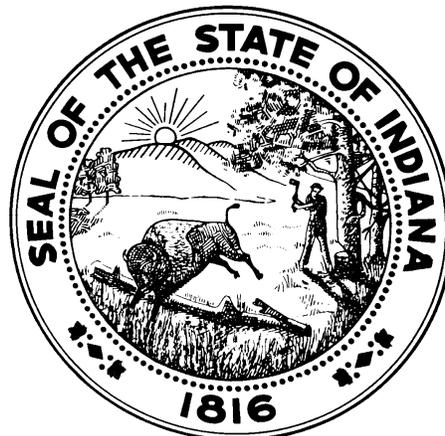


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

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

July 1, 2008 to June 30, 2009



FILED
12/23/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
University Officials.....	2
Independent Auditor's Report	3
Management's Discussion and Analysis.....	4-10
Basic Financial Statements:	
Statement of Net Assets.....	11
Statement of Revenues, Expenses, and Changes in Net Assets	12
Statement of Cash Flows	13
Notes to Financial Statements	14-16

UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-07 to 06-30-10
President	Richard E. Helton	07-01-07 to 06-30-10
Chairman of the Board	Roderick H. Morgan John R. Gaylor	07-01-07 to 11-30-07 12-05-07 to 06-30-10
General Manager	Phillip L. Smith	07-01-07 to 06-30-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of WVUT-TV (Station), a public television station operated by Vincennes University, as of and for the years ended June 30, 2009 and 2008. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WVUT-TV, as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries 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.

December 1, 2009

STATE BOARD OF ACCOUNTS
State Board of Accounts

WVUT-TV

A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY

Management's Discussion and Analysis

INTRODUCTION

WVUT-TV is proud to present its financial statements for fiscal year 2009. This discussion and analysis provides an overview of the financial position and activities of WVUT-TV for the year ended June 30, 2009 and 2008. 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 for Vincennes University. One of the first two-year colleges in America, Vincennes University is also Indiana's oldest college. WVUT-TV was the first Public Television station to go on the air in Indiana on October 22, 1968, celebrating their 40th Anniversary in October 2008. It was also the first college in Indiana to go on the air with a Digital Television Station on September 2, 2002.

USING THE FINANCIAL STATEMENTS

The WVUT-TV report includes three financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles. During 2001 WVUT-TV adopted GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. In 2002 WVUT-TV implemented GASB Statement No. 35, *Basic Financial Statements-Management's Discussion and Analysis-for Public Colleges and Universities*, released in November 1999. 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 four net asset categories. Previously, financial statements focused on the accountability of individual fund groups rather than on the entity as a whole.

STATEMENT OF NET ASSETS

The Statement of Net Assets 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 assets-- is one indicator of the current financial condition of WVUT-TV, while the change in net assets 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 assets at June 30, 2009 and 2008, is as follows:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 783,179	\$ 760,209
Noncurrent Assets		
Capital assets, net of depreciation	<u>1,739,214</u>	<u>1,177,174</u>
Total assets	<u>2,522,393</u>	<u>1,937,383</u>
Current liabilities	733,350	705,034
Net assets	<u><u>\$ 1,789,043</u></u>	<u><u>\$ 1,232,349</u></u>

Current assets consist of cash and cash equivalents. Current liabilities consist of accounts payable and deferred income. WVUT-TV has no long-term liabilities.

Net Assets

Net assets represent the residual interest in WVUT-TV's assets after liabilities are deducted. WVUT-TV's net assets at June 30, 2009 and 2008 are summarized as follows:

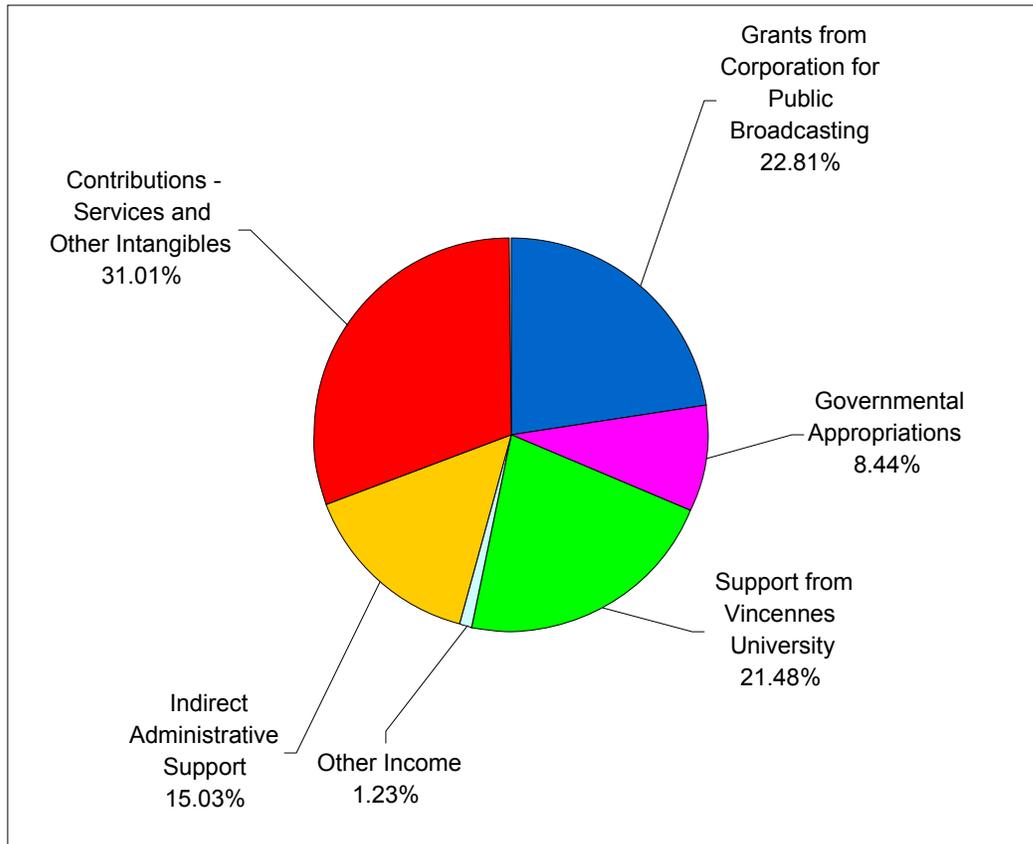
	<u>2009</u>	<u>2008</u>
Invested in capital assets	\$ 1,739,214	\$ 1,177,174
Unrestricted	49,829	55,175
Total net assets	<u><u>\$ 1,789,043</u></u>	<u><u>\$ 1,232,349</u></u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets 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 summary of the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Operating revenue	\$ 621,078	\$ 704,284
Operating expenses	<u>2,166,152</u>	<u>2,196,664</u>
Net operating income (loss)	(1,545,074)	(1,492,380)
Non-operating revenues	<u>2,101,768</u>	<u>1,293,817</u>
Decrease in net assets	556,694	(198,563)
Net assets - Beginning of year	1,232,349	1,430,912
Net assets - End of year	<u>\$ 1,789,043</u>	<u>\$ 1,232,349</u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund the WVUT-TV for the year ended June 30, 2009.

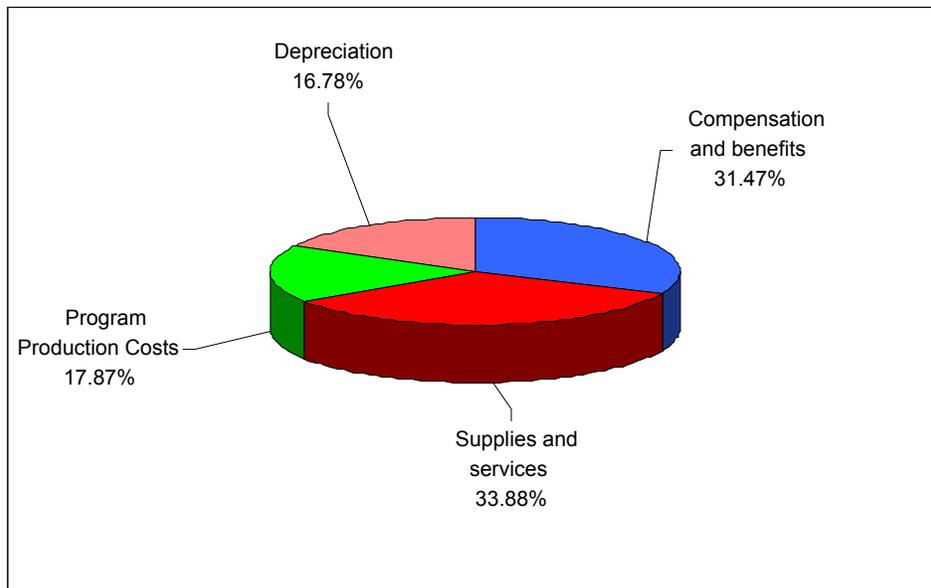


WVUT-TV continues to make cost containment an ongoing effort. This is necessary since the television station continues to face significant financial pressure due to the state's fiscal situation. Governmental appropriations to WVUT-TV and the University for operating and capital repair and rehabilitation increases are uncertain at this time.

A summary of WVUT-TV's expenses by object for the year ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Operating:		
Compensation and benefits	\$ 681,786	\$ 662,410
Supplies and services	733,914	755,763
Program Production Costs	387,063	326,528
Depreciation	363,389	451,963
Total operating expenses	<u>\$ 2,166,152</u>	<u>\$ 2,196,664</u>

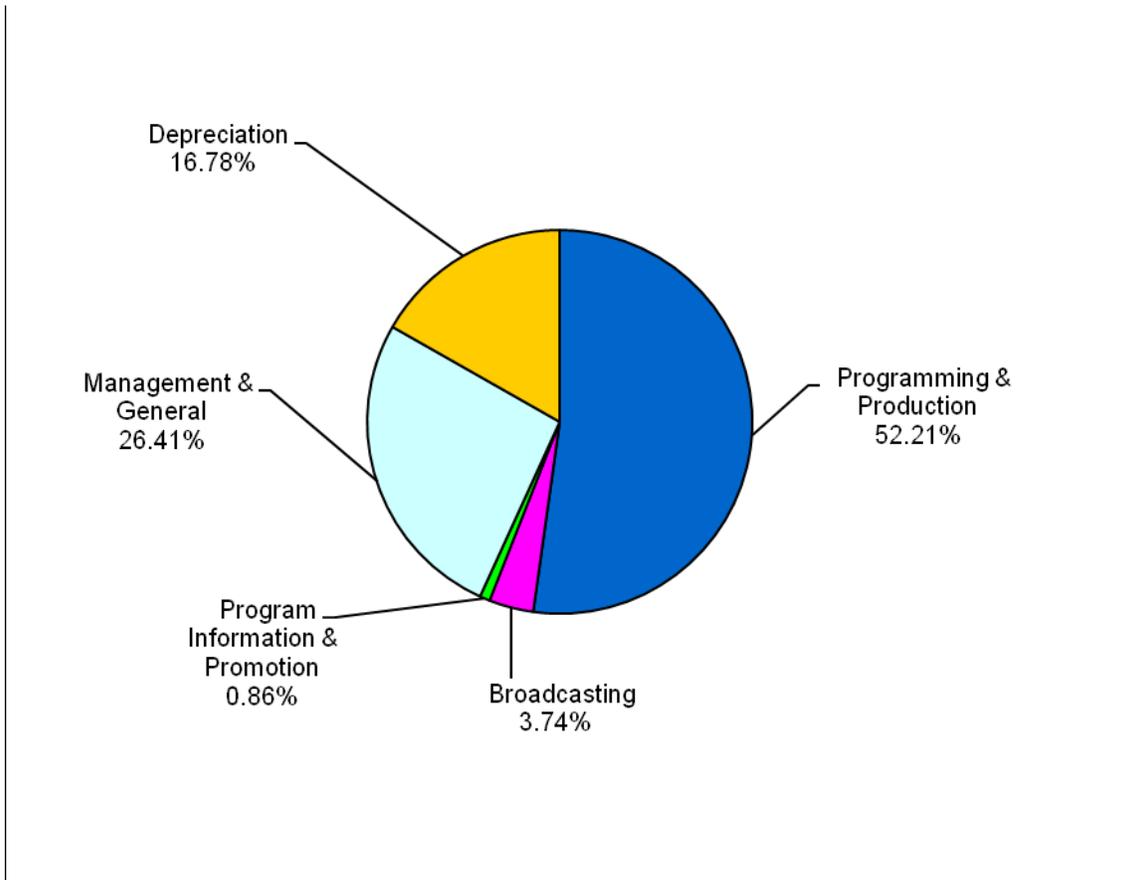
The following is a graphic illustration of total expenses by object for the year ended June 30, 2009:



In addition to their natural (object) classification, it is also informative to review operating expenses by function. A summary of WVUT-TV's expenses by functional classification for the year ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Operating:		
Programming & Production	\$ 1,130,983	\$ 1,048,769
Broadcasting	81,062	85,178
Program Information & Promotion	18,591	16,613
Management & General	572,127	594,141
Depreciation	363,389	451,963
Total operating expenses	<u>\$ 2,166,152</u>	<u>\$ 2,196,664</u>

The following graphic illustration presents total expenses by function for the year ended June 30, 2009:



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. A summary of the Statement of Cash Flows for the year ended June 30, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Cash received from operations	\$ 647,369	\$ 638,310
Cash expended for operations	<u>(1,283,188)</u>	<u>(1,289,165)</u>
Net cash used in operating activities	(635,819)	(650,855)
Net cash provided by non-capital financing activities	791,255	794,243
Net cash used in capital and related financing activities	<u>(132,466)</u>	<u>(234,658)</u>
Net increase (decrease) in cash and cash equivalents	22,970	(91,270)
Cash and cash equivalents, beginning of year	<u>760,209</u>	<u>851,479</u>
Cash and cash equivalents, end of year	<u><u>\$ 783,179</u></u>	<u><u>\$ 760,209</u></u>

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Management believes that WVUT-TV is well positioned to continue a positive financial condition and can serve the general public well by offering them quality public broadcasting programs coupled with local origination programs focusing on community issues. The largest source of funding for operations is a grant from the federal government through the Corporation for Public Broadcasting (CPB). While these funds have been more than adequate to date, they are based on a formula of Base plus Non-Federal Financial Support (NFFS). The WVUT NFFS has remained fairly constant in the last few years. It is important that WVUT-TV reach or exceed past goals of NFFS and the new minimum goal of \$800,000 to receive CPB appropriations each year. WVUT-TV is considered a small rural station by CPB. Because of the small station classification, WVUT-TV has been awarded a TV Special Assistance Grant amounting to \$60,495 for the year ending June 30, 2009 and \$44,256 for the year ending June 30, 2008. The station is also eligible for rural assistance for equipment and study grants from CPB.

WVUT-TV entered into a five-year contract with the Hoosier Safe-T program for Tower space rental at \$1,500 per month. This contract generated an additional \$18,495 in income for the year ending June 30, 2009 and \$18,495 for the year ending June 30, 2008.

Management has been working diligently on partnerships with commercial stations and entities to help improve operations and local programming. Currently, the Southern Indiana Bureau of WTHI-TV (NBC), Terre Haute, and WTWO-TV (CBS), Terre Haute, work jointly in the stations facilities on local productions and programming. They focus mainly on news operations. WVUT-TV also collaborates with WTWO-TV, Terre Haute, and WEHT-TV, Evansville, on weather coverage.

Other sources of major funding are Vincennes University and the State of Indiana. The specific fiscal impact on higher education in the State of Indiana is uncertain; however, the University's current strong financial condition should help offset the state's economic uncertainties. University funding has remained stable over the past few years. The station continues to provide the highest quality of broadcasting for the area.

The State of Indiana has always supported public television and WVUT-TV. In the past this amount was increasing. During the year ended June 30, 2008, the station received \$342,186 in state funding. This is an increase of \$92,804 over the \$249,382 in state funding received during the prior year. During the year ended June 30, 2009, because of State funding cuts the station received only \$229,753.40. The State of Indiana has supported public broadcasting in the past and is expected to continue to do so as the state's economic crisis improves.

WVUT-TV
 A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY
 STATEMENT OF NET ASSETS
 June 30, 2009 and 2008

<u>Assets</u>	<u>06-30-09</u>	<u>06-30-08</u>
Current Assets:		
Cash and cash equivalents	\$ 783,179	\$ 760,209
Total current assets	<u>783,179</u>	<u>760,209</u>
Noncurrent assets:		
Capital assets	5,673,727	4,839,655
Less accumulated depreciation	<u>(3,934,513)</u>	<u>(3,662,481)</u>
Total noncurrent assets	<u>1,739,214</u>	<u>1,177,174</u>
Total assets	<u>\$ 2,522,393</u>	<u>\$ 1,937,383</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	\$ 12,924	\$ 10,899
Deferred revenue	<u>720,426</u>	<u>694,135</u>
Total current liabilities	<u>733,350</u>	<u>705,034</u>
 <u>Net Assets</u>		
Invested in capital assets	1,739,214	1,177,174
Unrestricted	<u>49,829</u>	<u>55,175</u>
Total net assets	<u>1,789,043</u>	<u>1,232,349</u>
Total liabilities and net assets	<u>\$ 2,522,393</u>	<u>\$ 1,937,383</u>

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 ASSETS
For The Year Ended June 30, 2009 And 2008

	<u>06-30-09</u>	<u>06-30-08</u>
Revenues:		
Operating revenue:		
Grants from Corporation for Public Broadcasting	\$ 621,078	\$ 704,284
Total operating revenue	<u>621,078</u>	<u>704,284</u>
Expenses:		
Operating expenses:		
Programming and production	1,130,983	1,048,769
Broadcasting	81,062	85,178
Program information and promotion	18,591	16,613
Management and general	572,127	594,141
Depreciation	<u>363,389</u>	<u>451,963</u>
Total operating expenses	<u>2,166,152</u>	<u>2,196,664</u>
Operating income (loss)	<u>(1,545,074)</u>	<u>(1,492,380)</u>
Nonoperating revenues (expenses):		
Governmental appropriations	229,753	342,186
Support from Vincennes University	584,943	490,389
Other income	33,498	41,219
Indirect administrative support	409,274	380,839
Contributions - services and other intangibles	844,300	39,600
Loss on disposition of capital assets	<u>-</u>	<u>(416)</u>
Net nonoperating revenues	<u>2,101,768</u>	<u>1,293,817</u>
Increase (decrease) in net assets	556,694	(198,563)
Net assets - beginning of year	<u>1,232,349</u>	<u>1,430,912</u>
Net assets - end of year	<u>\$ 1,789,043</u>	<u>\$ 1,232,349</u>

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 Year Ended June 30, 2009 And 2008

	<u>06-30-09</u>	<u>06-30-08</u>
Cash flows from operating activities:		
Grants from Public Broadcasting	\$ 647,369	\$ 638,310
Payments to suppliers	(601,402)	(626,755)
Payments to employees	(514,262)	(503,203)
Payments for benefits	<u>(167,524)</u>	<u>(159,207)</u>
Net cash used in operating activities	<u>(635,819)</u>	<u>(650,855)</u>
Cash flows from noncapital financing activities:		
Governmental appropriations	229,753	342,186
Support from Vincennes University	528,004	410,838
Other income	<u>33,498</u>	<u>41,219</u>
Net cash provided by noncapital financing activities	<u>791,255</u>	<u>794,243</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	<u>(132,466)</u>	<u>(234,658)</u>
Net cash used in capital and related financing activities	<u>(132,466)</u>	<u>(234,658)</u>
Net increase (decrease) in cash and cash equivalents	22,970	(91,270)
Cash and cash equivalents - beginning of year	<u>760,209</u>	<u>851,479</u>
Cash and cash equivalents - end of year	<u>\$ 783,179</u>	<u>\$ 760,209</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating Loss	\$ (1,545,074)	\$ (1,492,380)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expenses	363,389	451,963
Changes in assets and liabilities:		
Prepaid expense	-	120
Accounts payable and accrued liabilities	2,025	(10,375)
Deferred revenue	26,291	(65,974)
Gifts in kind	82,400	39,600
Institutional support	25,876	45,352
Indirect administrative support	<u>409,274</u>	<u>380,839</u>
Net cash used in operating activities	<u>\$ (635,819)</u>	<u>\$ (650,855)</u>
Noncash capital and related financing activities:		
Contributions of capital assets from government	\$ 31,063	\$ 34,198
Contributions of capital assets from private sources	761,900	-

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

WVUT-TV
A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Note 1. Summary of Significant Accounting Policies

Reporting Entity: WVUT-TV is a public television station operated by Vincennes 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: In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. As a component unit of the State of Indiana, Vincennes University is also required to adopt GASB Statement No. 34 and Statement No. 35. WVUT-TV is licensed to and operated by Vincennes University. The financial statement presentation required by GASB Statement No. 34 and Statement No. 35 provides a comprehensive, entity-wide perspective of WVUT-TV's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

Basis of Accounting: For financial reporting purposes, Vincennes University is considered a special-purpose government engaged only in business-type activities. Accordingly, WVUT-TV's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements, imposed by the provider, have been met.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

WVUT-TV has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. WVUT-TV has elected to not apply FASB pronouncements issued after the applicable date.

Cash Equivalents: For purposes of the Statement of Cash Flows, WVUT-TV considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, WVUT-TV's capitalization policy includes all items with a unit cost of \$500 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.

WVUT-TV
A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009
(Continued)

Deferred Revenues: Deferred revenues include amounts received from grant and contract sponsors that have not yet been earned.

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

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

Studio facilities from Vincennes University consist of office and studio space together with related occupancy costs. These have been recorded as revenue and expense at prorated share of cost. Administrative support from Vincennes University consists of allocated financial cost from support departments and other expenses incurred by Vincennes University on behalf of the station.

Net Assets: WVUT-TV's net assets are classified as follows:

Invested in capital assets: This represents WVUT-TV's total investment in capital assets. There is no outstanding debt related to these capital assets.

Unrestricted net assets: Unrestricted net assets represent resources derived from grants, underwriting, and fees. These resources are used for transactions relating to the educational and general operations of the television station.

Classification of Revenues: WVUT-TV has classified its revenues as operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as grants and contracts.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by 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, such as governmental appropriations.

WVUT-TV
 A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2009
 (Continued)

Note 2. Capital Assets

	Beginning Balances 07-01-08	Increases	Decreases	Ending Balances 06-30-09
Capital assets not being depreciated:				
Fine arts (film library)	\$ -	\$ 750,000	\$ -	\$ 750,000
Total capital assets not being depreciated	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Capital assets being depreciated:				
Building and improvements	401,036	-	-	401,036
Equipment	4,438,619	175,429	91,357	4,522,691
Total capital assets being depreciated	<u>4,839,655</u>	<u>175,429</u>	<u>91,357</u>	<u>4,923,727</u>
Less accumulated depreciation for:				
Building and improvements	64,914	13,857	-	78,771
Equipment	3,597,567	349,532	91,357	3,855,742
Total accumulated depreciation	<u>3,662,481</u>	<u>363,389</u>	<u>91,357</u>	<u>3,934,513</u>
Total capital assets being depreciated, net	<u>1,177,174</u>	<u>(187,960)</u>	<u>-</u>	<u>989,214</u>
Capital assets, net	<u>\$ 1,177,174</u>	<u>\$ 562,040</u>	<u>\$ -</u>	<u>\$ 1,739,214</u>

Note 3. Functional Statement

Operating expenses by functional classification is summarized as follows:

	Program and Production	Broadcasting	Program Information	Total Program Services	Management and General	Total 06-30-09
Salaries, payroll taxes and benefits	\$ 587,478	\$ -	\$ -	\$ 587,478	\$ 94,308	\$ 681,786
Donated personal services of volunteers	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Professional services	-	-	-	-	12,929	12,929
Supplies	-	-	-	-	39,096	39,096
Telephone and utilities	-	81,062	-	81,062	3,737	84,799
Postage	-	-	-	-	347	347
Advertising and insurance	-	-	18,591	18,591	2,210	20,801
Printing and publications	-	-	-	-	-	-
Travel	-	-	-	-	9,834	9,834
Repair and maintenance	48,720	-	-	48,720	145	48,865
Program production costs	387,063	-	-	387,063	-	387,063
Administrative support	-	-	-	-	409,274	409,274
Miscellaneous	-	-	-	-	247	247
Membership and dues	107,722	-	-	107,722	-	107,722
Depreciation	-	-	-	-	363,389	363,389
Totals	<u>\$ 1,130,983</u>	<u>\$ 81,062</u>	<u>\$ 18,591</u>	<u>\$ 1,230,636</u>	<u>\$ 935,516</u>	<u>\$ 2,166,152</u>