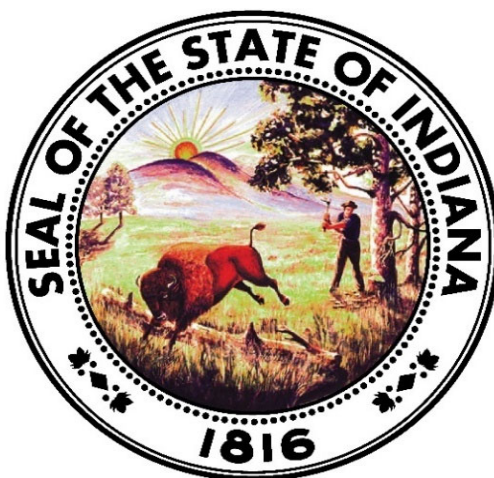


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT
OF

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED
BY VINCENNES UNIVERSITY
VINCENNES, INDIANA

July 1, 2021 to June 30, 2022



FILED

02/02/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Management's Discussion and Analysis.....	6-17
Basic Financial Statements and Accompanying Notes:	
Statement of Net Position.....	20
Statement of Revenues, Expenses and Changes in Net Position	21
Statement of Cash Flows	22
Notes to Financial Statements.....	23-28
Other Reports.....	29

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
Director	Nichole L. Carie	07-01-21 to 06-30-23



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WVUT-TV, A PUBLIC TELEVISION STATION
OPERATED BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

Opinion

We have audited the accompanying financial statements of WVUT-TV, a public television station operated by Vincennes University (WVUT-TV), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise WVUT-TV'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 WVUT-TV, 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 WVUT-TV, 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.

Emphasis of Matter

As discussed in Note 11 to the financial statements, in fiscal year 2022, WVUT-TV adopted new accounting guidance Governmental Accounting Standards Board Statement 87 *Leases*. Our opinion is not modified with respect to this matter.

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 WVUT-TV'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 WVUT-TV'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 WVUT-TV'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

WVUT-TV

A Public Television Station Owned and Operated by Vincennes University

Management's Discussion and Analysis

INTRODUCTION

WVUT-TV (the Station) presents its financial statements for the year ending June 30, 2022. This discussion and analysis provide an overview of the financial position and activities of WVUT-TV for the year ending June 30, 2022 with comparative information for the years ending June 30, 2021 and 2020. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

WVUT-TV is licensed to the Board of Trustees of Vincennes University. WVUT-TV was the first Public Television station to go on the air in Indiana on October 22, 1968. Vincennes University was also the first college in Indiana to go on the air with a Digital Television Station on September 2, 2002. On June 12, 2009, WVUT-TV, along with all other analog TV stations, turned the analog transmitter off and went on-air completely digital. In July of 2010, all in-studio and out-of-studio local productions were converted to High Definition, making WVUT one of the first stations in the state to completely convert all operations to High Definition.

USING THE FINANCIAL STATEMENTS

The WVUT-TV 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. WVUT-TV 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 WVUT-TV at the end of the fiscal year and includes all assets and liabilities of WVUT-TV. The difference between total assets and total liabilities --net position-- is one indicator of the current financial condition of WVUT-TV, 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 WVUT-TV's assets, liabilities and net position at June 30, 2022, 2021 and 2020 is as follows:

	2022	Restated 2021	2020
Current Assets	\$ 1,770,589	\$ 1,797,166	\$ 1,328,475
Noncurrent Assets			
Lease Receivable	\$ 253,280	\$ 267,967	\$ -
Capital Assets, net of depreciation	584,081	658,586	625,103
Total Assets	2,607,950	2,723,719	1,953,578
Current Liabilities	7,858	198	2,617
Deferred Inflows	255,039	274,657	-
Net Position	<u>\$ 2,345,053</u>	<u>\$ 2,448,864</u>	<u>\$ 1,950,961</u>

Current assets consist of cash and cash equivalents, accounts receivable, lease receivable, accrued interest, and prepaid expenses. Current liabilities consist of accounts payable. WVUT-TV has no long-term liabilities.

In fiscal year 2022, there was a 1.5 percent decrease in current assets. Cash and cash equivalents decreased by \$15,646, primarily due to the timing of grant fund spending. There was a 3.2 percent increase in the television Community Service Grant (CSG) received in 2022. The decrease in cash is tied to the Station's spending of CARES Act and American Rescue Plan Act Stabilization funds received in 2020 and 2021. The funds are being utilized for Station expenses, to supplement traditional Station funding gaps following the pandemic.

The University's implementation of GASB Statement No. 87, *Leases*, resulted in the recognition of current lease and interest receivables for the Station's lease of tower space to the Integrated Public Safety Commission. Fiscal year 2021 financial statements were restated as required by GASB 87. There was a small \$1,541 increase in current receivables as a result of unreimbursed grant expenditures and GASB 87 implementation. A \$12,472 decrease in prepaid expenses is the final contribution to the overall \$26,577 decrease in current assets in fiscal year 2022.

Noncurrent assets consist of the long-term portion of lease receivable and net capital assets.

A noncurrent portion of lease receivable was recorded in connection with implementation of GASB Statement No. 87, *Leases*. A restatement of \$267,967 in noncurrent lease receivable was recorded for fiscal year 2021, and \$253,280 was recorded for fiscal year 2022.

Capital acquisitions for fiscal year 2022 totaled \$55,415. Broadcasting computer and recording equipment represent the major assets purchased and contributed to the Station by the University. During fiscal year 2022, there was an overall decrease of \$74,505 in capital assets, net of depreciation.

Accounts payable increased by \$7,660 in fiscal year 2022. Deferred inflows of resources in the amounts of \$255,039 and \$274,657, were recognized for the first time as of June 30, 2022 and

June 30, 2021, in accordance with newly adopted GASB Statement No. 87 for lease arrangements. Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period.

Current assets increased \$468,691 in fiscal year 2021. The increase is due in large part to \$471,408 in American Rescue Plan Act Stabilization funds received by the Station in fiscal year 2021. The Stabilization funds were distributed through the Corporation for Public Broadcasting to public television stations for the purpose of maintaining programming and services and to prevent, prepare for, and respond to the coronavirus. Implementation of GASB Statement No. 87 also included a \$14,238 increase to short-term lease receivable.

The CSG award also increased in 2021 as the result of a CSG policy change which was effective for fiscal year 2021. The policy change included modifications to the CSG grant calculation formula providing an increase in base grant funds to all stations. WVUT's base grant increased \$46,402 as a result of the CSG policy change.

The multi-year Federal Communications Commission (FCC) channel repack project was completed in fiscal year 2021. The \$95,143 decrease in accounts receivable is directly related to the project's completion and the associated reimbursements received for repack expenditures. There was also a \$33,813 decrease in prepaid expenses in fiscal year 2021. Prepaid expense in fiscal year 2020 included a large down payment for newsroom equipment and furniture received in fiscal year 2021. At June 30, 2021, prepaid expense consisted of advance payments associated with Station service contracts.

Cash increased by just over \$273,000 in fiscal year 2020, representing 91 percent of the increase in current assets from 2019. The increase in cash is primarily attributable to the \$260,205 in CARES Act funds that were provided by Congress to help public television and radio stations maintain local programming and services.

The Station reported a receivable of \$95,585 at 2020 fiscal year end for unreimbursed expenditures associated with the FCC mandated channel repack. Prepaid expense totaled \$47,479 at June 30, 2020, consisting of the required down payment for the Station's newly designed set.

New capital acquisitions for the Station totaled \$152,833 in fiscal year 2021. The Station's newsroom set accounted for \$87,474 of the capital acquisitions. The Station also disposed of assets with a combined original cost of \$137,636. All asset disposals were fully depreciated, with \$0 book value. The \$33,483 increase in capital assets, net of depreciation, is the difference between new asset acquisition cost and current year depreciation of \$119,350.

Net Position

Net position represents the residual interest in WVUT-TV's assets after liabilities are deducted. WVUT-TV's net position is summarized as follows:

	<u>2022</u>	<u>Restated 2021</u>	<u>2020</u>
Net Investment in Capital Assets	\$ 584,081	\$ 658,586	\$ 625,103
Restricted	\$ 862,827	\$ 785,138	\$ 825,466
Unrestricted	898,145	1,005,140	500,392
Total Net Position	<u>\$ 2,345,053</u>	<u>\$ 2,448,864</u>	<u>\$ 1,950,961</u>

Net Investment in Capital Assets represents the Station's equity in property, plant and equipment net of accumulated depreciation.

Capital asset additions of \$55,415, along with additional depreciation of \$129,920, combine for the \$74,505 decrease to net investment in capital assets in fiscal year 2022. Broadcast computers and recording equipment represent the majority of capital acquisitions. There were no capital disposals in fiscal year 2022.

Capital acquisitions of \$152,833 less additional depreciation of \$119,350 in fiscal year 2021 resulted in the \$33,483 increase to net investment in capital assets. The Station's newsroom set represents the major portion of new capital acquisitions with a total cost of \$87,474. Asset disposals totaled \$137,636 in fiscal year 2021. All disposed assets were fully depreciated. The Station reported depreciation expense of \$119,350 for fiscal year 2021.

Restricted Net Position represents constraints placed on net position use when imposed by third parties or by law through constitutional provisions or enabling legislation. The Station's restricted net position includes unspent CSG funds and PBS Brand Refresh funds. There was greater use of non-restricted funds in fiscal year 2022. As a result, the increase in restricted net position was created from the timing difference in CSG fund spending as compared to fiscal year 2021.

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 decrease in unrestricted net position from 2021 to 2022 is explained primarily by the Station spending \$127,068 of the unrestricted stabilization funds.

The significant increase in unrestricted net position from 2020 to 2021 is linked to the \$471,408 in American Rescue Plan Act Stabilization funds received in April 2021. The funds were unspent at June 30, 2021. The Stabilization funds are designated as unrestricted with no expenditure period.

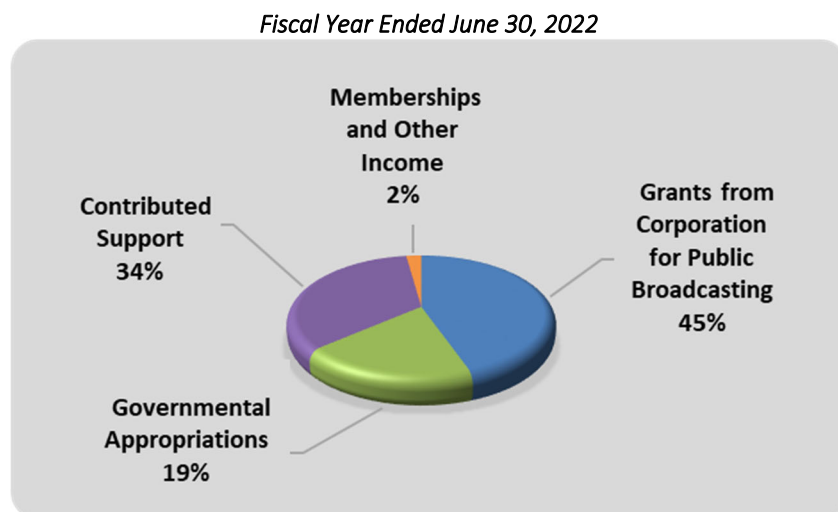
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of WVUT-TV 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

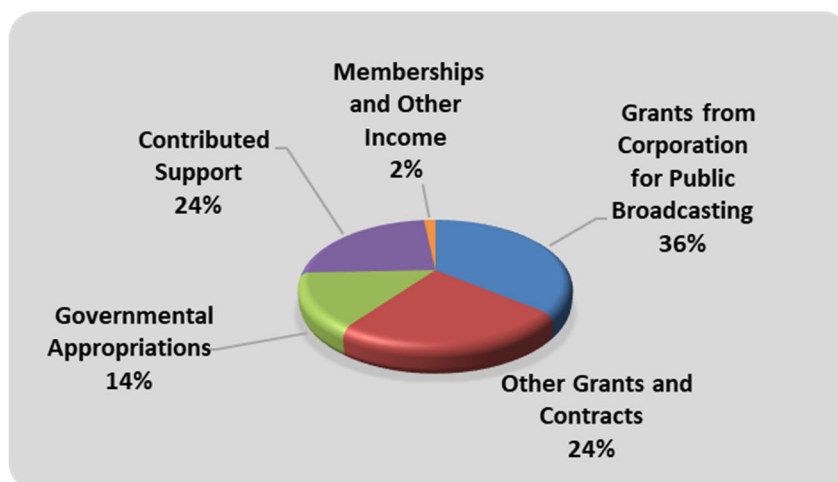
No. 35. A summarized comparison of the Statement of Revenues, Expenses, and Changes in Net Position is presented below:

	2022	Restated 2021	2020
Operating Revenue	\$ 1,397,895	\$ 1,785,137	\$ 1,625,491
Operating Expenses	<u>1,869,210</u>	<u>1,625,950</u>	<u>1,731,671</u>
Net Operating Loss	(471,315)	159,187	(106,180)
Non Operating Revenue (Expense)	<u>367,504</u>	<u>338,716</u>	<u>(370,583)</u>
Increase (Decrease) in Net Position	(103,811)	497,903	(476,763)
Net Position, Beginning of year	2,448,864	1,950,961	2,427,724
Net Position - End of year	<u>\$ 2,345,053</u>	<u>\$ 2,448,864</u>	<u>\$ 1,950,961</u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUT-TV for the years ended June 30, 2022 and June 30, 2021.



Fiscal Year Ended June 30, 2021



Fiscal Year 2022

Appropriations from CPB serve as the largest funding source for the Station. In fiscal year 2022, \$787,075 was received in grants from CPB, a 3.2 percent increase from 2021. The 2022 decrease in operating revenue is explained by the \$471,408 in American Rescue Act stabilization funds that were received in fiscal year 2021. The funds were approved by Congress and distributed by CPB to public radio and television stations to help maintain local programming and services during the economic decline triggered by COVID-19.

As the institutional licensee for WVUT-TV, Vincennes University provides significant financial support for ongoing operations through direct and indirect contributions to the Station. The University contributed over \$602,000 in support to the Station for fiscal year 2022 compared to contributed support of just over \$507,000 in fiscal year 2021. Contributed support consists of direct costs incurred by the University on behalf of the Station, indirect administrative cost, and other contributions of goods or services from outside parties.

In fiscal year 2022, governmental appropriations from the State of Indiana totaling \$337,454 provided additional revenue to help cover nearly \$1.87 million in Station operating expenses.

Each year, WVUT-TV seeks to expand its revenue base. In fiscal year 2022, the Station saw another increase in its online PBS Passport member donations from viewers. Contributions totaled \$6,540 in fiscal year 2022. Since introducing PBS Passport membership on the website, the Station has received a steady stream of small donations, adding to operating revenue.

Operating expenses increased 15 percent in fiscal year 2022. The major increases were related to programming and production costs. Programming and production personnel cost increased by 7.8

percent as a result of filling a production position. The Station also replaced 20 studio lighting fixtures which accounts for \$43,840 of the 18.1 percent increase in programming and production repairs and maintenance cost from fiscal year 2021.

The \$90,157 increase in management and general costs consists mainly of a \$67,785 increase in indirect administrative support and increased supply cost of \$31,997 for fiscal year 2022. The increased supply cost includes non capital furniture purchased by the Station totaling \$33,713.

Fiscal Year 2021

CPB represents the major source of funding for the Station. In addition to the CSG funds, CPB also distributed American Rescue Plan Act Stabilization funds to eligible CSG recipients in fiscal year 2021. As a percentage of total revenue, CSG and other grant funding increased by seven percent as the result of a CSG policy change to the grant calculation formula along with the receipt of American Rescue Plan Act Stabilization funds. The FCC spectrum repack project was completed in fiscal year 2021, with repack revenue representing three percent of the \$1,267,107 in total grant revenue.

State appropriations for the Station dropped \$53,908, or 15 percent, in fiscal year 2021. As a percentage of total revenue, government appropriations fell from 18 percent in fiscal year 2020 to 14 percent in fiscal year 2021.

PBS Passport member donations were up by nearly \$2,000, or 58 percent, in fiscal year 2021. As a percentage of total revenue, donations doubled from one percent to two percent. The online donation platform for viewers was launched in fiscal year 2020.

The Station's operating costs declined by six percent in fiscal year 2021. Decreases in programming costs and depreciation represent the majority of the overall operating cost reduction.

A summary of WVUT-TV's expenses by object 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	\$ 619,421	\$ 579,595	\$ 627,131
Supplies and Services	571,401	468,144	463,876
Programming Costs	252,858	231,036	255,053
Depreciation	129,920	119,350	137,769
Administrative Support	295,610	227,825	247,842
Total Operating Expenses	<u>\$ 1,869,210</u>	<u>\$ 1,625,950</u>	<u>\$ 1,731,671</u>

Fiscal Year 2022

A 22 percent increase in the supplies and services cost category represents the largest increase in operating expenses for fiscal year 2022. Included in this category is repairs and maintenance, which incurred the most significant cost increase of just under \$100,000. Supply cost accounts for the other major increase in this category. The Station's furniture purchase of \$33,713, and a \$20,196 increase in programming and production supplies represent the majority of the \$60,046 increase in supplies.

Since the indirect cost rate is applied to the Station's net direct expenses, the increase in total operating expenses is also reflected in higher indirect administration support cost for fiscal year 2022.

The Station filled a production position in fiscal year 2022, increasing compensation and benefit costs by 6.9 percent from 2021. Depreciation expense also increased in fiscal year 2022 from the major capital asset additions in 2020 and 2021.

Fiscal Year 2021

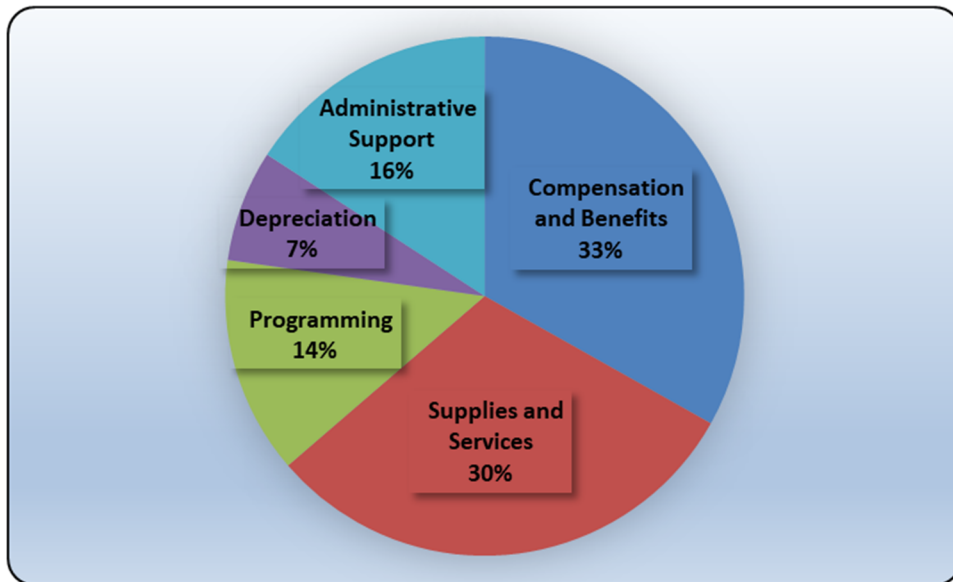
The Station's operating costs declined by \$105,721, or six percent in fiscal year 2021. Lower salary and benefit costs contributed to the decrease as well as a reduction in programming costs. Savings in programming repairs and maintenance can be credited to the new equipment upgrades in fiscal year 2020. The decrease in programming production costs is largely due to programming changes prompted by COVID. The station utilized more in-house production, reducing program acquisition costs in fiscal year 2021.

Indirect administrative support cost is calculated using a percentage of the Station's direct costs. As a result of lower operating costs, indirect administrative support declined \$20,017 in fiscal year 2021.

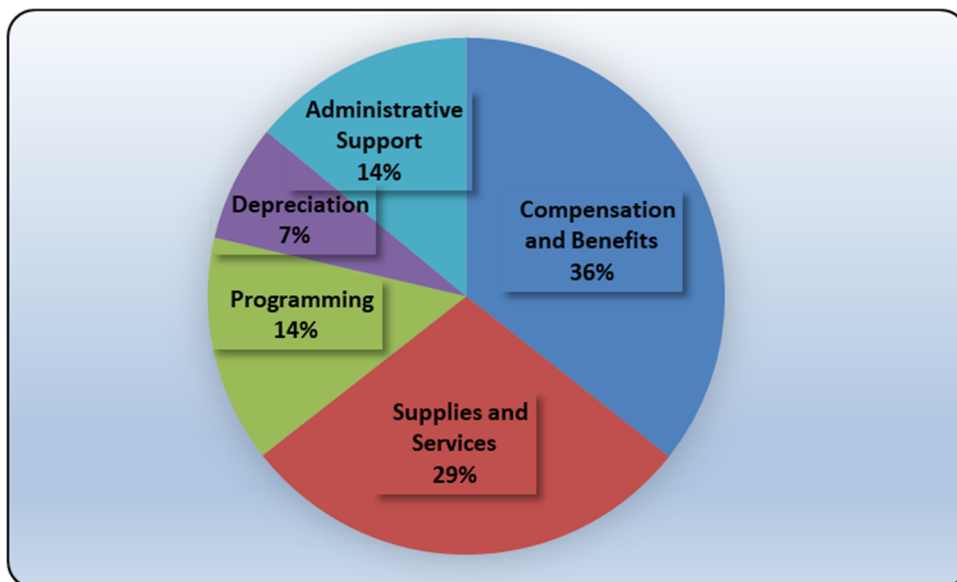
Supplies and services cost increased by \$4,268 in fiscal year 2021 while aging of the Station's capital assets resulted in a \$18,419 decrease in depreciation.

Graphic illustration of total expenses by object for fiscal years 2022 and 2021 are shown below:

Fiscal Year Ended June 30, 2022



Fiscal Year Ended June 30, 2021



A summary of WVUT-TV's expenses by functional classification for the years ended June 30, 2022, 2021 and 2020 is as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating			
Programming & Production	\$ 1,168,161	\$ 989,111	\$ 1,085,267
Broadcasting	91,354	135,854	130,372
Program Information & Promotion	13,600	5,780	5,129
Management & General	465,662	375,505	371,335
Fundraising & Membership Development	513	350	1,799
Depreciation	<u>129,920</u>	<u>119,350</u>	<u>137,769</u>
Total Operating Expenses	<u>\$ 1,869,210</u>	<u>\$ 1,625,950</u>	<u>\$ 1,731,671</u>

In analyzing the functional classifications over the past three fiscal years, a number of factors have contributed to the changes within each cost category from year to year.

The 18 percent increase in programming and production cost in fiscal year 2022 is the combined total of increases in salaries and benefits, supply costs, repairs and maintenance, and programming costs.

Overall, broadcasting costs have declined sharply following the completion of the repack project and installation of the new transmitter. The decrease in broadcasting professional services and repairs and maintenance cost was \$53,545 in fiscal year 2022. Broadcasting supply costs, however, were up \$7,853 over fiscal year 2021. Tower utility costs (broadcasting) remained relatively unchanged, with a minor increase of \$1,192 in fiscal year 2022.

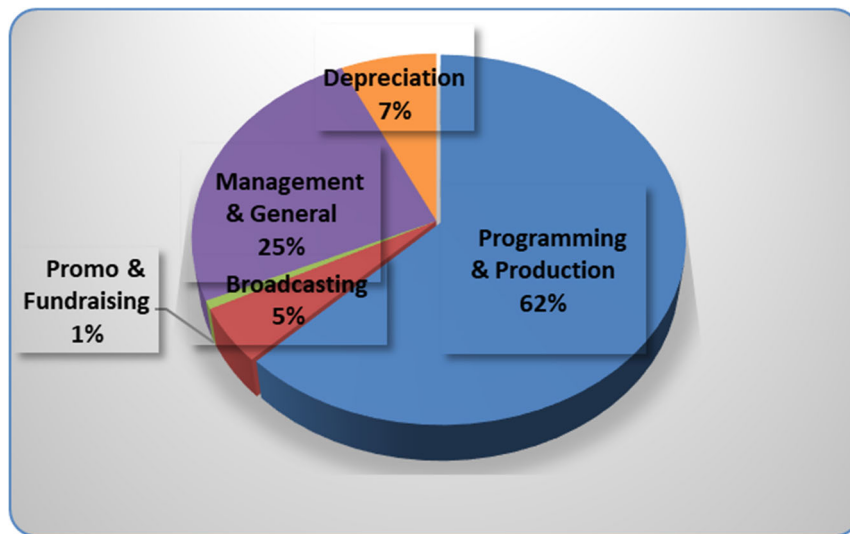
Management and general cost rose 24 percent in fiscal year 2022. The significant increase consists of furniture replacement cost of \$33,713 for the Station (supplies), a \$67,785 increase in administrative support, and a \$10,570 increase in depreciation expense.

Programming and production costs decreased by nine percent from fiscal year 2020 to fiscal year 2021. Following a noteworthy career in broadcasting spanning 40+ years with WVUT, the Station's senior engineer elected to retire in 2021. A portion of the decrease in programming salaries and benefits is related to this personnel change. New equipment with lower repair and maintenance costs along with the Station's shift to more in-house production also contributed to the overall savings of \$96,156 in programming and production costs.

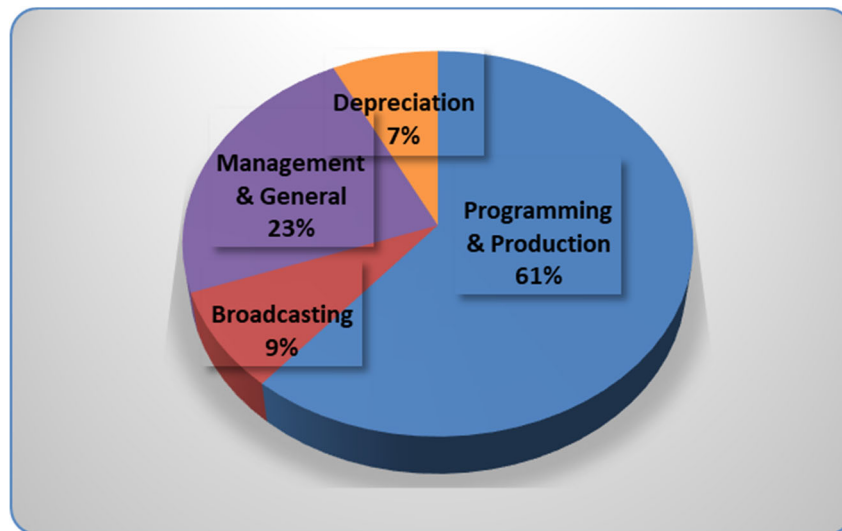
A number of the Station's aging capital assets reached full depreciation in fiscal year 2021, resulting in lower depreciation cost.

The graphic illustrations below present total expenses by function for fiscal years 2022 and 2021.

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 WVUT-TV'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

WVUT continues to weather the post-COVID pandemic landscape and recent economic uncertainty. While outside economic factors could have an impact, Management is hopeful for stability in the immediate future. WVUT continues to focus on being fiscally conservative while offering the public quality programming, including local public affairs and news programming focused on issues important to our communities.

The majority of the station's funding remains directly tied to the University, the State of Indiana and federal funding through the Corporation for Public Broadcasting.

- A multi-year decline in University enrollment appears to be leveling off since the start of the COVID pandemic in late 2019/early 2020. The University has continued to support the Station's staffing during this time, allowing station management to successfully make the case for filling positions as they open up. However, efforts to increase student enrollment will continue to be vital going forward to sustain the University support of the Station and its staffing.
- The Indiana Legislature's financial support will continue to be vital for the station. Efforts are underway to seek funding in the next two-year state budget for continued support of station operations as a part of the Indiana Public Broadcasting Stations. Management is hopeful that state funding will be at least consistent with the previous two-year budget.
- Management continues to grow station efforts in membership and underwriting. Membership numbers continue to grow for the station since beginning the effort in 2019. Member access to PBS Passport online has helped with this effort. Meanwhile management has moved forward to implement underwriting with focus on our local productions. This effort has begun in a very minimal fashion, but will continue to be a focus for future growth. This additional support should bring added stabilization to the Station while also strengthening community and audience connection.
- Management is exploring options to focus efforts on the Station's digital presence. Growth in online programming, along with sponsorship and revenue opportunities, should open a new financial support avenue for the Station in the future. This should lead to increased sustainability for the Station with the ever-changing viewing habits of our audience while reinforcing support from community partners and businesses. Management will be dependent on professional assistance and guidance for implementing a digital plan for the Station.

Station management remains committed to the fiscal stewardship of funds in order to maintain sound financial position for the Station. Community outreach remains the cornerstone of operations as we continue to serve our viewers.

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BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of WVUT-TV. The financial statements and notes are presented as intended by WVUT-TV.

WVUT-TV
A Public TV Station Operated by Vincennes University
Statement of Net Position
As of June 30, 2022 and 2021

	6/30/2022	Restated 6/30/2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,752,468	\$ 1,768,114
Accounts receivable	1,569	442
Lease receivable	14,687	14,238
Accrued interest income	671	706
Prepaid expense	1,194	13,666
Total current assets	1,770,589	1,797,166
Non-current assets:		
Lease receivable	253,280	267,967
Capital assets being depreciated	3,788,087	3,732,672
Less accumulated depreciation	(3,204,006)	(3,074,086)
Total non-current assets	837,361	926,553
Total assets	\$ 2,607,950	\$ 2,723,719
Liabilities		
Current liabilities		
Accounts payable	\$ 7,858	198
Total current liabilities	7,858	\$ 198
Deferred inflows		
Deferral of leases	255,039	274,657
	255,039	\$ 274,657
Net position		
Investment in capital assets	584,081	658,586
Restricted for station activities	862,827	785,138
Unrestricted	898,145	1,005,140
Total net position	2,345,053	\$ 2,448,864
Total liabilities and net position	\$ 2,607,950	\$ 2,723,719

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

WVUT-TV
A Public TV Station Operated By Vincennes University
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	6/30/2022	Restated 6/30/2021
Operating revenue:		
Grants from Corporation for		
Public Broadcasting	\$ 787,075	\$ 762,301
Other grants and contracts	1,569	504,806
Memberships and underwriting	7,023	10,477
Contributed support	602,228	507,553
Total operating revenue	\$ 1,397,895	\$ 1,785,137
Operating Expenses		
Programming and production	\$ 1,168,161	\$ 989,111
Broadcasting	91,354	135,854
Program information and promotion	13,600	5,780
Management and general	465,662	375,505
Fundraising and membership development	513	350
Depreciation	129,920	119,350
Total operating expenses	\$ 1,869,210	\$ 1,625,950
Operating income (loss)	(471,315)	159,187
Non-operating revenues		
Governmental appropriations	337,454	305,503
Other non-operating revenues	30,050	33,213
Total non-operating revenues	367,504	338,716
Increase (decrease) in net position	\$ (103,811)	\$ 497,903
Net Position - beginning of year	2,448,864	1,950,961
Net Position - end of year	\$ 2,345,053	\$ 2,448,864

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

WVUT-TV
A Public TV Station Operated By Vincennes University
Statement of Cash Flows
For the Years Ended June 30, 2022 and 2021

	6/30/2022	Restated 6/30/2021
Cash flows from operating activities:		
Grants and contracts	\$ 787,517	\$ 1,362,250
Underwriting and other contributions	7,023	10,477
Contributed support	261,019	251,729
Payments to suppliers	(776,127)	(639,787)
Payments to employees	(454,583)	(437,658)
Payments for benefits	(164,838)	(141,937)
Net cash provided (used) in operating activities	\$ (339,989)	\$ 405,074
Cash flows from noncapital financing activities:		
Governmental Appropriations	337,454	305,503
Other Income	24,705	24,959
Net cash provided by noncapital financing activities	\$ 362,159	\$ 330,462
Cash flows from capital and related financing activities:		
Purchases of Capital Assets and Construction	(37,816)	(152,833)
Net cash used in capital and related financing activities	\$ (37,816)	\$ (152,833)
Net increase (decrease) in cash and cash equivalents	\$ (15,646)	\$ 582,703
Cash and cash equivalents - beginning of year	1,768,114	1,185,411
Cash and cash equivalents - end of year	<u><u>\$ 1,752,468</u></u>	<u><u>\$ 1,768,114</u></u>
Reconciliation of operating income (loss) to net cash provided (used) in operating activities:		
Operating income (loss)	\$ (471,315)	\$ 159,187
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	129,920	119,350
Contributions of capital assets	(17,599)	-
Changes in assets and liabilities:		
Accounts receivable	(1,127)	95,143
Prepaid expense	12,472	33,813
Accounts payable and accrued liabilities	7,660	(2,419)
Net cash provided (used) in operating activities	\$ (339,989)	\$ 405,074

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

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting entity: WVUT-TV (the Station) is a public television 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*. WVUT-TV financial statements were not impacted by the adoption of GASB Statement No. 84. Effective for the fiscal year ending June 30, 2022, the University implemented the provisions of GASB Statement No. 87, *Leases*.

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. The University generally uses an estimate based on municipal bond rate yield curves as the discount rate for leases, unless the actual rate charged by the lessor/vendor is known. 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.

Accounts receivable: The receivable reflects the estimated reimbursable expenditures incurred for the GEER ATSC 3.0 project and FCC repacking as of June 30, 2022 and June 30, 2021. Management has concluded that no allowance for uncollectible accounts is necessary.

Lease receivable: The receivable reflects the present value of the expected future minimum lease payments, discounted by an applicable interest rate.

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.

Deferred inflows of resources: As prescribed by GASB Statement No. 63, the Statement of Financial Position reports a separate section for deferred inflows of resources. Deferred inflows of resources is an acquisition of net assets that is applicable to a future reporting period. Lease-related amounts are recognized at the inception of leases in which Vincennes University is the lessor and are recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Membership and underwriting revenue: Contributions are recognized as revenue upon receipt.

Contributed support: Contributed materials, supplies, facilities, and non-capital property are recorded at their estimated acquisition value at the date of donation. If the acquisition value of contributed materials, supplies, facilities and non-capital property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

Indirect administrative support: Administrative support from Vincennes University (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, contributed support from the University, contributions from donors and underwriting. 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.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Corporation for Public Broadcasting – Other Grants: In fiscal year 2021, the Station received \$471,408 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.

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 \$1,752,468 and \$1,768,114, respectively.

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

NOTE 3: Capital Assets

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

2021-2022	Beginning Balances 07/01/21	Increases	Decreases	Transfers	Ending Balances 06/30/22
Capital assets being depreciated:					
Building and improvements	401,036	-	-	-	401,036
Equipment	3,331,636	55,415	-	-	3,387,051
Total capital assets being depreciated	3,732,672	55,415	-	-	3,788,087
Less accumulated depreciation for:					
Building and improvements	238,702	13,222	-	-	251,924
Equipment	2,835,384	116,698	-	-	2,952,082
Total accumulated depreciation	3,074,086	129,920	-	-	3,204,006
Total capital assets being depreciated, net	658,586	(74,505)	-	-	584,081
Capital assets, net	\$ 658,586	\$ (74,505)	\$ -	\$ -	\$ 584,081

2020-2021	Beginning Balances 07/01/20	Increases	Decreases	Transfers	Ending Balances 06/30/21
Capital assets being depreciated:					
Building and improvements	401,036	-	-	-	401,036
Equipment	3,316,439	152,833	137,636	-	3,331,636
Total capital assets being depreciated	3,717,475	152,833	137,636	-	3,732,672
Less accumulated depreciation for:					
Building and improvements	225,480	13,222	-	-	238,702
Equipment	2,866,892	106,128	137,636	-	2,835,384
Total accumulated depreciation	3,092,372	119,350	137,636	-	3,074,086
Total capital assets being depreciated, net	625,103	33,483	-	-	658,586
Capital assets, net	\$ 625,103	\$ 33,483	\$ -	\$ -	\$ 658,586

NOTE 4: Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operating expenses by functional classification for the years ended June 30, 2022 and 2021, are summarized as follows:

	2022							
	PROGRAM SERVICES			SUPPORT SERVICES			Total	Total
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development		6/30/2022	6/30/2021
Salaries, Wages & Benefits	\$ 517,766			\$ 101,655		\$	619,421	\$ 579,595
Professional Services				24,749	513		25,262	76,051
Supplies	43,719	8,148		38,607			90,474	30,428
Occupancy		46,374		2,016			48,390	47,198
Postage				147			147	276
Advertising			3,513				3,513	5,780
Conferences & Meetings				235			235	-
Repairs & Maintenance	134,937	36,832	9,997	560			182,326	82,404
Programming Costs	252,768		90				252,858	231,036
Membership & Dues	218,971			2,083			221,054	226,007
Administrative Support				295,610			295,610	227,825
Depreciation				129,920			129,920	119,350
Total	\$ 1,168,161	\$ 91,354	\$ 13,600	\$ 595,582	\$ 513	\$	1,869,210	\$ 1,625,950

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

2021						
	PROGRAM SERVICES			SUPPORT SERVICES		
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	
Salaries, Wages & Benefits	\$ 480,484			\$ 99,111		\$ 579,595
Professional Services	923	37,699		37,079	350	76,051
Supplies	23,523	295		6,610		30,428
Occupancy		45,182		2,016		47,198
Postage				276		276
Advertising			5,780			5,780
Conferences & Meetings						-
Repairs & Maintenance	29,103	52,678		623		82,404
Programming Costs	230,696			340		231,036
Membership & Dues	224,382			1,625		226,007
Administrative Support				227,825		227,825
Depreciation				119,350		119,350
Total	\$ 989,111	\$ 135,854	\$ 5,780	\$ 494,855	\$ 350	\$ 1,625,950
						\$ 1,731,671

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 \$295,610 and \$227,825, respectively.

Note 6: Contributed In-Kind Support

Contributed in-kind support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services and donated materials. The acquisition value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support. As an equal amount of expense is also recognized, there is no impact on net position. The Station received in-kind contributed support of \$28,000 for fiscal year ended June 30, 2022 and \$28,000 for fiscal year ended June 30, 2021.

Note 7: 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 \$278,618 and \$251,728 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 8: Risk Management

WVUT-TV 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.

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:

WVUT-TV
A Public Television Station Operated by Vincennes University

Notes to Financial Statements

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

Note 9: TIAA/CREF Pension Plan

Plan Description

Through Vincennes University, eligible employees at WVUT-TV participate in a tax deferred 403(b) Retirement Annuity Plan (RA) through Teachers Insurance and Annuity Association of America (TIAA). This plan is a defined contribution plan under IRC 403(b). Income during retirement is based on the participant's total account balance. Participants are immediately 100% vested in the funds contributed. An agreement between the University and TIAA is approved by the University Board of Trustees.

Funding Policy

For all full-time faculty and professional staff, the University contributes 10% of earned wages. Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment, participate in a supplemental defined contribution retirement income plan with TIAA. The University contributes 5% of covered wages for this plan, which is included in the contributed support and expense allocation to WVUT-TV.

Additional Details of the plan can be found in the Vincennes University's Annual Financial Report, which can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa>.

Note 10: Lessor Arrangement

The University leases space on its cell tower to the Integrated Public Safety Commission. In accordance with GASB Statement No. 87, *Leases*, the University records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease. If the lease does not include a stated interest rate, municipal bond rate yield curves are used as the discount rate for calculating present value. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2022 and 2021 (as restated), the University recognized revenue, including interest income, related to this lease agreement totaling \$28,852 and \$28,546, respectively.

Note 11: Changes in Accounting Principles

Effective for the fiscal year ended June 30, 2022, the University adopted GASB Statement No. 87, *Leases*, (GASB 87). This statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the University's lease activities. The adoption of GASB 87 has been reflected using an implementation date of July 1, 2020, the beginning of the earliest period presented in the University's comparative financial statements.

The University leases tower space to the Integrated Public Safety Commission. Implementation of GASB Statement No. 87 resulted in the recognition of an additional \$8,254 in other non-operating income for fiscal year 2021. The additional income is reflected in the restated statement of revenue, expenses and changes in net position for fiscal year 2021.

In the restated statement of financial position, an increase of \$274,657 in deferred inflows of resources was recognized at June 30, 2021, in accordance with newly adopted GASB Statement No. 87. A new lease receivable of \$282,205 was reported at June 30, 2021, along with a \$706 increase in interest receivable as a result of implementing GASB Statement No. 87.

These balances were calculated using the facts and circumstances that existed at July 1, 2020, as prescribed by GASB Statement No. 87. There was no impact to beginning net position at July 1, 2020.

WVUT beginning net position as of July 1, 2021 was restated for the effects of the University's adoption of GASB 87 as follows:

	June 30, 2021 as originally reported	GASB 87 Impact	July 1, 2021 as Restated
Current assets	\$ 1,782,222	\$ 14,944	\$ 1,797,166
Noncurrent assets	658,586	267,967	926,553
Total assets	<u>2,440,808</u>	<u>282,911</u>	<u>2,723,719</u>
Current liabilities	198	-	198
Noncurrent liabilities	-	-	-
Total liabilities	<u>198</u>	<u>-</u>	<u>198</u>
Deferred inflows of resources	-	274,657	274,657
Net Position	<u>\$ 2,440,610</u>	<u>\$ 8,254</u>	<u>\$ 2,448,864</u>

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/>.