

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

AUDIT REPORT  
OF

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY  
VINCENNES UNIVERSITY  
VINCENNES, INDIANA

July 1, 2010 to June 30, 2011



**FILED**  
12/28/2011



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
University Officials.....	2
Independent Auditor's Report .....	3
Management's Discussion and Analysis.....	4-10
Statement of Net Assets .....	11
Statement of Revenues, Expenses, and Changes in Fund 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>
Station Manager	Phillip L. Smith	07-01-10 to 06-30-12
Vice President for Financial Services and Governmental Relations	Phillip S. Rath	07-01-10 to 06-30-12
President	Richard E. Helton	07-01-10 to 06-30-12
Chairman of the Board of Trustees	John R. Gaylor	07-01-10 to 06-30-12



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WVUB-FM, A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

We have audited the accompanying financial statements of WVUB-FM (Station), a public radio station operated by Vincennes University, as of and for the years ended June 30, 2011 and 2010, which collectively comprise the Station's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express opinions 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. 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 WVUB-FM, as of June 30, 2011 and 2010, 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 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. 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 12, 2011

STATE BOARD OF ACCOUNTS  
*State Board of Accounts*

# **WVUB-FM**

## **A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY**

### **Management's Discussion and Analysis**

#### **INTRODUCTION**

WVUB-FM is proud to present its financial statements for fiscal year 2011. This discussion and analysis provides an overview of the financial position and activities of WVUB-FM for the year ended June 30, 2011 and 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

WVUB-FM is a 50,000 watt public radio station serving twelve counties in Southwestern Indiana. WVUB-FM is licensed to the Board of Trustees of Vincennes University.

#### **USING THE FINANCIAL STATEMENTS**

The WVUB-FM 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. WVUB-FM follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* and GASB Statement No. 35, *Basic Financial Statements-Management's Discussion and Analysis-for Public Colleges and Universities*. 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.

## **STATEMENT OF NET ASSETS**

The Statement of Net Assets presents the financial position of WVUB-FM at the end of the fiscal year and includes all assets and liabilities of WVUB-FM. The difference between total assets and total liabilities--net assets-- is one indicator of the current financial condition of WVUB-FM, 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 WVUB-FM's assets, liabilities, and net assets at June 30, 2011 and 2010 is as follows:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Current Assets	\$ 227,316	\$ 219,806
Noncurrent Assets		
Capital Assets, net of depreciation	<u>135,851</u>	<u>169,970</u>
Total Assets	<u>363,167</u>	<u>389,776</u>
Current Liabilities	124,997	148,599
Net Assets	<u><u>\$ 238,170</u></u>	<u><u>\$ 241,177</u></u>

Current assets consist of cash and cash equivalents, accounts receivable and prepaid expense. Current liabilities consist of accounts payable and deferred revenue. WVUB-FM has no long-term liabilities.

### **Net Assets**

Net assets represent the residual interest in WVUB-FM's assets after liabilities are deducted. WVUB-FM's net assets at June 30, 2011 and 2010 are summarized as follows:

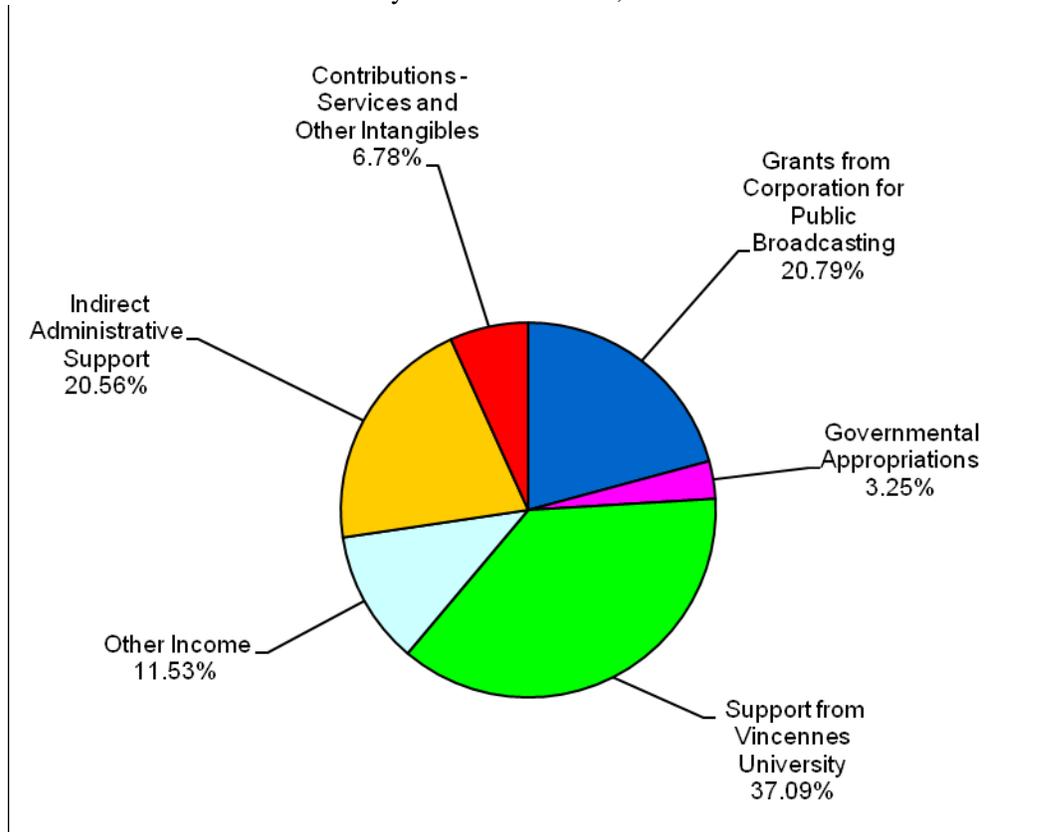
	<b><u>2011</u></b>	<b><u>2010</u></b>
Invested in Capital Assets	\$ 135,851	\$ 169,970
Unrestricted	102,319	71,207
Total Net Assets	<u><u>\$ 238,170</u></u>	<u><u>\$ 241,177</u></u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

The Statement of Revenue, Expenses and Changes in Net Assets present the operating results of WVUB-FM 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 Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Operating Revenue	\$ 147,248	\$ 153,376
Operating Expenses	710,655	815,787
Net Operating Loss	<u>(563,407)</u>	<u>(662,411)</u>
Non-operating Revenue (Expenses)	<u>560,400</u>	<u>635,757</u>
Decrease in Net Assets	(3,007)	(26,654)
Net Assets - Beginning of year	241,177	267,831
Net Assets - End of year	<u>\$ 238,170</u>	<u>\$ 241,177</u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM for the year ended June 30, 2011.

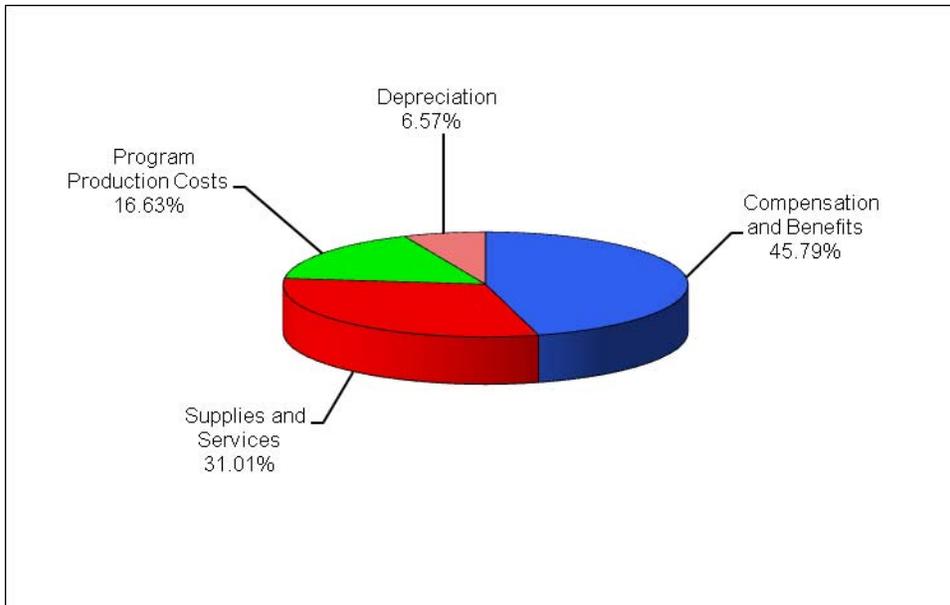


WVUB-FM continues to make cost containment an ongoing effort. This action is necessary since the radio station continues to face significant financial pressure due to the state's fiscal situation. Governmental appropriations to WVUB-FM and the University for operating and capital repair and rehabilitation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

A summary of WVUB-FM's expenses by object for the year ended June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Operating:		
Compensation and Benefits	\$ 325,411	\$ 365,200
Supplies and Services	220,385	265,263
Program Production Costs	118,143	136,923
Depreciation	46,716	48,401
Total Operating Expenses	<u>\$ 710,655</u>	<u>\$ 815,787</u>

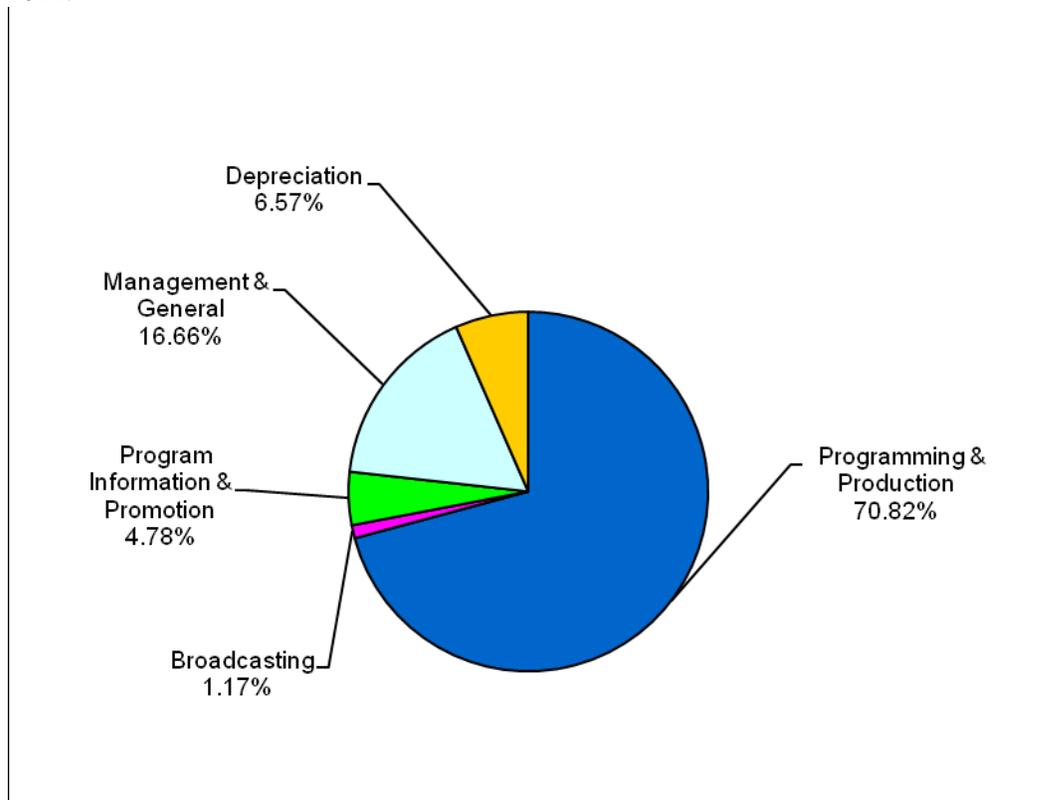
The following is a graphic illustration of total expenses by object for the year ended June 30, 2011:



In addition to their natural (object) classification, it is also informative to review operating expenses by function. A summary of WVUB-FM's expenses by functional classification for the year ended June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Operating:		
Programming & Production	\$ 503,314	\$ 553,952
Broadcasting	8,317	46,740
Program Information & Promotion	33,936	41,648
Management & General	118,372	117,871
Underwriting & Grants	-	7,175
Depreciation	46,716	48,401
Total operating expenses	<u>\$ 710,655</u>	<u>\$ 815,787</u>

The following graphic illustration presents total expenses by function for the year ended June 30, 2011:



## **STATEMENT OF CASH FLOWS**

The Statement of Cash Flows provides additional information about WVUB-FM'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, 2011 and 2010 is as follows:

	<b><u>2011</u></b>	<b><u>2010</u></b>
Cash received from operations	\$ 122,685	\$ 186,571
Cash expended for operations	(469,792)	(565,192)
Net cash used in operating activities	<u>(347,107)</u>	<u>(378,621)</u>
Net cash provided by non-capital financing activities	361,479	428,410
Net cash used in capital and related financing activities	(9,241)	(31,614)
Net increase in cash and cash equivalents	<u>5,131</u>	<u>18,175</u>
Cash and cash equivalents, beginning of year	218,609	200,434
Cash and cash equivalents, end of year	<u><u>\$ 223,740</u></u>	<u><u>\$ 218,609</u></u>

## **ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

Management believes that WVUB-FM is positioned to continue in fair financial condition. It is management's intent to continue serving the general public by offering quality public broadcasting programs coupled with award winning local origination programs focusing on community issues. As a result of quality programming, WVUB-FM was honored to be nominated for five 2010 Spectrum Awards by the Indiana Broadcasters Association. The categories were: Indiana Radio Station of the Year, Best Community Service project of the year, Newscast of the Year, Best Breaking News Story of the Year and Best Sportscast of the year. The category we are most proud to be nominated in is the Community Service area where our "Meth-Not Even Once" campaign was selected as the top public service campaign in the state for the second consecutive year. This honor includes both commercial and non-commercial radio stations throughout Indiana. WVUB-FM is first and foremost a community service radio station serving the needs of the area.

The largest source of funding for WVUB-FM is university funding. The largest outside source of funding is a grant from the federal government through the Corporation for Public Broadcasting (CPB). The 2011 CPB grant is \$122,685 and the station has seen a slight increase in CPB funds, having received \$112,960 for FY2010.

WVUB-FM received CPB funds for Fiscal Stabilization of \$11,567.52. These funds were used during the fiscal year ending June 30, 2011 to help with staffing expenses.

The State of Indiana has always supported public radio and WVUB-FM, but the radio station has only recently received direct state financial support. Because of State funding cuts the station received only \$23,000 for FY2011 and \$23,000 for FY2010. 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.

The addition of digital radio has opened new possibilities for the future. WVUB-FM has added a second High Definition channel consisting of jazz programming and most recently added a third, WVUB-HD-3, broadcasting in the Spanish Language.

WVUB-HD-3 has applied for a grant of \$19,000 to complete a production studio to help with local production. WVUB HD-3, Blazer Bilingue is the only Spanish language radio station in the state of Indiana south of Indianapolis.

If federal and state funding continues without further reductions, WVUB will be able to provide award winning quality programming focused on citizens of all age groups in our listening area.

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
STATEMENT OF NET ASSETS  
June 30, 2011 and 2010

<u>Assets</u>	<u>06-30-11</u>	<u>06-30-10</u>
Current Assets:		
Cash and Cash Equivalents	\$ 223,740	\$ 218,609
Accounts Receivable	2,966	-
Prepaid Expense	<u>610</u>	<u>1,197</u>
Total Current Assets	<u>227,316</u>	<u>219,806</u>
Non-Current Assets:		
Capital Assets	557,526	582,673
Less accumulated depreciation	<u>(421,675)</u>	<u>(412,703)</u>
Total Non-Current Assets	<u>135,851</u>	<u>169,970</u>
Total Assets	<u>\$ 363,167</u>	<u>\$ 389,776</u>
 <u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	\$ 2,312	\$ 4,317
Deferred Revenue	<u>122,685</u>	<u>144,282</u>
Total Current Liabilities	<u>124,997</u>	<u>148,599</u>
 <u>Net Assets</u>		
Invested in Capital Assets	135,851	169,970
Unrestricted	<u>102,319</u>	<u>71,207</u>
Total Net Assets	<u>238,170</u>	<u>241,177</u>
Total Liabilities and Net Assets	<u>\$ 363,167</u>	<u>\$ 389,776</u>

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

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011 AND 2010

	06-30-11	06-30-10
Revenues:		
Operating Revenue:		
Grants from Corporation for Public Broadcasting	\$ 147,248	\$ 153,376
Total Operating Revenue	147,248	153,376
Expenses:		
Operating Expenses:		
Programming and Production	503,314	553,952
Broadcasting	8,317	46,740
Program Information and Promotion	33,936	41,648
Management and General	118,372	117,871
Underwriting and Grants	-	7,175
Depreciation	46,716	48,401
Total Operating Expenses	710,655	815,787
Operating Income (Loss)	(563,407)	(662,411)
Non-Operating Revenues (Expenses):		
Governmental Appropriations	23,000	23,000
Support from Vincennes University	262,628	339,170
Underwriting and Other	81,644	78,842
Indirect Administrative Support	145,566	147,745
Contributions - Services and Other Intangibles	48,000	47,000
Loss on Disposition of Capital Assets	(438)	-
Net Non-operating Revenues (Expenses)	560,400	635,757
Increase (Decrease) in Net Assets	(3,007)	(26,654)
Net Assets - Beginning of Year	241,177	267,831
Net Assets - End of Year	\$ 238,170	\$ 241,177

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

WVUB-FM  
 A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2011 AND 2010

	06-30-11	06-30-10
Cash Flows From Operating Activities:		
Grants from Corporation for Public Broadcasting	\$ 122,685	\$ 186,571
Payments to Suppliers	(144,381)	(199,992)
Payments to Employees	(243,259)	(269,534)
Payments for Benefits	(82,152)	(95,666)
Net Cash Used in Operating Activities	(347,107)	(378,621)
Cash Flows From Noncapital Financing Activities:		
Governmental Appropriations	23,000	23,000
Support from Vincennes University	256,835	326,568
Underwriting and Other Contributions	81,644	78,842
Net Cash Provided by Noncapital Financing Activities	361,479	428,410
Cash Flows From Capital and Related Financing Activities:		
Purchases of Capital Assets	(9,241)	(31,614)
Net Cash Used in Capital and Related Financing Activities	(9,241)	(31,614)
Net Increase (Decrease) in Cash and Cash Equivalents	5,131	18,175
Cash and Cash Equivalents - Beginning of Year	218,609	200,434
Cash and Cash Equivalents - End of Year	\$ 223,740	\$ 218,609
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (563,407)	\$ (662,411)
Adjustments to Reconcile Operating Loss to		
Net Cash Used in Operating Activities:		
Depreciation Expenses	46,716	48,401
Changes in Assets and Liabilities:		
Accounts Receivable	(2,966)	33,020
Prepaid Expense	586	(1,197)
Accounts Payable and Accrued Liabilities	(2,005)	(4,565)
Deferred Revenue	(21,597)	175
Gifts in Kind	48,000	47,000
Institutional Support	2,000	13,211
Indirect Administrative Support	145,566	147,745
Net Cash Used in Operating Activities	\$ (347,107)	\$ (378,621)
Noncash Capital and Related Financing Activities:		
Contributions of Capital Assets from Government	\$ 2,306	\$ -

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

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

Note 1. Summary of Significant Accounting Policies

Reporting Entity: WVUB-FM is a public radio 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: The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, and with other accounting principles generally accepted in the United State of America, as prescribed by the GASB. During fiscal year 2011, the University adopted GASB Statement No. 59, "*Financial Instruments Omnibus*."

Basis of Accounting: For financial reporting purposes, Vincennes University is considered a special-purpose government engaged only in business-type activities. Accordingly, WVUB-FM'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.

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

Cash Equivalents: For purposes of the Statement of Cash Flows, WVUB-FM 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, WVUB-FM'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.

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011  
(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 received.

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: WVUB-FM's net assets are classified as follows:

*Invested in capital assets:* This represents WVUB-FM'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 radio station.

Classification of Revenues: WVUB-FM 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.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating 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.

WVUB-FM  
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011  
(Continued)

Note 2. Capital Assets

	Beginning Balances 07-01-10	Increases	Decreases	Ending Balances 06-30-11
Capital Assets Being Depreciated:				
Equipment	\$ 582,673	\$ 11,547	\$ 36,694	\$ 557,526
Total Capital Assets Being Depreciated	<u>582,673</u>	<u>11,547</u>	<u>36,694</u>	<u>557,526</u>
Less Accumulated Depreciation for:				
Equipment	412,703	46,716	37,744	421,675
Total Accumulated Depreciation	<u>412,703</u>	<u>46,716</u>	<u>37,744</u>	<u>421,675</u>
Capital Assets, Net	<u>\$ 169,970</u>	<u>\$ (35,169)</u>	<u>\$ (1,050)</u>	<u>\$ 135,851</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 06-30-11
Salaries, Payroll Taxes and Benefits	\$ 228,506	\$ -	\$ -	\$ 228,506	\$ 96,905	\$ 325,411
Donated Personal Services of Volunteers	-	-	-	-	-	-
Scholarships	1,730	-	-	1,730	-	1,730
Professional Services	-	-	-	-	2,909	2,909
Supplies	-	-	-	-	963	963
Telephone and Utilities	-	-	-	-	12,752	12,752
Postage	-	-	-	-	688	688
Advertising and Insurance	-	-	33,936	33,936	595	34,531
Maintenance and Equipment	-	8,317	-	8,317	-	8,317
Travel	9,369	-	-	9,369	-	9,369
Program Acquisition	145,566	-	-	145,566	-	145,566
Program Production Costs	118,143	-	-	118,143	-	118,143
Miscellaneous	-	-	-	-	-	-
Membership and Dues	-	-	-	-	3,560	3,560
Depreciation	-	-	-	-	46,716	46,716
Totals	<u>\$ 503,314</u>	<u>\$ 8,317</u>	<u>\$ 33,936</u>	<u>\$ 545,567</u>	<u>\$ 165,088</u>	<u>\$ 710,655</u>