,798	\$ 473,876	\$ 283,370
Noncurrent Assets			
Capital Assets, net of depreciation	<u>153,706</u>	<u>12,372</u>	<u>19,136</u>
Total Assets	458,504	486,248	302,506
Current Liabilities	24,940	9	-
Net Position	<u>\$ 433,564</u>	<u>\$ 486,239</u>	<u>\$ 302,506</u>

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

In fiscal year 2022, there was a 36 percent decrease in current assets. Cash and cash equivalents decreased by \$168,179. The decrease in cash is due primarily to the Station expending \$177,905 of CARES Act and American Rescue Act stabilization funds that were received in fiscal years 2020 and 2021.

New asset acquisitions in fiscal year 2022 were \$160,478. Major capital purchases included a new digital console, studio workstation and talk table. There were no capital asset dispositions in fiscal year 2022.

In fiscal year 2022, the increase in capital assets, net of depreciation is equal to new asset acquisitions of \$160,478 less current year depreciation of \$19,144.

The Station replaced dated studio equipment and furniture in fiscal year 2022. The majority of the increase in current liabilities from 2021 to 2022 is related to these purchases.

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.

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.

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, 2022, 2021 and 2020 are summarized as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Investment in Capital Assets	\$ 153,706	\$ 12,372	\$ 19,136
Restricted	131,101	132,420	127,820
Unrestricted	148,757	341,447	155,550
Total Net Position	<u>\$ 433,564</u>	<u>\$ 486,239</u>	<u>\$ 302,506</u>

Net Investment in Capital Assets represents the Station's equity in property, plant and equipment net of accumulated depreciation. Capital asset acquisitions less current year increases in accumulated depreciation represent the total change in this equity amount for fiscal years 2022 and 2021, 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. The \$192,690 decrease in unrestricted net position in fiscal year 2022 is tied directly to the use of CARES Act and American Rescue Act Stabilization funds for Station expenditures.

In fiscal year 2021, the American Rescue Plan Act Stabilization funds account for the \$185,897 increase in unrestricted net position. 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>2022</u>	<u>2021</u>	<u>2020</u>
Operating Revenue	\$ 476,809	\$ 694,307	\$ 607,731
Operating Expenses	<u>586,055</u>	<u>560,157</u>	<u>564,650</u>
Net Operating Loss	(109,246)	134,150	43,081
Non Operating Revenue	<u>56,571</u>	<u>49,583</u>	<u>58,333</u>
Increase (Decrease) in Net Position	(52,675)	183,733	101,414
Net Position - Beginning of year	486,239	302,506	201,092
Net Position - End of year	<u>\$ 433,564</u>	<u>\$ 486,239</u>	<u>\$ 302,506</u>

In fiscal year 2022, Station operating revenue returned to a comparable level before receipt of the CARES Act and American Rescue Plan Act Stabilization funds received in fiscal years 2021 and 2020. As a result, total operating revenue decreased by a total of \$217,498 in fiscal year 2022. American Rescue Plan Act Stabilization funds accounted for \$199,491 of total operating revenue in 2021.

Station underwriting and contributions declined by \$26,098, while contributed support increased by \$3,156 in fiscal year 2022. The Community Service base grant also increased by \$4,935 in fiscal year 2022.

Operating expenses increased by 4.6 percent in fiscal year 2022. Supplies, programming, administrative support and depreciation make up the majority of the \$25,898 overall increase.

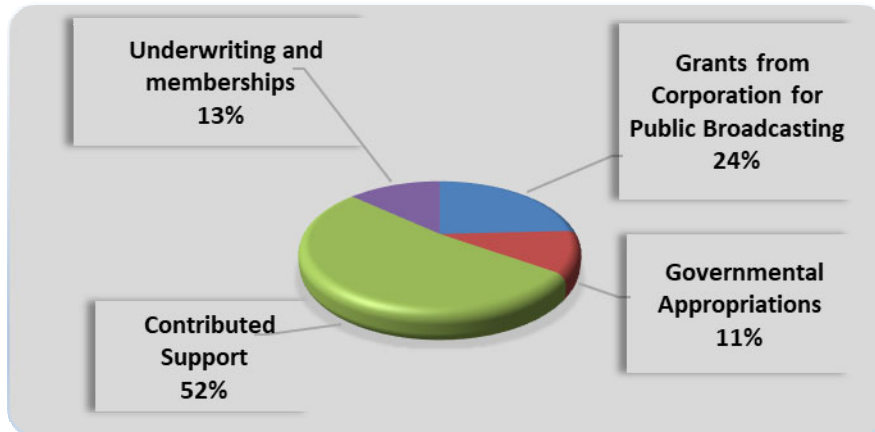
Although there was a \$21,844, or 19 percent, decrease in business underwriting for fiscal year 2021, a \$20,871 increase in contributed support combined with additional grant revenue from the American Rescue Plan Act resulted in an overall increase in operating revenue of \$86,576.

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.

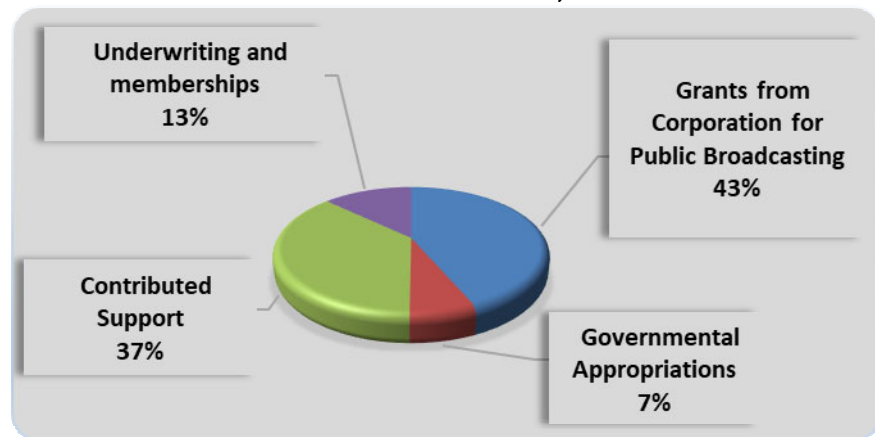
In fiscal year 2021, there was a minor decrease of less than one percent in total operating expenses. Programming and production costs of \$303,421 represent 54 percent of the Station's total operating costs, up \$12,693, or four percent, from fiscal year 2020. Broadcasting, program information and promotion, 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.

Graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM are shown below for fiscal years 2022 and 2021.

Fiscal Year Ended June 30, 2022



Fiscal Year Ended June 30, 2021



A summary of WVUB-FM’s operating expenses by the natural classifications for the year ended June 30, 2022, 2021 and 2020 is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating:			
Compensation and Benefits	\$ 333,950	\$ 324,362	\$ 320,283
Supplies and Services	69,882	88,510	106,819
Programming Costs	65,150	55,253	42,188
Depreciation	19,144	6,764	7,117
Administrative Support	<u>97,929</u>	<u>85,268</u>	<u>88,243</u>
Total Operating Expenses	<u>\$ 586,055</u>	<u>\$ 560,157</u>	<u>\$ 564,650</u>

Total operating expenses rose 4.6 percent in fiscal year 2022. The \$9,588 increase in compensation and benefits is a combination of personnel changes throughout the year along with a 2% pay increase for Station employees in 2022.

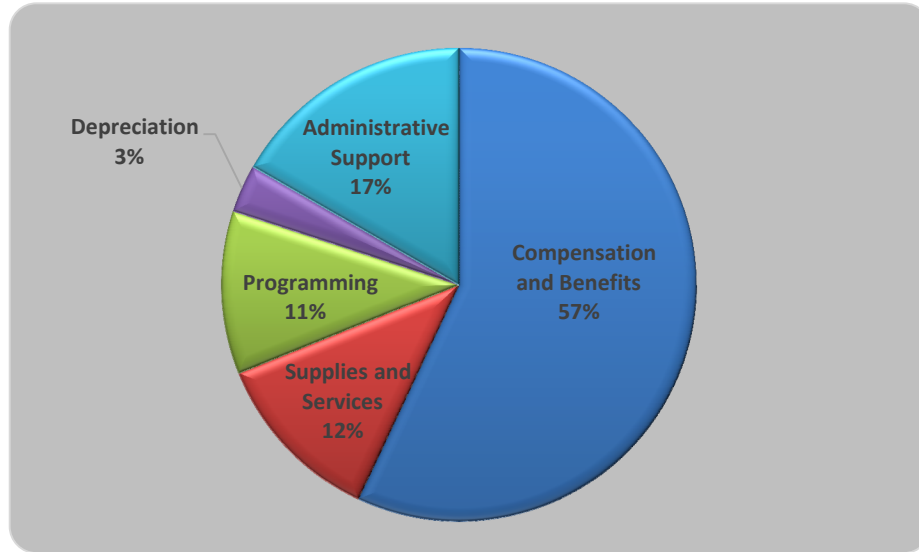
The Station moved underwriting sales from a contracted position to an employed position in fiscal year 2022. This change shifted cost from the supplies and services expense category to compensation and benefits.

New asset acquisitions resulted in higher depreciation expense for fiscal year 2022. As a result of increased direct operating expenses, administrative support was also higher in fiscal year 2022.

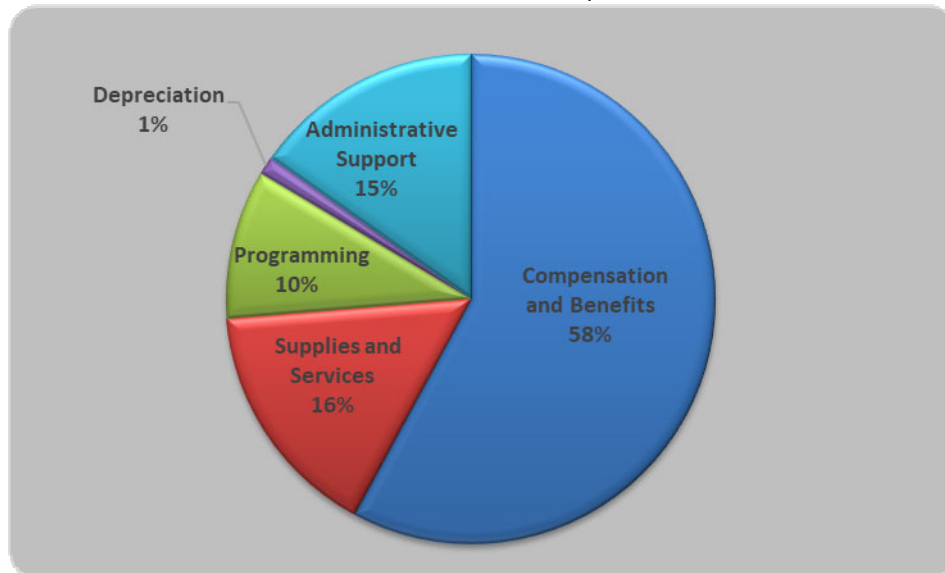
As previously stated, total operating expenses remained constant in fiscal year 2021. Reviewing the natural expense classifications, the \$4,493 net decrease included minimal changes in compensation and benefits, depreciation and administrative support. A decrease in supplies and services of \$18,309, 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.

The following graphic illustrations present total expenses by object for fiscal years 2022 and 2021.

Fiscal Year Ended June 30, 2022



Fiscal Year Ended June 30, 2021



A summary of WVUB-FM’s expenses by the functional classifications for the years ended June 30, 2022, 2021 and 2020 is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating Expenses			
Programming and Production	\$ 334,934	\$ 303,421	\$ 290,728
Broadcasting	18,644	18,297	18,906
Program Information and Promotion	3,307	2,007	4,438
Management and General	206,620	193,048	197,635
Fundraising and Membership Development	3,406	36,620	45,826
Depreciation	19,144	6,764	7,117
Total Operating Expenses	<u>\$ 586,055</u>	<u>\$ 560,157</u>	<u>\$ 564,650</u>

As previously mentioned, the Station moved underwriting sales from a contract position to a full time employed position in fiscal year 2022. As a result of this change, there was an increase in programming and production cost and a corresponding decrease in fundraising and membership development.

Broadcasting costs remained constant while management and general cost increased largely due to the \$12,661 increase in administrative support. Depreciation expense increased \$12,380 as a result of the newly acquired capital assets purchased in fiscal year 2022.

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.

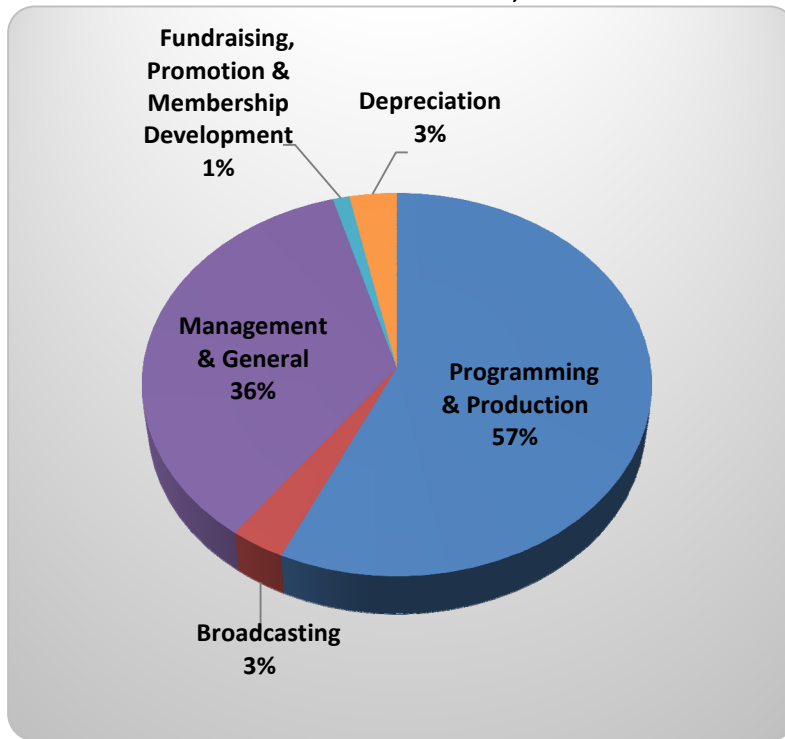
Among the functional expense categories, the only notable changes were for programming and production and fundraising and membership development.

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.

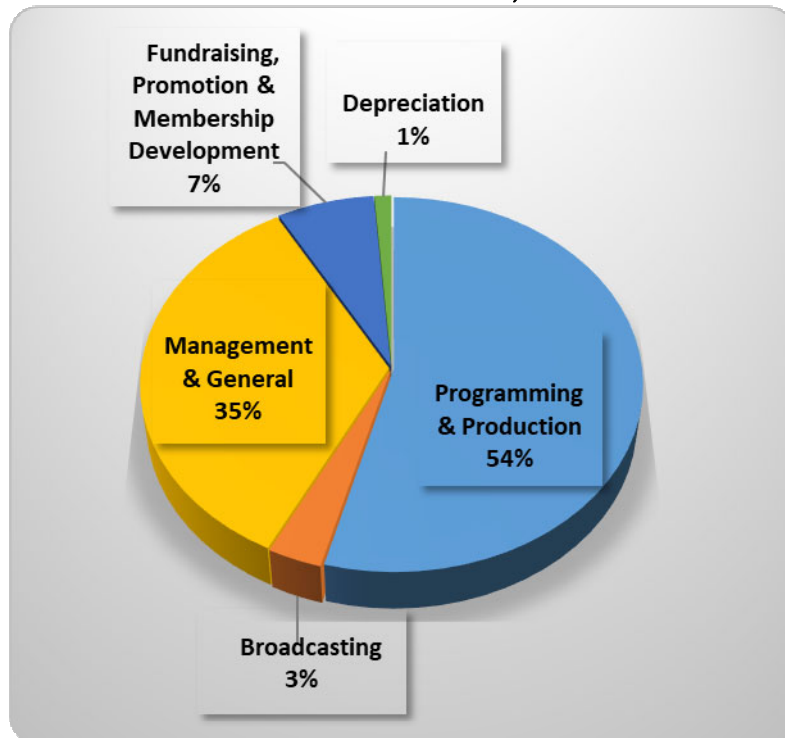
Fundraising and membership development costs were down in fiscal year 2021, directly related to the decrease in Station underwriting.

The following graphic illustration presents total expenses by function for the year ended June 30, 2022:

Fiscal Year Ended June 30, 2022



Fiscal Year Ended June 30, 2021



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. Cash received from operations primarily consists of funds from the Corporation for Public Broadcasting and contributions from the University.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

COVID-19 continues to present challenges for WVUB, in regards to station growth. A large percentage of our underwriting comes from those entities classified as small businesses. A number of those businesses have closed as a result of both the impact of the pandemic and the inflation that has followed. Our biggest staffing challenge has continued to be the replacement of our Underwriting Representative who left in April of 2021. We have restructured the position from that of contactor paid on a percentage basis only, to a fully salaried and benefited position in the hopes of attracting a long-term successful candidate. The transition has been challenging, however management is hopeful of achieving a consistent effort in underwriting.

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, though reduced, continues to provide supplemental operating funds for the Station.

- Emergency funding secured and distributed by the Corporation for Public Broadcasting through the American Rescue Act continue to be vital in maintaining services provided by WVUB, including investments in broadcast infrastructure and has helped off-set our downturn in underwriting revenue.
- University enrollment continues to decrease, in the aftermath of the COVID-19 pandemic. As a result, the University has continued to implement a hiring freeze, but did allow WVUB to pursue filling our vacant positions. The University's continued support to maintain existing staffing levels is of significant benefit to the Station and our service to the community. Efforts to increase student enrollment will be vital in the long-term stability for the University and our stations.
- The Indiana Legislature continues to support public broadcasting with its two-year budget set in 2021. A previous hold back was restored by the legislature following the influx of a large surplus in the state's most recent fiscal year. 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 to realize these opportunities WVUB-FM continues as a participating member of Greater Public, which provides member stations access to a multitude of resources designed to make fundraising more efficient and effective.

Fee restructuring from NPR based on revised formulas has now stabilized and resulted in some increased programming costs. However, the overall impact has continued to be favorable for WVUB-FM in regard to membership and programming costs associated with NPR and our ability to invest in more national programming. One example is the ability to carry hourly NPR Newscasts at a 50% discount as a Music First Public Radio Station.

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. This will include a more focused effort over the next two fiscal years to find ways to better monetize and expand our digital media offerings, consistent with our programming and service commitment. Community outreach remains a cornerstone of our operation as we continue to serve those in our listening area.

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, 2022 and 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 302,597	\$ 470,776
Prepaid expense	2,201	3,100
Total current assets	<u>\$ 304,798</u>	<u>\$ 473,876</u>
Non-current assets:		
Capital assets	430,964	270,486
Less accumulated depreciation	(277,258)	(258,114)
Total non-current assets	<u>153,706</u>	<u>12,372</u>
Total assets	<u><u>\$ 458,504</u></u>	<u><u>\$ 486,248</u></u>
Liabilities		
Current liabilities		
Accounts payable	24,940	9
Total current liabilities	<u>\$ 24,940</u>	<u>\$ 9</u>
Net Position:		
Investment in capital assets	153,706	12,372
Restricted	131,101	132,420
Unrestricted	148,757	341,447
Total net position	<u>\$ 433,564</u>	<u>\$ 486,239</u>
Total liabilities and net position	<u><u>\$ 458,504</u></u>	<u><u>\$ 486,248</u></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, 2022 and 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Operating revenue:		
Grants from Corporation for Public Broadcasting	\$ 128,998	\$ 323,554
Contributed support	277,671	274,515
Underwriting and memberships	70,140	96,238
Total operating revenue	<u>\$ 476,809</u>	<u>\$ 694,307</u>
Operating expenses:		
Programming and production	\$ 334,934	\$ 303,421
Broadcasting	18,644	18,297
Program information and promotion	3,307	2,007
Management and general	206,620	193,048
Fundraising and membership development	3,406	36,620
Depreciation	19,144	6,764
Total operating expenses	<u>\$ 586,055</u>	<u>\$ 560,157</u>
Operating income (loss)	<u>(109,246)</u>	<u>134,150</u>
Non-operating revenues		
Governmental appropriations	56,571	49,583
Total non-operating revenues	<u>56,571</u>	<u>49,583</u>
Increase (decrease) in net position	<u>\$ (52,675)</u>	<u>\$ 183,733</u>
Net position - beginning of year	486,239	302,506
Net position - end of year	<u>\$ 433,564</u>	<u>\$ 486,239</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, 2022 and 2021

	<u>6/30/2022</u>	<u>6/30/2021</u>
Cash flows from operating activities:		
Grants from Corporation for Public Broadcasting	128,998	323,554
Underwriting and memberships	70,140	96,238
Support from Vincennes University	179,742	189,246
Payments to suppliers	(109,201)	(146,000)
Payments to employees	(250,013)	(243,088)
Payments for benefits	(83,938)	(81,273)
Net cash provided (used) in operating activities	<u>(64,272)</u>	<u>138,677</u>
Cash flows from noncapital financing activities:		
Governmental appropriations	56,571	49,583
Net cash provided by noncapital financing activities	<u>\$ 56,571</u>	<u>\$ 49,583</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(160,478)	-
Net cash used in capital and related financing activities	<u>\$ (160,478)</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ (168,179)	\$ 188,260
Cash and cash equivalents - beginning of year	<u>470,776</u>	<u>282,516</u>
Cash and cash equivalents - end of year	<u><u>\$ 302,597</u></u>	<u><u>\$ 470,776</u></u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:		
Operating income (loss)	\$ (109,246)	\$ 134,150
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	19,144	6,764
Changes in assets and liabilities:		
Prepaid expense	899	(2,246)
Accounts payable and accrued liabilities	24,931	9
Net cash provided (used) in operating activities	<u><u>\$ (64,272)</u></u>	<u><u>\$ 138,677</u></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. Effective for the fiscal year ending June 30, 2022, the University implemented the provisions of GASB Statement No. 87, *Leases*. 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. 87 or 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.

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).

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.

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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, 2022 and June 30, 2021 is \$302,597 and \$470,776, respectively.

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Notes to Financial Statements

NOTE 3: Capital Assets

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

<u>2021-2022</u>	<i>Beginning Balances</i>				<i>Ending Balances</i>
	07/01/21	Increases	Decreases	Transfers	06/30/22
Capital assets being depreciated:					
Equipment	270,486	160,478	-	-	430,964
Total capital assets being depreciated	270,486	160,478	-	-	430,964
Less accumulated depreciation for:					
Equipment	258,114	19,144	-	-	277,258
Total accumulated depreciation	258,114	19,144	-	-	277,258
Total capital assets being depreciated, net	\$ 12,372	\$ 141,334	\$ -	\$ -	\$ 153,706

<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

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, 2022 and 2021, are summarized as follows:

	2022						
	PROGRAM SERVICES			SUPPORT SERVICES		Total	Total
	Programming and Production	Program Information and Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	6/30/2022	6/30/2021
Salaries, Wages & Benefits	\$ 247,914			\$ 86,036		\$ 333,950	\$ 324,362
Professional Services				17,271	-	17,271	48,241
Supplies	21,222	8,756		404	838	31,220	17,867
Occupancy				3,243		3,243	3,323
Postage				442		442	498
Advertising			3,266			3,266	2,007
Conferences & Meetings	1,495		41	220		1,756	1,934
Repairs & Maintenance	2,556	432		725	368	4,081	6,353
Programming Costs	55,694	9,456		-		65,150	55,253
Membership & Dues	6,053			350	2,200	8,603	8,287
Administrative Support				97,929		97,929	85,268
Depreciation				19,144		19,144	6,764
Total	\$ 334,934	\$ 18,644	\$ 3,307	\$ 225,764	\$ 3,406	\$ 586,055	\$ 560,157

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Notes to Financial Statements

	PROGRAM SERVICES			SUPPORT SERVICES		Total 6/30/2021	Total 6/30/2020
	Programming and Production	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

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, 2022 and June 30, 2021 was \$97,929 and \$85,268, 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 \$179,742 and \$189,247 for the years ended June 30, 2022, and June 30, 2021, 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 \$658,533 for the fiscal year 2021-22 and \$1,102,779 for the fiscal year 2020-21.

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Notes to Financial Statements

The liability, for medical claims incurred but not reported at June 30, 2022 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, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,102,779	\$ 1,203,986
Claims incurred	11,182,191	11,208,843
Claim payments	<u>(11,626,437)</u>	<u>(11,310,050)</u>
Balance, end of year	<u>\$ 658,533</u>	<u>\$ 1,102,779</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/>.