

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

AUDIT REPORT
OF

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

July 1, 2009 to June 30, 2010



FILED
01/26/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
University Officials.....	2
Independent Auditor's Report	3
Management's Discussion and Analysis.....	4-8
Basic Financial Statements:	
Statement of Net Assets.....	9
Statement of Revenues, Expenses, and Changes in Net Assets	10
Statement of Cash Flows	11
Notes to Financial Statements	12-16

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
University President	Dr. Michael A. McRobbie	07-01-09 to 06-30-11
University Vice President and Chief Financial Officer	Dr. Neil D. Theobald	07-01-09 to 06-30-11
University Treasurer	MaryFrances McCourt	07-01-09 to 06-30-11
Director of Radio and TV Stations	Perry Metz	07-01-09 to 06-30-11
President of the Board of Trustees	Stephen L. Ferguson William R. Cast, M.D.	08-19-08 to 08-13-09 08-14-09 to 08-13-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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 (Station), a public radio station operated by Indiana University, as of and for the years ended June 30, 2010 and 2009. 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 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 audit provides 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 WFIU, as of June 30, 2010 and 2009, 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.

January 19, 2011

STATE BOARD OF ACCOUNTS
State Board of Accounts

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2010 and June 30, 2009

WFIU-FM (the Station) presents its audited financial statements for the year ending June 30, 2010, along with comparative data for the year ending June 30, 2009. 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 2010 to 2009. Included in this review are "Capital Assets" and the "Economic Outlook."

Statement of Net Assets

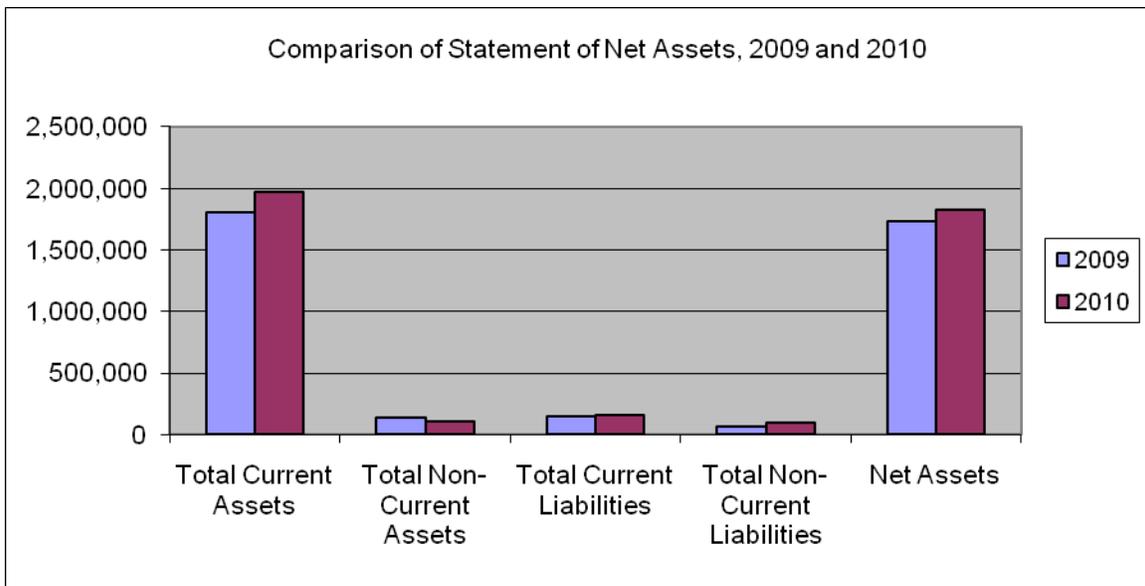
Total assets at June 30, 2010 were \$2,083,745, an increase of \$132,365. Capital net assets comprised \$112,139 of the total.

Total liabilities were \$258,555 at June 30, 2010, an increase of \$42,678. Non-current liabilities comprised 37.6% or \$97,208 of the liabilities at June 30, 2010. The Station had no outstanding debt obligations.

Total net assets at June 30, 2010 were \$1,825,190, an increase of \$89,687 from the prior year, or a 5.17% increase in net assets. The breakout of net assets is shown below:

Capital assets	\$ 112,139
Restricted net assets	102,229
Unrestricted net assets	<u>1,610,822</u>
Total net assets	<u>\$1,825,190</u>

The composition of current and non-current assets and liabilities is displayed below for both the 2009 and 2010 fiscal year-ends:



WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2010 and June 30, 2009

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Operating revenues at WFIU-FM for the June 30, 2010 fiscal year increased by 41.77% from the previous year. Operating revenue changes were the result of the following factors:

- The Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) increased slightly and CPB provided additional one-time stimulus funds.
- The station received three grants to fund special production projects.

Total non-operating revenues were down 1.42% from June 30, 2009, from \$2,257,802 to \$2,225,750. Non-operating revenue changes were the result of the following factors:

For Indiana University-Bloomington support:

- Funding from the State General Assembly was down 31.49% due to state budget cuts.
- Indiana University-Bloomington campus general fund support increased slightly.
- Indiana University donated administrative support was \$129,508, an increase of 3.86% from the prior year. This is based on the Station's prorated share of the Indiana University-Bloomington campus Institutional Support costs.

For contributions:

- Individual contributions were \$525,540, a decrease of 6.84% over the prior year.
- Corporate and foundation contributions were \$326,978, a decrease of 18.4% from the prior year.
- The Station received an additional \$3,415 endowment gift for the Al Cobine Endowment fund for jazz programming.
- The Station received an additional \$2,960 endowment gift for the Classical Music Endowment Fund for classical music programming.
- In-kind support was \$9,577, a decrease of 42.45% from the prior year.

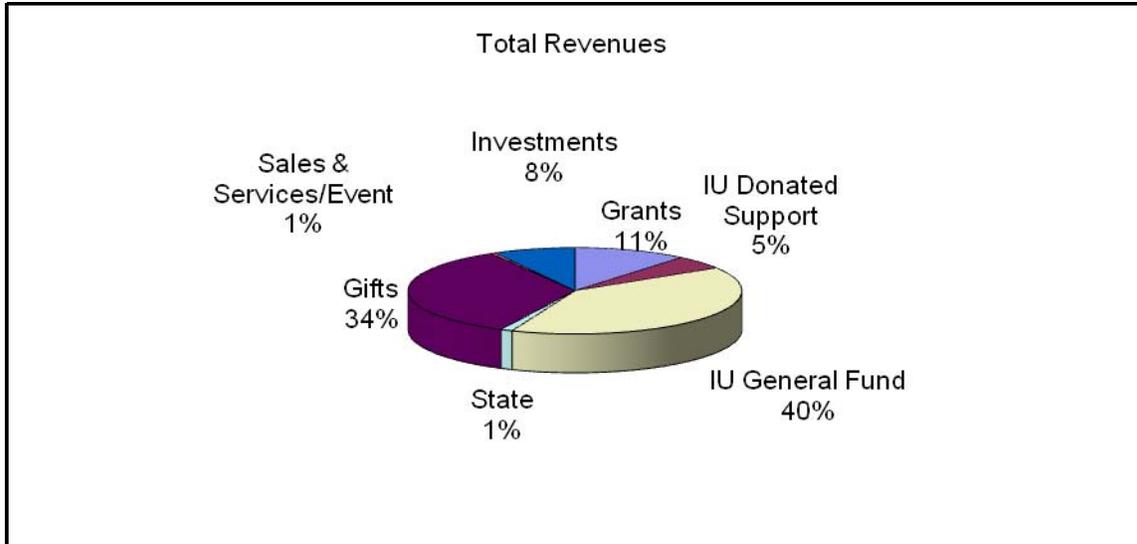
For other non-operating income:

- Interest and dividends earned by the Indiana University Foundation Pooled funds decreased due to a decrease in the rate of return on the Station's investments in the Indiana University Foundation Pooled Long-Term Fund.
- The sale of investments in the Indiana University Foundation Pooled Long-Term Fund resulted in a small loss of \$5.

The Station did not receive any capital grants in fiscal year 2010, representing no change from the prior year.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2010 and June 30, 2009

In summary, total revenues of the Station increased by \$52,493, from \$2,460,224 to \$2,512,717, an overall increase of 2.13%. The compositions of these revenues are displayed in this graph:



Expenses

Operating expenses were \$2,423,030 for the 2010 fiscal year. This was a decrease over the previous fiscal year of \$68,302, or 2.74%. Changes in the major categories of expenses were:

For all functional areas:

- Professional and support staff did not receive salary increases for the year ended June 30, 2010. The professional staff fringe benefit rate decreased by 0.32% for non-grant accounts and increased 1.07% for grant accounts. The support staff fringe benefit rate increased by 3.23%.
- Accrued vacation and sick leave costs increased by \$20,170.

For specific functional areas:

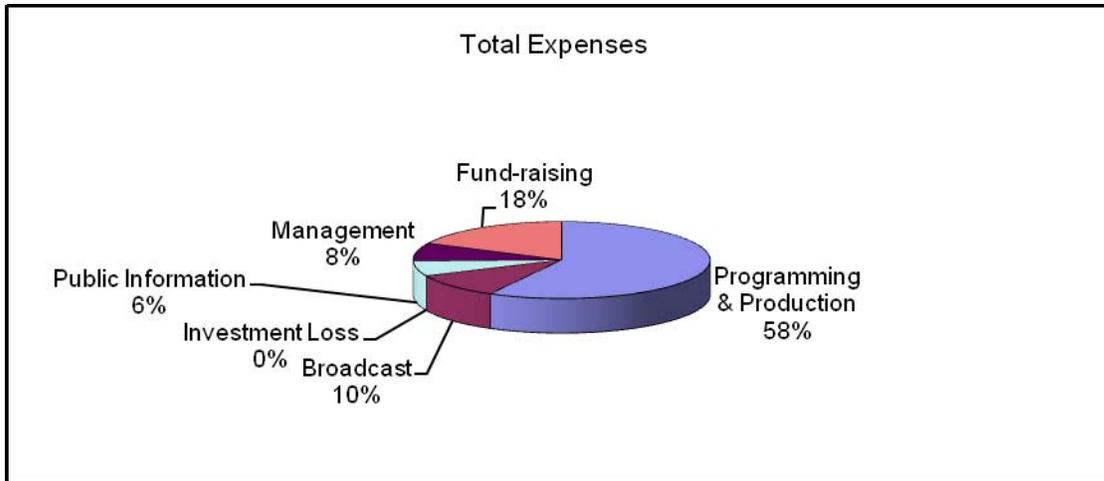
- Programming and production costs decreased \$52,464 because of management efforts to curtail outside program purchases in an effort to have the station operate within reduced revenue.
- Broadcasting costs increased only slightly.
- Public information and promotion expenses decreased \$37,392 due to cost savings measures.
- Management and general expenses decreased \$39,203 and were curtailed due to financial uncertainty in terms of state funding; efforts were made to maintain a small cushion in case reductions occurred in state support (as turned out to be the case).

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2010 and June 30, 2009

- o Fund-raising, membership development, and underwriting solicitation costs increased due to increased fundraising efforts.

The station did not incur any non-operating expense for investment losses in the IU Foundation Long-Term Pooled fund. This was due to the gradual recovery of the stock market.

The composition of total expenses is displayed below by major category:



Net Assets

Net assets increased by \$89,687 in 2010, compared to a \$776,206 decrease in net assets in 2009. The operating loss decreased by \$152,847 from the previous fiscal year and the net non-operating revenues increased by \$713,046. Ending net assets were \$1,825,190, compared to ending net assets in 2009 of \$1,735,503. This was a 5.17% 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 obligations as they come due, and to determine the need for external financing.

Cash Flows for the Period	June 30, 2010	June 30, 2009
Net cash provided (used) by:		
Operating activities	(\$1,934,747)	(\$2,087,490)
Noncapital financing activities	1,894,168	2,018,035
Capital and related financing activities	0	(13,169)
Investing activities	(7,485)	82,592
Net increase (decrease) in cash	(48,064)	(32)
Beginning cash and cash equivalent balances	244,493	244,525
Ending cash and cash equivalent balances	\$ 196,429	\$ 244,493

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2010 and June 30, 2009

Cash used by operating activities decreased by \$152,743. This decrease in the use of cash was the result of decreases in operating expenses.

Noncapital financing activities decreased by \$123,867 due to decreases in state support and contributions.

Cash provided by capital and related financing activities were \$0. There were no capital grants for the year. Equipment purchased for less than \$5,000, the capitalization threshold, was recorded as operating expenses.

Cash flows from investing activities decreased by \$90,077 due to investment purchases.

In summary, there was a net decrease in cash and cash equivalents in 2010 of \$48,064.

Capital Assets

At June 30, 2010, the Station had \$112,139 invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ending June 30, 2010, and June 30, 2009, totaled \$30,765 and \$35,822, respectively. Details of these assets are shown below:

Net Capital Assets at Year-End	June 30, 2010	June 30, 2009
Transmission, Antenna, and Tower	\$112,139	\$142,404
Furniture and Fixtures	<u>0</u>	<u>500</u>
Capital Assets, Net	<u>\$112,139</u>	<u>\$142,904</u>

There were no major capital purchases for the year.

For fiscal year 2011, the Station will purchase some ancillary equipment to complete a move of its French Lick/West Baden translator to a new tower as well as a new encoder/decoder for the Emergency Alert System. The station also has a grant application pending with CPB for a new main transmitter.

Economic Outlook

Revenues are projected to be tight for the coming year, largely because of uncertainty about federal funding of public broadcasting nationwide. Any cut in the federal allocation would be felt quickly by WFIU. While continued slow growth in the economy suggests moderate improvements in corporate and individual support, these areas have held up better here than in many places around the country and are not expected to grow substantially. We will try to limit capital spending and projects which do not immediately generate revenue. Efforts also will be made to increase our reserves.

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2010 and 2009

	2010	2009
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 196,429	\$ 244,494
Other Receivables, Net of Allowance for Doubtful Accounts of \$0 in 2010 and \$13,554 in 2009	33,586	29,361
Costs Incurred for Programming Not Yet Broadcast	11,571	11,747
Prepaid and Other	10,221	14,747
Investments (Note 2)	1,719,799	1,508,127
Total Current Assets	1,971,606	1,808,476
Noncurrent Assets:		
Property and Equipment (Note 3): Radio and Other Equipment, Net of Accumulated Depreciation \$331,489 in 2010 and \$300,724 in 2009	112,139	142,904
Total Assets	\$ 2,083,745	\$ 1,951,380
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 35,938	\$ 27,291
Funding for Programming Not Yet Broadcast	36,409	34,048
Deferred Revenue	-	450
Long-Term Liabilities - Current Portion	89,000	89,000
Total Current Liabilities	161,347	150,789
Noncurrent Liabilities:		
Long-Term Liabilities (Note 5)	97,208	65,088
Total Liabilities	258,555	215,877
<u>Net Assets</u>		
Invested in Capital Assets	112,139	142,904
Restricted for Expendable Station Activities:		
Educational Programs	69,359	32,373
Restricted Endowment for Jazz Program Activities	17,100	12,126
Restricted Endowment for Classical Music Initiatives	15,770	11,394
Unrestricted	1,610,822	1,536,706
Total Net Assets	1,825,190	1,735,503
Total Liabilities and Net Assets	\$ 2,083,745	\$ 1,951,380

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Operating Revenues</u>		
CPB Community Service Grant	\$ 198,485	\$ 172,638
Facility Sales and Services	4,433	22,545
Other Income From CPB and NPR	16,851	-
Miscellaneous Grants and Revenues	60,870	-
Event Revenues	4,149	2,855
Royalty Income	<u>2,179</u>	<u>4,384</u>
Total Operating Revenues	<u>286,967</u>	<u>202,422</u>
<u>Operating Expenses</u>		
Program Services:		
Programming and Production	1,404,291	1,456,755
Broadcasting	248,310	244,171
Public Information and Promotion	<u>154,426</u>	<u>191,818</u>
Total Program Expenses	<u>1,807,027</u>	<u>1,892,744</u>
Supporting Services:		
Management and General	184,078	223,281
Fundraising, Membership Development, and Underwriting Solicitation	<u>431,925</u>	<u>375,307</u>
Total Supporting Expenses	<u>616,003</u>	<u>598,588</u>
Total Operating Expenses	<u>2,423,030</u>	<u>2,491,332</u>
Operating Loss	<u>(2,136,063)</u>	<u>(2,288,910)</u>
<u>Nonoperating Revenues (Expenses)</u>		
General Fund Support From Indiana University	1,004,651	1,002,530
Donated Facilities and Administrative Support From Indiana University	129,508	124,691
Appropriation From State of Indiana	28,750	41,964
Individual Contributions	519,165	543,659
Corporate/Foundation Contributions	326,978	400,714
Endowment Contributions	6,375	20,466
In-Kind Support - Other	9,577	16,640
Interest and Dividends	99,147	106,984
Net Increase (Decrease) in the Fair Value of Investments	99,474	(745,098)
Gain on Disposal of Capital Assets	-	94
Gain on Sale of Investments	<u>2,125</u>	<u>60</u>
Net Nonoperating Revenues	<u>2,225,750</u>	<u>1,512,704</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	89,687	(776,206)
Capital grant - DOC NTIA/PTFP	-	-
Capital grant - CPB	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	<u>89,687</u>	<u>(776,206)</u>
<u>Net Assets</u>		
Net Assets - Beginning of Year	<u>1,735,503</u>	<u>2,511,709</u>
Net Assets - End of Year	<u>\$ 1,825,190</u>	<u>\$ 1,735,503</u>

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, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities:		
Grants	\$ 259,349	\$ 172,638
Sales and Services	4,989	17,769
Payments to Employees	(1,542,529)	(1,520,651)
Payments to Vendors	(679,621)	(769,414)
Payments to Reimburse Employees	-	-
Other Receipts	23,065	12,168
 Net Cash Used by Operating Activities	 (1,934,747)	 (2,087,490)
 Cash Flows From Noncapital Financing Activities:		
General Fund Support From Indiana University	1,005,151	1,002,530
Appropriation From State of Indiana	28,750	41,964
Contributions	860,267	973,541
 Net Cash Provided by Noncapital Financing Activities	 1,894,168	 2,018,035
 Cash Flows From Capital and Related Financing Activities:		
Capital Grants	-	-
Purchase of Capital Assets	-	(13,169)
 Net Cash Provided by Capital and Related Financing Activities	 -	 (13,169)
 Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	(386)	477
Purchase of Investments	(106,496)	(25,343)
Interest and Dividends on Investments	99,397	107,458
 Net Cash Provided (Used) by Investing Activities	 (7,485)	 82,592
 Net Increase (Decrease) in Cash and Cash Equivalents	 (48,064)	 (32)
Cash and Cash Equivalents - Beginning of Year	244,493	244,525
 Cash and Cash Equivalents - End of Year	 \$ 196,429	 \$ 244,493
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (2,136,063)	\$ (2,288,910)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	30,765	35,822
Bad Debt Expense	(13,553)	10,927
Donated Facilities and Administrative Support From Indiana University	129,508	124,691
In-Kind Support - Other	9,577	16,640
(Increase) Decrease in Assets		
Other Receivables, Net of Allowance for Doubtful Accounts	-	40,000
Costs Incurred for Programming Not Yet Broadcast	175	(4,519)
Prepaid and Other	4,526	1,989
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	8,648	(36,079)
Deferred Revenue	(450)	-
Long-Term Liabilities - Current Portion	-	(5,000)
Long-Term Liabilities	32,120	16,949
 Net Cash Used by Operating Activities	 \$ (1,934,747)	 \$ (2,087,490)

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, 2010 and June 30, 2009

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.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2010 and June 30, 2009
(Continued)

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.

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 Revenues, 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 2010.

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, 2010.

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.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2010 and June 30, 2009
(Continued)

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 three and ten 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, 2010, pooled shares were invested in pooled long-term and pooled short-term funds. Investment pooled funds at cost were \$1,910,182 and had a fair value of \$1,719,799 at June 30, 2010.

3. Property and Equipment

	Beginning Balance	Additions	Retirements	Ending Balance
Transmission, Antenna, and Tower	\$ 402,021	\$ -	\$ -	\$ 402,021
Studio and Other Broadcast Equipment	19,331	-	-	19,331
Furniture and Fixtures	22,276	-	-	22,276
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	443,628	-	-	443,628
	<hr/>	<hr/>	<hr/>	<hr/>
Less Accumulated Depreciation:				
Transmission, Antenna, and Tower	259,617	30,265	-	289,882
Studio and Other Broadcast Equipment	19,331	-	-	19,331
Furniture and Fixtures	21,776	500	-	22,276
	<hr/>	<hr/>	<hr/>	<hr/>
Total Accumulated Depreciation	300,724	30,765	-	331,489
	<hr/>	<hr/>	<hr/>	<hr/>
Capital Assets, Net	<u>\$ 142,904</u>	<u>\$ (30,765)</u>	<u>\$ -</u>	<u>\$ 112,139</u>

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2010 and June 30, 2009
(Continued)

Depreciation expenses for the years ended June 30, 2010 and June 30, 2009, were \$30,765 and \$35,822, respectively, and were charged to the major functional areas as follows:

	2010	2009
Programming and Production	\$ 32	\$ 887
Broadcasting	30,315	34,291
Public Information and Promotion	267	105
Management and General	96	202
Fundraising, Membership Development, and Underwriting	55	337
Total Depreciation Expense	\$ 30,765	\$ 35,822

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
Digital Broadcast Equipment	18-01-N04079	\$ 51,362	2015
FM Translator (Greensburg/French Lick)	18-01-N06131	46,990	2018
Digital Conversion: 2nd Audio Channel	18-01-N07185	49,830	2018

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 \$48,154 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 \$68,758 for the recently renovated Radio and TV Building and \$5,588 for the new roof on the Radio and TV Building. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Physical plant is estimated at \$7,008. 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.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2010 and June 30, 2009
(Continued)

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	<u>\$ 154,089</u>	<u>\$ 109,389</u>	<u>\$ 77,270</u>	<u>\$ 186,208</u>	<u>\$ 89,000</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 Employees' Retirement Fund), which is a defined benefit plan. Total PERF pension expenses for the years ended June 30, 2010 and June 30, 2009, were \$37,683 and \$37,524, 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, 2010 and June 30, 2009, were \$129,360 and \$133,263, 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, 2010 and June 30, 2009, were primarily accrued payroll.