

STATE BOARD OF ACCOUNTS
302 West Washington Street
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AUDIT REPORT
OF

WFIU RADIO, A PUBLIC RADIO STATION
OPERATED BY INDIANA UNIVERSITY
BLOOMINGTON, INDIANA

July 1, 2005 to June 30, 2006



FILED
12/27/2006

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UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
University President	Dr. Adam Herbert	07-01-04 to 06-30-07
University Vice President and Chief Financial Officer	Judith Palmer	08-01-94 to 06-30-07
Interim Treasurer	Judith Palmer	07-31-04 to 09-30-05
University Treasurer	MaryFrances McCourt	10-01-05 to 06-30-07
Director of Radio and TV Services	Perry Metz	08-11-03 to 06-30-07
President of The Board of Trustees	Frederick F. Eichhorn Jr. Stephen L. Ferguson	08-15-02 to 08-18-05 08-19-05 to 08-17-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WFIU RADIO, A PUBLIC RADIO STATION
OPERATED BY INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

We have audited the accompanying financial statements of WFIU Radio Station (Station), a public radio station operated by Indiana University, as of and for the years ended June 30, 2006 and 2005. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WFIU Radio, as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

STATE BOARD OF ACCOUNTS

December 12, 2006

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2006 and June 30, 2005

WFIU-FM (the Station) presents its audited financial statements for the year ending June 30, 2006, along with comparative data for the year ending June 30, 2005. Three statements are described in the following discussion and analysis: The Statement of Net Assets, which presents the assets, liabilities, and net assets of the station as of the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Assets, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the Station by major category during the fiscal year. Analysis will be provided for major variances from fiscal year 2006 to 2005. Included in this review are "Capital Assets" and the "Economic Outlook."

Statement of Net Assets

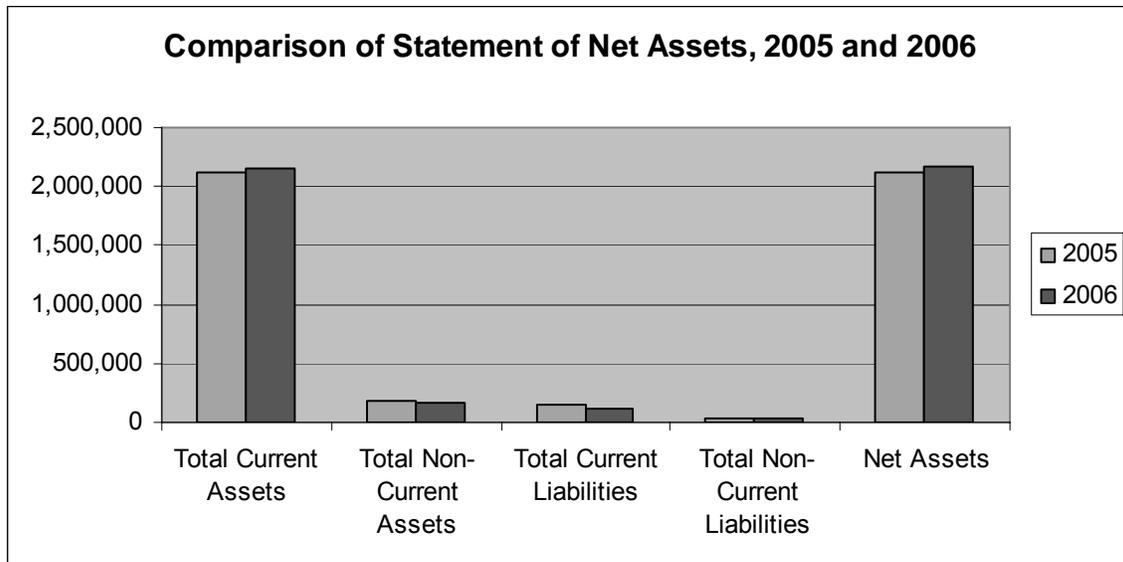
Total assets at June 30, 2006 were \$2,315,420, an increase of \$4,727. Capital net assets comprised \$169,181 of the \$2,315,420 in assets.

Total liabilities were \$151,192 at June 30, 2006, a decrease of \$38,561. Non-current liabilities comprised 26.4% or \$39,917 of the liabilities at June 30, 2006. The Station had no outstanding debt obligations.

Total net assets at June 30, 2006 were \$2,164,228, a \$43,288 increase from the prior year, or a 2.04% increase in net assets. The breakout of net assets is shown below:

Capital assets	\$169,181
Restricted net assets	45,169
Unrestricted net assets	<u>1,949,878</u>
Total net assets	<u>\$2,164,228</u>

The composition of current and non-current assets and liabilities is displayed below for both the 2005 and 2006 fiscal year-ends:



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Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Operating revenues at WFIU-FM for the June 30, 2006 fiscal year decreased by 5.7% from the previous year. Operating revenue changes were the result of the following factors:

- o Facility sales and services decreased slightly due to less production-for-hire activity.
- o Miscellaneous revenues increased due to increases in Ebay auction sales and "A Moment of Science" book royalties, plus the revenue from the Ira Glass special event.
- o The Corporation for Public Broadcasting (CPB) Community Service Grant increased slightly due to an increase in non-federal financial support (NFFS) for the Station.

Total non-operating revenues were up 12.7% from June 30, 2005, from \$1,726,081 to \$1,945,660. Non-operating revenue changes were the result of the following factors:

For Indiana University-Bloomington support:

- o Indiana University-Bloomington campus general fund support increased due to the filling of several vacant positions funded by the general fund account.
- o Indiana University donated administrative support was \$155,776, an increase of 1.7% from the prior year. This is based on the Station's prorated share of the Indiana University-Bloomington campus Institutional Support costs.

For contributions:

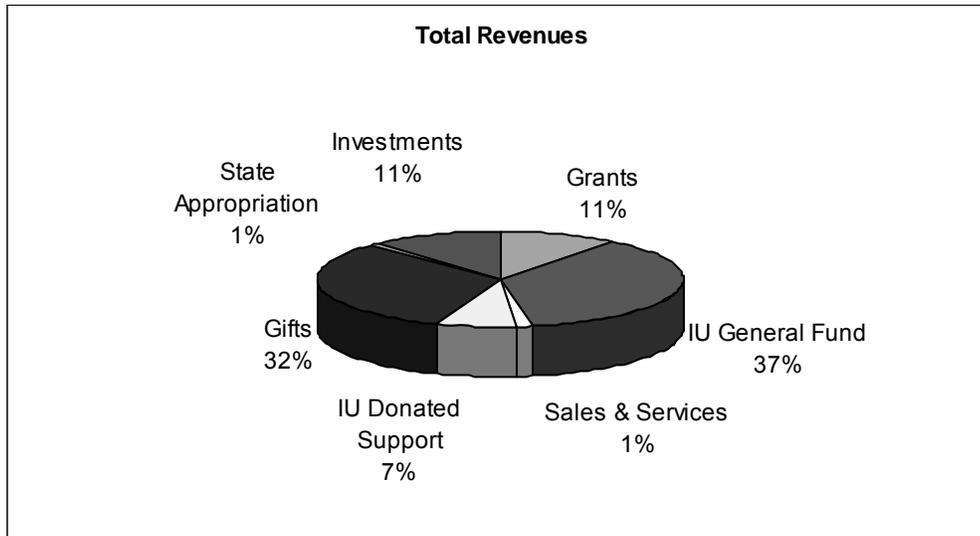
- o Individual contributions were \$443,036, an increase of 3.14% over the prior year due to an increase in the average individual gift.
- o Corporate and foundation contributions were \$255,615, an increase of 4.54% from the prior year due to full-staffing and improved performance of the corporate development unit.
- o In-kind support was \$5,936, an increase of 607% from the prior year due to an increase in underwriting trade-out agreements for promotions, advertising, and special events.

For other non-operating income:

- o The fair value of the Station's investments in the Indiana University Foundation Pooled Long-Term Fund increased \$161,077 due to the stock market's continuing economic rebound.
- o Interest and dividends earned by the Indiana University Foundation Pooled funds increased slightly due to an increase in the rate of return on the Station's investments in the Indiana University Foundation Pooled Long-Term Fund.

In summary, total revenues of the Station increased by \$140,069, from \$2,067,815 to \$2,207,884, an overall increase of 6.8%. The compositions of these revenues are displayed in this graph:

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June 30, 2006 and June 30, 2005



Expenses

Operating expenses were \$2,163,813 for the 2006 fiscal year. This was an increase over the previous fiscal year of \$253,389, or 13.26%. Changes in the major categories of expenses were:

For all functional areas:

- Professional staff received a 1% average salary increase and support staff received a 2.25% average salary increase. The professional staff fringe benefit rate decreased by .41% for non-grant accounts and .78% for grant accounts. The support staff fringe benefit rate decreased by 1.27%.
- Accrued vacation and sick leave costs increased by \$18,473.

For specific functional areas:

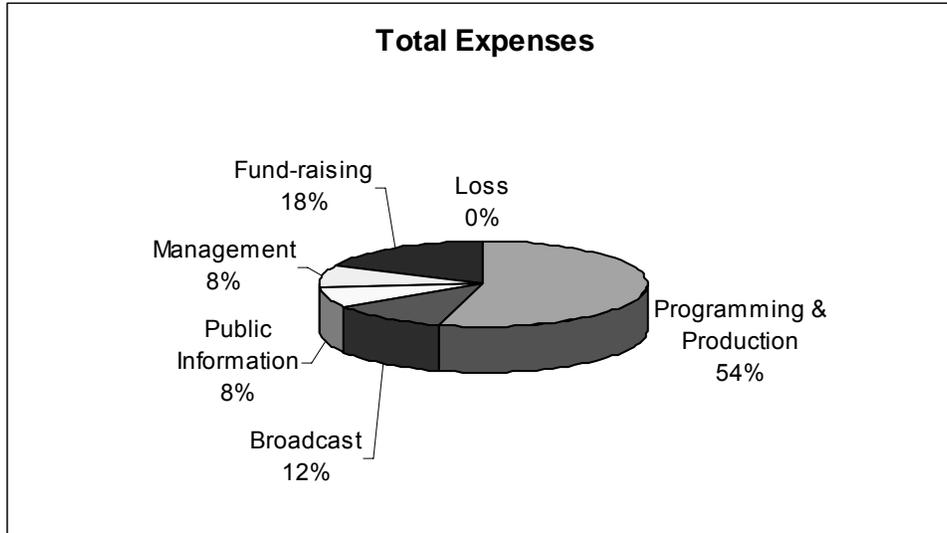
- Programming and production costs increased due to a 7.33% increase in the cost of national network fees and program acquisitions from National Public Radio (NPR), American Public Media (APM), and Public Radio International (PRI), and the hiring of an Operations Director/Program Production Manager.
- Broadcasting costs increased due the addition of the Terre Haute intelenet connection and the \$35,872 increase in the digital radio conversion and start-up costs.
- Public information and promotion expenses increased due to the hiring of a Director of Marketing.
- Management and general expenses increased slightly mainly due to compensation cost increases.
- Fund-raising, membership development, and underwriting solicitation costs increased due to the reorganization of the unit and the hiring of a Director of Corporate Development.

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For other nonoperating expenses:

- o There was no capital asset retirements; hence no loss on disposal of capital assets.
- o The loss on sale of investments was \$783.

The composition of total expenses, including operating and non-operating, are displayed below by major category:



Net Assets

Net assets increased by \$43,288 in 2006, compared to a \$149,199 increase in net assets in 2005. Although the operating loss increased by \$268,581 over the previous fiscal year, this was mainly offset by an increase in the net nonoperating revenues of \$226,989. Ending net assets were \$2,164,228, compared to ending net assets in 2005 of \$2,120,940. This was a 2.04% increase in net assets.

Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the Station by providing relevant information about the cash receipts and cash payments of the Station during a certain period. It assists the user in determining whether the Station has the ability to generate future net cash flows to meet its obligation as they come due, and to determine the need for external financing.

Cash Flows for the Period	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Net cash provided (used) by:		
Operating activities	(\$1,706,102)	(\$1,522,163)
Noncapital financing activities	1,538,269	1,406,150
Capital and related financing activities	(897)	(36,316)
Investing activities	<u>138,558</u>	<u>115,398</u>
Net decrease in cash	(30,172)	(36,931)

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Beginning cash and cash equivalent balances	<u>102,997</u>	<u>139,928</u>
Ending cash and cash equivalent balances	<u>\$72,825</u>	<u>\$102,997</u>

Cash used by operating activities increased by \$183,939. This increase in the use of cash was the result of major increases in most operating expenses.

Noncapital financing activities increased by \$132,119 due to an increase in general fund support from Indiana University, an increase in state funding funneled through the Indiana Public Broadcasting Stations (IPBS), and an increase in contributions.

Cash used for capital decreased by \$35,419 due to a decrease in the purchase of capital assets. Equipment purchased for less than \$5,000, the capitalization threshold, was recorded as operating expenses.

Cash flows from investing activities increased by \$23,160 due to an increase in the sale of investments.

In summary, the net decrease in cash and cash equivalents in 2006 was due primarily to the increase in operating expenses.

Capital Assets

At June 30, 2006, the Station had \$169,181 invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ending June 30, 2006, and June 30, 2005, totaled \$29,259 and \$20,947 respectively. Details of these assets are shown below:

Net Capital Assets at Year-End	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Transmission, Antenna, and Tower	\$ 163,301	\$ 179,803
Studio and Other Broadcast Equipment	-	-
Furniture and Fixtures	<u>5,880</u>	<u>8,664</u>
Capital Assets, Net	<u>\$ 169,181</u>	<u>\$ 188,467</u>

The capital purchases for the year totaled \$9,973 for digital broadcast equipment to convert the Station from analog to digital broadcasting.

The Station has planned capital expenditures for the fiscal year ending June 30, 2007 at approximately \$71,408. Included in this are:

- o FM translators for French Lick and Greensburg.
- o Computer upgrades.

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Economic Outlook

The economic position of the Station is closely tied to that of Indiana University, which in turn, is closely tied to that of the State of Indiana. Because of Indiana's shrinking manufacturing base and slow participation in the national economic recovery, the station does not expect an increase in support from either Indiana University or the State of Indiana.

The members of Indiana Public Broadcasting Services (IPBS) are expected to fund their inflationary costs and new digital equipment needs through increases in corporate and private contributions, grants, and sales of production services. The Station projects no growth in revenues from contributions and production services. The station has been awarded a grant from the US Department of Commerce's NTIA/PTFP for \$51,774 for FM translators in French Lick and Greensburg. The DOC NTIA/PTFP grant requires a match of \$17,258 for equipment purchases, to be funded by the Station from non-federal sources. The DOC NTIA/PTFP grant is in effect from 10/01/2006 through 9/30/2007.

For fiscal year 2007 operating expenses, the Station has a 22% decrease in federal support from the Corporation for Public Broadcasting, and flat funding from the State of Indiana and Indiana University. Funding for unavoidable increases in expenses, digital services, and operational expenses for the new FM translators will have to come from the Station's reserves and internal reallocations.

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2006 and 2005

	2006	2005
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 72,825	\$ 102,997
Other Receivables, Net of Allowance for Doubtful		
Accounts of \$10,054 in 2006 and \$10,115 in 2005	32,272	45,178
Costs Incurred for Programming Not Yet Broadcast	1,267	44,000
Prepaid and Other	14,117	15,896
Investments (Note 2)	2,025,758	1,914,155
Total Current Assets	2,146,239	2,122,226
Noncurrent Assets:		
Property and Equipment (Note 3):		
Radio and Other Equipment, Net of Accumulated Depreciation		
\$254,279 in 2006 of \$225,020 in 2005	169,181	188,467
Total Assets	\$ 2,315,420	\$ 2,310,693
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 18,874	\$ 50,799
Funding for Programming Not Yet Broadcast	12,401	19,546
Long-Term Liabilities - Current Portion	80,000	80,000
Total Current Liabilities	111,275	150,345
Noncurrent Liabilities:		
Long-Term Liabilities (Note 5)	39,917	39,408
Total Liabilities	151,192	189,753
<u>Net Assets</u>		
Invested in Capital Assets	169,181	188,467
Restricted For Expendable Station Activities:		
Educational Programs	45,169	42,630
Unrestricted	1,949,878	1,889,843
Total Net Assets	2,164,228	2,120,940
Total Liabilities and Net Assets	\$ 2,315,420	\$ 2,310,693

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

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2006 and 2005

	2006	2005
<u>Operating Revenues</u>		
CPB Community Service Grant	\$ 223,400	\$ 212,793
Facility Sales and Services	21,387	51,642
Other Income From CPB and NPR	506	1,226
Miscellaneous Revenues	4,396	648
Royalty Income	1,854	426
Total Operating Revenues	251,543	266,735
<u>Operating Expenses</u>		
Program Services:		
Programming and Production	1,181,484	1,070,308
Broadcasting	251,153	186,600
Public Information and Promotion	166,565	118,066
Total Program Expenses	1,599,202	1,374,974
Supporting Services:		
Management and General	182,981	179,323
Fundraising, Membership Development, and Underwriting Solicitation	381,630	356,127
Total Supporting Expenses	564,611	535,450
Total Operating Expenses	2,163,813	1,910,424
Operating Loss	(1,912,270)	(1,643,689)
<u>Nonoperating Revenues (Expenses)</u>		
General Fund Support From Indiana University	809,920	718,039
Donated Facilities and Administrative Support From Indiana University	155,776	153,147
Appropriation From State of Indiana	25,000	12,500
Individual Contributions	443,036	429,563
Corporate/Foundation Contributions	255,615	244,507
In-Kind Support - Other	5,936	840
Interest and Dividends	89,300	86,927
Net Increase in the Fair Value of Investments	161,077	80,558
Loss on Sale of Investments	(783)	(2,202)
Loss on Disposal of Capital Assets	-	(5,991)
Net Nonoperating Revenues	1,944,877	1,717,888
Income Before Other Revenues, Expenses, Gains, or Losses	32,607	74,199
Capital grant - DOC NTIA/PTFP	10,681	15,000
Capital grant - CPB	-	60,000
Increase in Net Assets	43,288	149,199
<u>Net Assets</u>		
Net Assets - Beginning of Year	2,120,940	1,971,741
Net Assets - End of Year	\$ 2,164,228	\$ 2,120,940

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

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash Flows From Operating Activities:		
Grants	\$ 223,400	\$ 212,793
Sales and Services	22,687	52,691
Payments to Employees	(1,222,326)	(1,159,653)
Payments to Vendors	(729,136)	(612,395)
Payments to Reimburse Employees	(9,924)	(17,680)
Other Receipts	9,197	2,081
	<u>(1,706,102)</u>	<u>(1,522,163)</u>
Net Cash Used by Operating Activities		
Cash Flows From Noncapital Financing Activities:		
General Fund Support From Indiana University	809,524	718,039
Appropriation From State of Indiana	25,000	12,500
Contributions	703,745	675,611
	<u>1,538,269</u>	<u>1,406,150</u>
Net Cash Provided by Noncapital Financing Activities		
Cash Flows From Capital and Related Financing Activities:		
Capital Grants	10,681	75,000
Purchase of Capital Assets	(11,578)	(111,316)
	<u>(897)</u>	<u>(36,316)</u>
Net Cash Used by Capital and Related Financing Activities		
Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	53,902	30,863
Purchase of Investments	(4,115)	(2,327)
Interest and Dividends on Investments	88,771	86,862
	<u>138,558</u>	<u>115,398</u>
Net Cash Provided by Investing Activities		
Net Decrease in Cash and Cash Equivalents	(30,172)	(36,931)
Cash and Cash Equivalents - Beginning of Year	102,997	139,928
	<u>\$ 72,825</u>	<u>\$ 102,997</u>
Cash and Cash Equivalents - End of Year		
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (1,912,270)	\$ (1,643,689)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	29,259	20,947
Bad Debt Expense	(61)	(713)
Donated Facilities and Administrative Support From Indiana University	155,776	153,147
In-Kind Support - Other	5,936	840
(Increase) Decrease in Assets		
Other Receivables, Net of Allowance for Doubtful Accounts	557	(361)
Costs Incurred for Programming Not Yet Broadcast	42,733	(31,579)
Prepaid and Other	1,779	(6,737)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(30,320)	3,947
Long-Term Liabilities - Current Portion	-	3,405
Long-Term Liabilities	509	(21,370)
	<u>\$ (1,706,102)</u>	<u>\$ (1,522,163)</u>
Net Cash Used by Operating Activities		

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

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2006 and June 30, 2005

1. Summary of Significant Accounting Policies

A. Organization

WFIU-FM (the Station) is owned by the Trustees of Indiana University, Bloomington, Indiana. The Station is operated by the Radio and Television Services Department of Indiana University.

Portions of both contribution and membership income and expenditures are deposited with and disbursed by the Indiana University Foundation.

B. Basis of Accounting

The accompanying financial statements have been prepared by the Station as a special-purpose government entity engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize the "double-counting" of internal activities. Interfund receivables and payables have been eliminated in the Statement of Net Assets. Eliminations have been made in the Statement of Revenues, Expenses, and Changes in Net Assets to remove the "doubling-up" effect of internal service fund activity.

C. Operating Revenues

Operating revenues consist of the community service grant from the Corporation for Public Broadcasting, production sales and services, royalties, auction revenues, special event revenues, and miscellaneous grants for operating activities.

D. Revenue Recognition - Unrestricted

Unrestricted contributions, pledges and grants are recorded as revenue in the Statement of Revenues, Expenses, and Changes in Net Assets when received. Contributions for underwriting are recorded as revenue in the Statement of Revenues, Expenses, and Changes in Net Assets when the underwriting credits have aired.

E. Revenue Recognition - Restricted

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Station has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as restricted deferred amounts.

F. Production Programming (Completed Contract Method or Purchased Programming)

Costs incurred for programs not yet broadcast relate to programs produced by the Station that will be initially broadcast subsequent to the fiscal year-end. This classification includes costs of program and film rights and licenses acquired prior to the fiscal year-end, and initially utilized subsequent to the fiscal year-end. Unearned restricted contributions and grants that support these acquisitions are deferred in the accompanying balance sheet. Concurrent with initial broadcasting of the programs, their costs will be reported as incurred operating expenses and related financing will be reported as earned revenues in the Statement of Revenues, Expenses, and Changes in Net Assets.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2006 and June 30, 2005
(Continued)

G. Statement of Cash Flows

Cash flows are presented using the direct method. Cash equivalents include demand deposits and bank certificates of original maturities of thirty days or less.

H. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenue, Expenses, and Changes in Net Assets. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

I. Income Taxes

The Station is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 2006.

J. Enterprise Fund Election

The Station, reporting as an enterprise fund using proprietary fund accounting, had the option of electing to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Station did not elect to do this.

K. Investment Valuation

Investments are presented in the financial statements at fair market value as of June 30, 2006.

L. Use of Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Station first applies the restricted resources. Once the restricted resources are depleted, the Station then applies its unrestricted resources.

M. Capital Assets

The capitalization threshold for capital assets is \$5,000. Capital assets are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets (excluding assets funded by the Federal Government) using the straight-line method calculated on a monthly basis. The estimated lives of such assets range between five and fifteen years.

2. Investments

The pooled investments are currently managed 100% for the University by the Indiana University Foundation. The funds are invested in accordance with the investment policy approved by the Indiana University Board of Trustees. The value of the pooled shares is determined each quarter on the basis of the total fair value of pooled investments and the number of pooled shares outstanding. Income from pooled funds is distributed pro rata to each participating fund according to the number of pooled shares it holds. At June 30, 2006, pooled shares were invested in pooled long-term and pooled short-term funds. Investment pooled funds at cost were \$1,732,280 and had a fair value of \$2,025,758 at June 30, 2006.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2006 and June 30, 2005
(Continued)

3. Property and Equipment

	Beginning Balance	Additions	Retirements	Ending Balance
Transmission, Antenna, and Tower	\$ 322,569	\$ 9,973	\$ -	\$ 332,542
Studio and Other Broadcast Equipment	68,642	-	-	68,642
Furniture and Fixtures	22,276	-	-	22,276
Totals	413,487	9,973	-	423,460
Less Accumulated Depreciation				
Transmission, Antenna, and Tower	142,766	26,475	-	169,241
Studio and Other Broadcast Equipment	68,642	-	-	68,642
Furniture and Fixtures	13,612	2,784	-	16,396
Total Accumulated Depreciation	225,020	29,259	-	254,279
Capital Assets, Net	\$ 188,467	\$ (19,286)	\$ -	\$ 169,181

Depreciation expense for the years ended June 30, 2006, and June 30, 2005, was \$29,259 and \$20,947, respectively, and was charged to the major functional areas as follows:

	2006	2005
Programming and Production	\$ 1,192	\$ 1,178
Broadcasting	26,870	18,550
Public Information and Promotion	183	164
Management and General	381	689
Fundraising, Membership Development, and Underwriting	633	366
Total Depreciation Expense	\$ 29,259	\$ 20,947

For capital assets partially financed with U.S. Department of Commerce NTIA/PTFP grants, the Federal Government requires a ten year lien establishing it as the priority secured creditor. This is to enforce its reversionary interest in the fixed asset for a ten year period (dating from the PTFP's approval of the final inventory for the grant); in case the Station defaults on the terms and conditions of the grant. The capital assets against which the Federal Government has a lien are:

Capital Assets	DOC Grant No.	Original Cost	Lien Through
FM Translator (Kokomo)	18-01-970855	\$ 24,103	2008
Digital Broadcast Equipment	18-01-N04079	51,362	2015

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A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2006 and June 30, 2005
(Continued)

4. In-Kind Support

In-kind support is divided between administrative support supplied by Indiana University and other in-kind contributions from sources outside the University.

Administrative support from Indiana University consists of institutional support, donated facilities, and physical plant operations. These are included as revenue and expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Institutional support is estimated at \$88,365 and is computed using operating expenses as the base.

The value of donated facilities is calculated on the Annual Value Computations for Buildings and Tower Facilities form provided by the Corporation for Public Broadcasting and totals \$65,918 for the recently renovated Radio and TV Building. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Physical plant is estimated at \$1,493. This represents the Station's pro rata share of allowable physical plant costs not allocated by the University based on gross square feet. The physical plant costs allocated to the Station by the University are included in the general fund support from the University.

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	<u>\$ 119,408</u>	<u>\$ 83,782</u>	<u>\$ 83,273</u>	<u>\$ 119,917</u>	<u>\$ 80,000</u>

6. Pension Plan

The Station's appointed employees are covered by the same retirement plans as other employees of Indiana University. The required contributions are pooled at the University level and charged to the Station at a predetermined rate. Non-exempt employees are covered by PERF (Public Employee's Retirement Fund), which is a defined benefit plan. Total PERF pension expenses for the years ended June 30, 2006, and June 30, 2005, were \$18,351 and \$28,311, respectively. Exempt employees are covered by the IU Retirement Plan. This is a defined contribution plan with three funding levels. In addition, the University provides early retirement benefits to certain appointed academic and professional staff. These employees are covered by the IUSERP (IU Supplemental Early Retirement Program) or the 18/20 Retirement Plan. The IU Retirement Plan, IUSERP, and the 18/20 Retirement Plan pension expenses for the years ended June 30, 2006, and June 30, 2005, were \$85,888 and \$71,925, respectively. Complete details of these plans can be found in the Indiana University Annual Financial Report.

7. Accounts Payable and Accrued Expenses

The Station's accounts payable and accrued expenses at June 30, 2006, and June 30, 2005, were primarily accrued payroll.