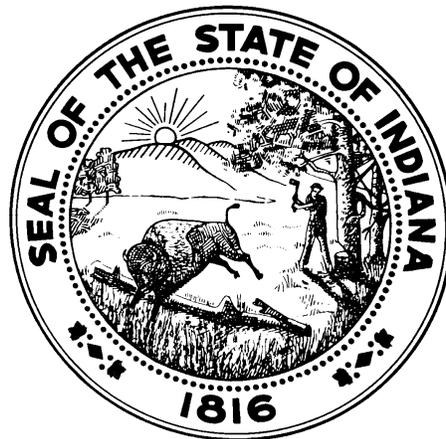


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
PURDUE UNIVERSITY
TIPPECANOE COUNTY, INDIANA

July 1, 2007 to June 30, 2008



FILED
01/15/2009

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
PURDUE UNIVERSITY

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WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
PURDUE UNIVERSITY

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of the Board of Trustees	J. Timothy McGinley	07-16-93 to 06-30-09
President	Martin C. Jischke France A. Córdoba	08-14-00 to 07-15-07 07-16-07 to 06-30-09
Executive Vice President and Treasurer	Morgan R. Olsen	10-11-04 to 10-31-08
Interim Executive Vice President and Treasurer	James S. Almond	11-01-08 to 06-30-09
Vice President for Business Services and Assistant Treasurer	James S. Almond	07-01-98 to 10-31-08
Interim Vice President for Business Services and Assistant Treasurer	John R. Shipley	11-01-08 to 06-30-09
General Manager – WBAA-AM/FM Radio Station	Timothy J. Singleton	02-01-07 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

**TO: THE OFFICIALS OF WBAA-AM/FM RADIO STATION, A PUBLIC RADIO STATION
OPERATED BY PURDUE UNIVERSITY, WEST LAFAYETTE, INDIANA**

We have audited the accompanying financial statements of WBAA-AM/FM Radio Station (Station), a public radio station operated by Purdue University, as of and for the years ended June 30, 2008 and 2007. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 the Station, as of June 30, 2008 and 2007, 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 of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management's Discussion and Analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

January 9, 2009

State Board of Accounts

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
Management's Discussion And Analysis
For the year ended June 30, 2008

Introduction

The following discussion and analysis provides an overview of the financial position of WBAA-AM/FM Radio Station (Station) of Purdue University (University), the financial activities of the past year and a brief description of the financial statements produced herein. This discussion should be read in conjunction with the financial statements and the notes to the statements, which immediately follow this section.

The financial information presented in this report is designed to enable the user to review how the Station managed its resources to meet its primary missions of providing students with opportunities for hands-on training in radio broadcasting and providing listeners public radio programming in central Indiana and Illinois.

FINANCIAL HIGHLIGHTS

The Station net assets increased by \$66,543 for the fiscal year ended June 30, 2008.

Station Financial Statements

Use of the Financial Statements

The primary purpose of financial reporting, whether for a commercial enterprise or for a college or university, is to provide information that will assist (1) management in the effective allocation and use of the organization's resources and (2) the general public, investors, creditors, and others in evaluating the effectiveness of management in achieving organizational objectives. The nature of the organization, its resources, and objectives all serve to influence the form and process by which the accounting is accomplished and information reported.

The Station is a department of the University representing an identifiable activity for which the Corporation for Public Broadcasting requires separate financial statements. Accordingly, the Station's financial statements and notes to the financial statements reflect the financial position as of June 30, 2008, and the results of operations and statement of cash flows for the year then ended.

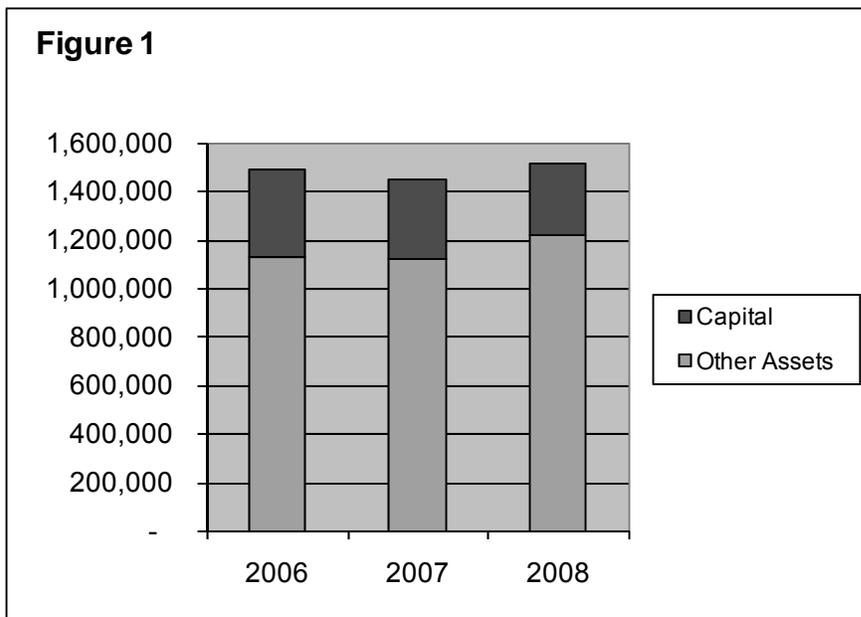
The Statement of Net Assets provides a summary view of the assets, liabilities, and net assets of the Station. Assets and liabilities are classified as either current or noncurrent. Current assets are available to meet the needs of the Station in the short term. Similarly, current liabilities are due and payable within the next fiscal year. The Statement of Revenues, Expenses and Changes in Net Assets, on the other hand, summarize the year-long financial process that caused the changes in year-end net assets on the

Statement of Net Assets. Likewise, the Statement of Cash Flows provides reconciliation to beginning and ending balances of cash.

Statement of Net Assets

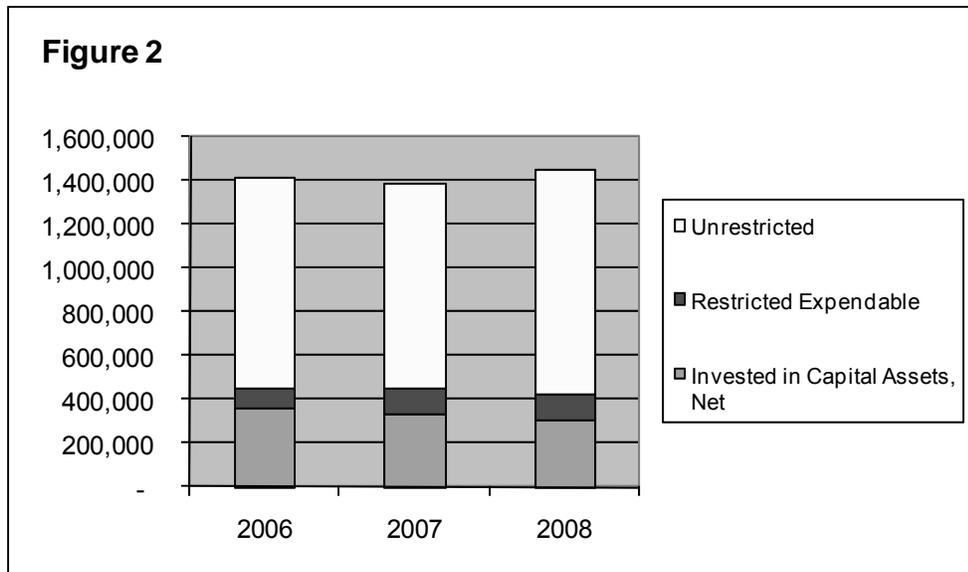
Current assets include those that may be used to support current operations including cash and accounts receivable. Noncurrent assets include capital assets and pledges due after June 30, 2009. Total assets were \$1,516,900 as of June 30, 2008 and \$1,451,076 as of June 30, 2007, an increase of \$65,824.

Figure 1 depicts the portion of total assets that were capital.



Current liabilities are expected to become due and payable over the course of the following fiscal year. These primarily include accrued compensated absences, accounts payable and accrued salaries and wages. Total liabilities were \$68,381 as of June 30, 2008 and \$69,100 as of June 30, 2007.

Net assets of the Station represent the excess of assets over liabilities. Net assets are classified into three categories: invested in capital assets, restricted expendable, and unrestricted. Invested in capital assets represents the Station's investment in capital assets such as movable equipment subject to the University's policies on capitalization, net of accumulated depreciation. Restricted expendable represents net assets which have purpose restrictions imposed by third parties. Examples include contract and grant funds. Unrestricted net assets do not have third-party restrictions, although management has designated these funds for a particular purpose. Total net assets for the Station were \$1,448,519 as of June 30, 2008. Figure 2 shows the composition of net assets.



A summarization of the Station's assets, liabilities, and net assets appears in Table 1.

Table 1

Summary Statement of Net Assets

	2005-06	2006-07	2007-08
Current Assets	\$ 1,130,145	\$ 1,120,121	\$ 1,214,208
Noncurrent Assets	358,580	330,955	302,692
Total Assets	1,488,725	1,451,076	1,516,900
Current Liabilities	54,679	43,624	47,945
Noncurrent Liabilities	23,160	25,476	20,436
Total Liabilities	77,839	69,100	68,381
Invested in Capital Assets, Net	358,548	330,233	302,113
Restricted - Expendable	90,203	120,360	122,191
Unrestricted	962,135	931,383	1,024,215
Total Net Assets	\$ 1,410,886	\$ 1,381,976	\$ 1,448,519

Statement of Revenues, Expenses and Changes in Net Assets

A review of the Statement of Revenues, Expenses and Changes in Net Assets provides information regarding the extent to which the results of operations and nonoperating revenues over the course of the fiscal year affect the net assets of the Station.

Revenues are classified as either operating or nonoperating. Operating revenues include sales and services, rental income, and grant income.

A summary of the Statement of Revenues, Expenses and Changes in Net Assets follows:

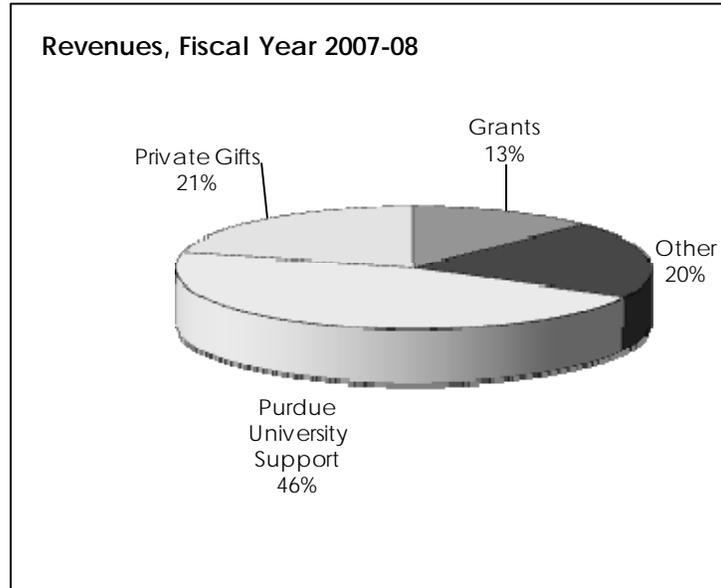
Table 2

Summary of Revenues, Expenses, and Changes in Net Assets

	2005-06	2006-07	2007-08
Operating Revenues			
Grants	\$ 226,383	\$ 211,185	\$ 212,173
Other Operating Revenues	253,463	238,535	265,738
Total Operating Revenues	479,846	449,720	477,911
Operating Expenses			
Compensation and Benefits	740,739	788,261	815,103
Supplies and Services	665,487	742,179	742,916
Depreciation	40,696	28,315	28,120
Total Operating Expenses	1,446,922	1,558,755	1,586,139
Operating Loss	(967,076)	(1,109,035)	(1,108,228)
Nonoperating Revenues			
University Support	721,448	716,330	764,310
Other Nonoperating Revenues	351,899	363,795	410,461
Total Nonoperating Revenues	1,073,347	1,080,125	1,174,771
Increase (Decrease) in Net Assets	106,271	(28,910)	66,543
Net Assets, beginning of year	1,304,615	1,410,886	1,381,976
Net Assets, end of year	\$ 1,410,886	\$ 1,381,976	\$ 1,448,519

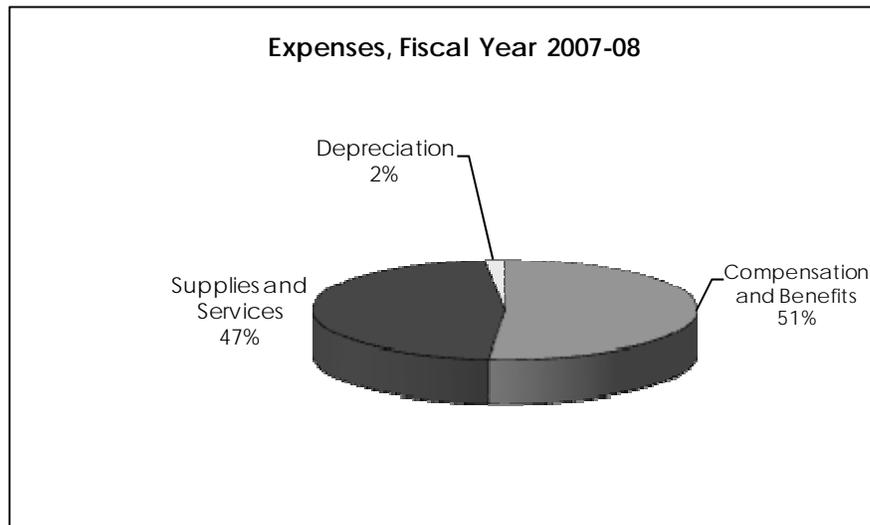
Revenues from all sources are shown in Figure 3.

Figure 3



Operating expenses totaled \$1,586,139 for the current fiscal year. Operating expenses include compensation and benefits, supplies and services, and depreciation. Figure 4 depicts the composition of total expenses for the fiscal year ended June 30, 2008.

Figure 4



Statement of Cash Flows

The Statement of Cash Flows presents sources and uses of cash throughout the fiscal year. These activities are presented in two categories: operating and noncapital financing. Net increases or decreases in cash provide reconciliation to beginning and ending balances as presented in the Statement of Net Assets. This statement also provides an indication of the extent to which operating activities provided or used cash. Table 3 provides a summary of the Station's sources, uses, and changes in cash:

Table 3

Summarized Comparison of Changes in Cash

	2005-06	2006-07	2007-08
Cash Used by Operating Activities	\$ (156,621)	\$ (301,240)	\$ (271,089)
Cash Provided by Noncapital Financing Activities	259,083	235,135	159,245
Net Increase (Decrease) in Cash	102,462	(66,105)	(111,844)
Cash, Beginning of Year	510,546	613,008	546,903
Cash, End of Year	\$ 613,008	\$ 546,903	\$ 435,059

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE OF THE STATION

Funding for the Station comes from three major sources: the University, private gifts, and grants and contracts. Of these funding sources, private gifts and grants represent the largest potential for future growth.

The Station engages in ongoing efforts to raise funds from both listener donations and underwriting. Donations from listeners have increased in recent years; however, we do not expect major increases in the year to come due to the current economic conditions.

Particular attention should be given to the Notes to the Financial Statements that are an integral part of the financial statements.

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
STATEMENT OF NET ASSETS

	As of June 30	
	2008	2007
Assets:		
Current Assets:		
Cash	\$ 435,059	\$ 546,903
Accounts Receivable, Net	40,726	28,614
Pledges Receivable, Net	6,903	13,912
Prepaid Expenses	71,647	67,656
Funds Held in Trust by Others	659,873	463,036
Total Current Assets	1,214,208	1,120,121
Noncurrent Assets:		
Pledges Receivable, Net	579	722
Property, Plant and Equipment, Net	302,113	330,233
Net Noncurrent Assets	302,692	330,955
Total Assets	1,516,900	1,451,076
Liabilities:		
Current Liabilities:		
Accounts Payable	5,200	8,003
Accrued Salaries and Wages	9,958	9,721
Accrued Compensated Absences	32,787	25,900
Total Current Liabilities	47,945	43,624
Noncurrent Liabilities:		
Accrued Compensated Absences	20,436	25,476
Total Liabilities	68,381	69,100
Net Assets:		
Invested in Capital Assets, Net	302,113	330,233
Restricted - Expendable	122,191	120,360
Unrestricted	1,024,215	931,383
Total Net Assets	\$ 1,448,519	\$ 1,381,976

See Accompanying Notes to the Financial Statements.

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	For the Year Ended June 30	
	2008	2007
Operating Revenues:		
Grants	\$ 212,173	\$ 211,185
Rental Income	18,489	24,057
Sales and Services	247,249	214,478
 Total Operating Revenues	 477,911	 449,720
Operating Expenses:		
Compensation and Benefits	815,103	788,261
Supplies and Services	742,916	742,179
Depreciation	28,120	28,315
 Total Operating Expenses	 1,586,139	 1,558,755
 Total Operating Loss	 (1,108,228)	 (1,109,035)
Nonoperating Revenues:		
State Appropriations	62,500	12,500
Purdue University Allocation	557,422	543,143
Indirect Support	206,888	173,187
Private Gifts	347,961	351,295
 Total Nonoperating Revenues	 1,174,771	 1,080,125
 Increase (Decrease) in Net Assets	 66,543	 (28,910)
Net Assets, Beginning of Year	1,381,976	1,410,886
Net Assets, End of Year	\$ 1,448,519	\$ 1,381,976

See Accompanying Notes to the Financial Statements.

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
STATEMENT OF CASH FLOWS

	For the Year Ended June 30	
	2008	2007
Cash Flows by Operating Activities:		
Grants	\$ 212,173	\$ 211,185
Rental Income	19,134	23,956
Sales and Services	234,492	215,685
Compensation and Benefits	(276,634)	(263,992)
Supplies and Services	<u>(460,254)</u>	<u>(488,074)</u>
Cash Used by Operating Activities	<u>(271,089)</u>	<u>(301,240)</u>
Cash Flows by Noncapital Financing Activities:		
State Appropriations	62,500	12,500
Gifts for Other Than Capital Purposes	<u>96,745</u>	<u>222,635</u>
Cash Provided by Noncapital Financing Activities	<u>159,245</u>	<u>235,135</u>
Net Decrease in Cash	(111,844)	(66,105)
Cash, Beginning of Year	<u>546,903</u>	<u>613,008</u>
Cash, End of Year	<u>\$ 435,059</u>	<u>\$ 546,903</u>
Reconciliation of Total Operating Loss to Cash Used by Operating Activities:		
Total Operating Loss	\$ (1,108,228)	\$ (1,109,035)
Adjustments to Reconcile Total Operating Loss to Cash Used by Operating Activities:		
Depreciation Expense	28,120	28,315
University Allocation for Operating Expenses	557,422	543,143
Indirect Support	206,888	173,187
Changes in Assets and Liabilities:		
Accounts Receivable	(12,112)	1,106
Prepaid Expenses	(3,991)	21
Funds Held in Trust by Others	61,531	70,762
Accounts Payable	(2,803)	(11,250)
Accrued Salaries and Wages	237	(822)
Accrued Compensated Absences	<u>1,847</u>	<u>3,333</u>
Cash Used by Operating Activities	<u>\$ (271,089)</u>	<u>\$ (301,240)</u>

See Accompanying Notes to the Financial Statements.

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

Organization. WBAA-AM/FM Radio Station (Station) is a department of Purdue University (University) providing students with opportunities for hands-on training in radio broadcasting and providing public radio programming to listeners in central Indiana and Illinois.

Basis of Presentation. The financial statements of the Station have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35 "Basic Financial Statements – and Management's Discussion and Analysis - for Public Colleges and Universities" and with other accounting principles generally accepted in the United State of America, as prescribed by the GASB and in accordance with financial reporting policies established by the University. The University has elected not to implement post-1989 Financial Accounting Standards Board (FASB) statements. For financial reporting purposes, the Station reports as a Business Type Activity (BTA). Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

Basis of Accounting. The financial statements of the Station have been prepared on the accrual basis of accounting and using the economic resources measurement focus.

Accounts Receivable. Accounts receivable are shown net of an allowance for doubtful accounts. The amount of the allowance was \$831 for 2007-08 and \$584 for 2006-07.

Pledges Receivable. Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable does not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. Net pledges of \$6,627 for 2007-08 and \$13,907 for 2006-07 were made to an affiliated organization on behalf of the Station and are included in the Statement of Net Assets. An allowance for uncollectible pledges is calculated based on the University's experience. The amount of the allowance was \$1,871 for 2007-08 and \$3,659 for 2006-07.

Prepaid Expenses. Prepaid expenses are payments that have been made for a service as of the end of the fiscal year, but the benefit derived from those services will not be received until a later accounting period. These include leases, maintenance agreements, dues and fees.

Capital Assets. Capital assets include property and equipment stated at cost or fair market value at date of gift, less accumulated depreciation computed on the straight-line basis over the estimated useful lives of 5-20 years. The capitalization threshold for equipment is \$2,500. Assets are removed from the records at the time of disposal.

Net Assets. Station resources are classified for accounting and financial reporting purposes into the following net asset categories:

Invested in Capital Assets – resources resulting from capital acquisition or construction, net of accumulated depreciation.

Restricted - Expendable – net assets subject to externally imposed stipulations as to use. These net assets are restricted to use for the benefit of the Station according to grant and donor restrictions.

Unrestricted – net assets which are available for use of the Station.

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(Continued)

Operating and Nonoperating Revenues. Revenues are classified as either operating or non-operating according to standards issued by GASB. Operating revenues include grants, rent and underwriting. Nonoperating revenues include gifts and university allocations.

Restricted and Unrestricted Resources. When both restricted and unrestricted resources are available for a particular expenditure, the Station may select the most appropriate fund source based on individual facts and circumstances. The University, as a matter of policy, does not require funds to be spent in a particular order, only that the expenditure be allowable, allocable and reasonable to the fund source selected.

Taxes. The Internal Revenue Service has ruled that the units of Purdue University, which includes the Station, are exempt under Code Section 115(a) and 501(c)(3) and are not "private foundations" under the Tax Reform Act of 1969.

Use of Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amount of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Noncash Support. Occasionally, the Station receives in-kind contributions of donated programs or promotional items. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. In 2006-07 WBAA received \$15,625 of noncash support from the Indiana Public Broadcasting Stations, Inc., related to consulting support given during the year. The IPBS support is not included within the financial statements.

Note 2. Capital Assets

Capital asset activity for the year ended June 30, 2008, is summarized below:

	Beginning Balance	Increases	Decreases	Ending Balance
Transmitter, Antenna and Tower	\$ 172,542	\$ -	\$ -	\$ 172,542
Studio and Other Broadcast Equipment	859,083	-	-	859,083
Furniture and Fixtures	25,904	-	-	25,904
Subtotal	1,057,529	-	-	1,057,529
Less Accumulated Depreciation	(727,296)	(28,120)	-	(755,416)
Totals	\$ 330,233	\$ (28,120)	\$ -	\$ 302,113

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(Continued)

Note 3. Funds Held in Trust by Others

Listener donations are made to an affiliated organization on behalf of the Station. These funds are then held in trust for the Station to use at their discretion or according to the donor's wishes.

Note 4. Retirement Plans

Station employees are participants in various retirement programs, including the Federal Insurance Contributions Act (FICA). Professional and certain administrative employees of the Station participate in a defined contribution plan administered through the Teachers Insurance and Annuity Association (TIAA). Regular clerical and service staff, employed at least half-time, participate in the Public Employees Retirement Fund (PERF), a retirement program administered by the State of Indiana. All plan disclosures can be found in the Purdue University Notes to the Financial Statements.

Note 5. Operating Expenses by Function

Operating expenses by functional classification for the fiscal years ended June 30, 2008, and June 30, 2007, are summarized below:

Operating Expenses by Function for the Year Ended June 30, 2008:

	Compensation and Benefits	Supplies and Services	Depreciation	Totals
Extension and Public Service	\$ 158,160	\$ 482,844	\$ -	\$ 641,004
General Institutional Services	497,298	16,293	-	513,591
Student Aid	-	-	-	-
Auxiliary Enterprises	159,645	243,779	-	403,424
Depreciation	-	-	28,120	28,120
Totals	<u>\$ 815,103</u>	<u>\$ 742,916</u>	<u>\$ 28,120</u>	<u>\$ 1,586,139</u>

Operating Expenses by Function for the Year Ended June 30, 2007:

	Compensation and Benefits	Supplies and Services	Depreciation	Totals
Extension and Public Service	\$ 146,077	\$ 545,256	\$ -	\$ 691,333
General Institutional Services	529,762	13,330	-	543,092
Student Aid	1,309	-	-	1,309
Auxiliary Enterprises	111,113	183,593	-	294,706
Depreciation	-	-	28,315	28,315
Totals	<u>\$ 788,261</u>	<u>\$ 742,179</u>	<u>\$ 28,315</u>	<u>\$ 1,558,755</u>

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008
(Continued)

Note 6. Compensated Absences

University faculty, administrative and professional (exempt) employees earn vacation and sick leave on a monthly basis. Clerical and service employees earn vacation and sick leave on a bi-weekly basis.

Exempt employees may accrue vacation benefits up to a maximum of forty-four days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, vacation is payable upon termination.

Exempt staff sick leave is awarded to a maximum of three months at full pay and three months at three-quarters pay each year (and not carried forward to the next year) and any unused sick leave is not payable upon termination. Clerical and service staff may accumulate sick leave hours with no limit. Upon termination and if the employee qualifies as an official retiree, twenty-five percent of all accrued, unused sick leave up to and including 520 hours and one hundred percent of all accrued, unused sick leave that exceeds 520 hours are paid.

The compensated absences liability is calculated based on the pay rates in effect as of the balance sheet date. For clerical and service staff, the liability is calculated using actual hours sick leave and vacation hours earned as of the balance sheet date. For exempt staff, the liability is calculated using actual vacation hours earned as of the balance sheet date.