

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

AUDIT REPORT
OF

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

July 1, 2010 to June 30, 2011



FILED
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TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
University Officials.....	2
Independent Auditor's Report	3
Management's Discussion and Analysis (Unaudited).....	4-8
Financial Information:	
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

UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
University President	Dr. Michael A. McRobbie	07-01-10 to 06-30-12
University Senior Vice President and Chief Financial Officer	Dr. Neil D. Theobald	07-01-10 to 06-30-12
University Associate Vice President and Treasurer	MaryFrances McCourt	07-01-10 to 06-30-12
Director of Radio and TV Stations	Perry Metz	07-01-10 to 06-30-12
Chairman of the Board of Trustees	William R. Cast, M.D.	08-14-09 to 08-16-13



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of WFIU (Station), a public radio station operated by Indiana University, as of and for the years ended June 30, 2011 and 2010. 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, 2011 and 2010, and the respective changes in financial position and cash flows 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 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.

STATE BOARD OF ACCOUNTS

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January 9, 2012

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2011 and June 30, 2010

WFIU-FM (the Station) presents its audited financial statements for the year ending June 30, 2011, along with comparative data for the year ending June 30, 2010. 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 2011 to 2010. Included in this review are "Capital Assets" and the "Economic Outlook."

Statement of Net Assets

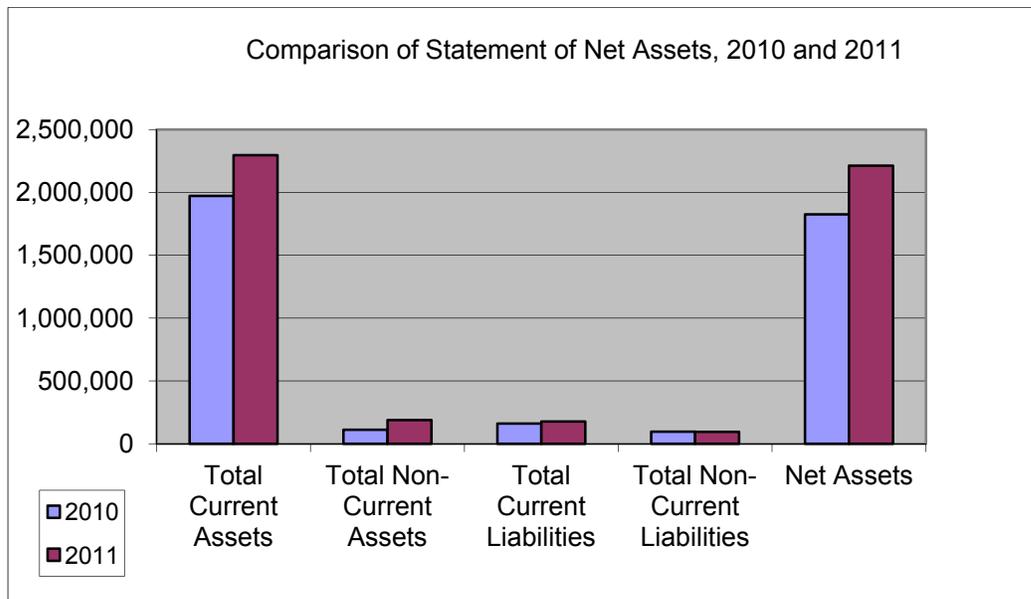
Total assets at June 30, 2011 were \$2,485,154, an increase of \$401,409. Capital net assets comprised \$188,786 of the total.

Total liabilities were \$272,602 at June 30, 2011, an increase of \$14,047. Non-current liabilities comprised 34.79% or \$94,851 of the liabilities at June 30, 2011. The Station had no outstanding debt obligations.

Total net assets at June 30, 2011 were \$2,212,552, an increase of \$387,362 from the prior year, or a 21.22% increase in net assets. The breakout of net assets is shown below:

Capital assets	\$ 188,786
Restricted net assets	47,829
Unrestricted net assets	<u>1,975,937</u>
Total net assets	<u>\$2,212,552</u>

The composition of current and non-current assets and liabilities is displayed below for both the 2010 and 2011 fiscal year-ends:



WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2011 and June 30, 2010

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Operating revenues at WFIU-FM for the June 30, 2011 fiscal year decreased by 11.89% 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.
- Some existing grant projects were concluded.
- The majority of funding for a new NPR grant project begun late in fiscal year 2011 will be reflected in fiscal year 2012.

Total non-operating revenues were up 13.9% from June 30, 2010, from \$2,225,750 to \$2,535,177. Non-operating revenue changes were the result of the following factors:

For Indiana University-Bloomington support:

- Funding from the State General Assembly was down 19.75% due to state budget cuts.
- Indiana University-Bloomington campus general fund support increased by over \$21,000.
- Indiana University donated administrative support was \$149,619, an increase of 15.53% 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 \$563,375, an increase of 7.2% over the prior year.
- Corporate and foundation contributions were \$393,845, an increase of 20.45% from the prior year.
- The Station received an additional \$3,645 endowment gift for the Al Cobine Endowment fund for jazz programming.
- The Station received an additional \$4,075 endowment gift for the Classical Music Endowment Fund for classical music programming.
- In-kind support was \$22,113, an increase of 130.9% from the prior year.

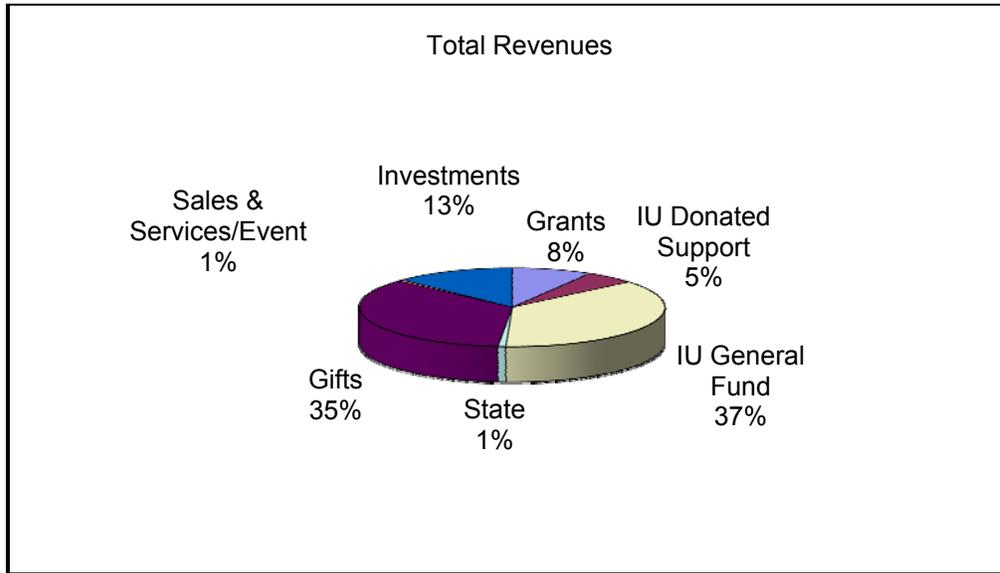
For other non-operating income:

- 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 Station was awarded a CPB capital grant, but had not yet received the funds in fiscal year 2011.

In summary, total revenues of the Station increased by \$275,293, from \$2,512,717 to \$2,788,010, an overall increase of 10.96%. The compositions of these revenues are displayed in this graph:

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2011 and June 30, 2010



Expenses

Operating expenses were \$2,400,648 for the 2011 fiscal year. This was a slight decrease over the previous fiscal year of \$22,382, or 0.92%. Changes in the major categories of expenses were:

For all functional areas:

- Professional and support staff receive a 3% salary increase in November 2010 for the remainder of the year ended June 30, 2011. The professional staff fringe benefit rate increased by 3.58% for non-grant accounts and 5.70% for grant accounts. The support staff fringe benefit rate increased by 1.64%.
- Accrued vacation and sick leave costs decreased by \$34,478.

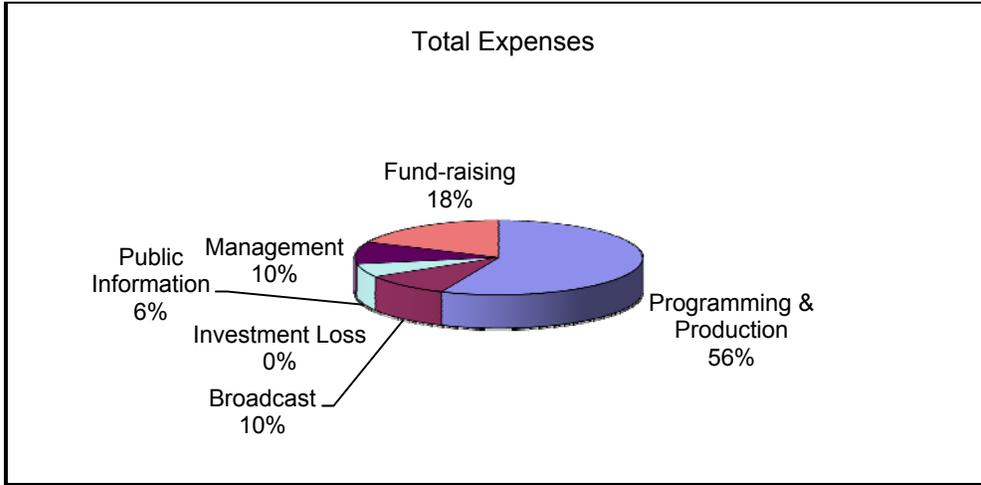
For specific functional areas:

- Programming and production costs decreased \$47,973 because of management efforts to curtail outside program purchases in an effort to have the station operate within reduced revenue.
- Broadcasting costs decreased \$11,291.
- Public information and promotion expenses decreased \$14,924 due to cost savings measures.
- Management and general expenses increased \$47,869 due to the need for reorganizational changes.
- Fund-raising, membership development, and underwriting solicitation costs increased only slightly.

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:

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2011 and June 30, 2010



Net Assets

Net assets increased by \$387,362 in 2011, compared to an \$89,687 increase in net assets in 2010. The operating loss increased by \$11,752 from the previous fiscal year and the net non-operating revenues increased by \$309,427. Ending net assets were \$2,212,552, compared to ending net assets in 2010 of \$1,825,190. This was a 21.22% 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	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Net cash provided (used) by:		
Operating activities	(\$1,952,006)	(\$1,934,747)
Noncapital financing activities	1,988,833	1,894,168
Capital and related financing activities	(98,267)	0
Investing activities	<u>(73,744)</u>	<u>(7,485)</u>
Net increase (decrease) in cash	(135,184)	(48,064)
Beginning cash and cash equivalent balances	<u>196,429</u>	<u>244,493</u>
Ending cash and cash equivalent balances	<u>\$ 61,245</u>	<u>\$ 196,429</u>

Cash used by operating activities increased by \$17,259. This increase in the use of cash was the result of increases in operating expenses.

Noncapital financing activities increased by \$94,665 due to increases in contributions and an increase in general fund support from Indiana University.

Cash used by capital and related financing activities was \$98,267. Equipment purchased for less than \$5,000 the capitalization threshold, was recorded as operating expenses.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2011 and June 30, 2010

Cash flows from investing activities decreased by \$66,259 due to investment purchases.

In summary, there was a net decrease in cash and cash equivalents in 2011 of \$135,184.

Capital Assets

At June 30, 2011, the Station had \$188,786 invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ending June 30, 2011, and June 30, 2010, totaled \$21,620 and \$30,765, respectively. Details of these assets are shown below:

Net Capital Assets at Year-End	June 30, 2011	June 30, 2010
Transmission, Antenna, and Tower	\$188,786	\$112,139
Furniture and Fixtures	<u>0</u>	<u>0</u>
Capital Assets, Net	<u>\$188,786</u>	<u>\$112,139</u>

The only major capital purchase for the year was the new FM radio broadcast transmitter, at a cost of \$98,267.

No capital expenditures are planned for fiscal year 2012. With the installation and fine tuning of the new transmitter, station equipment is up to date. Software updates and equipment refreshes will continue, but these are expected to be below the capital threshold.

Economic Outlook

The continuing uncertainty over federal funding has led the station to leave vacant several openings created by IU's early retirement incentive plan; duties have been distributed among remaining staff. Revenues are likely to decline at the federal level, assuming Congress spreads cuts across all areas of discretionary spending. Fortunately, income is increasing from individual membership, corporate underwriting, and grants. By holding down new expenditures, management hopes to position the station well to cope with changes in federal funding. No major capital expenditures are expected in the coming year, though we continue to refresh equipment where necessary. Efforts also will be made to increase our income by developing new programs for syndication.

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2011 and 2010

	2011	2010
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 61,245	\$ 196,429
Other Receivables, Net of Allowance for Doubtful Accounts of \$0 in 2011 and \$0 in 2010	51,768	33,586
Costs Incurred for Programming Not Yet Broadcast	18,539	11,571
Prepaid and Other	10,291	10,221
Investments (Note 2)	2,154,525	1,719,799
Total Current Assets	2,296,368	1,971,606
Noncurrent Assets:		
Property and Equipment (Note 3): Radio and Other Equipment, Net of Accumulated Depreciation \$353,109 in 2011 and \$331,489 in 2010	188,786	112,139
Total Assets	\$ 2,485,154	\$ 2,083,745
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 46,790	\$ 35,938
Funding for Programming Not Yet Broadcast	40,961	36,409
Long-Term Liabilities - Current Portion	90,000	89,000
Total Current Liabilities	177,751	161,347
Noncurrent Liabilities:		
Long-Term Liabilities (Note 5)	94,851	97,208
Total Liabilities	272,602	258,555
<u>Net Assets</u>		
Invested in Capital Assets	188,786	112,139
Restricted for Expendable Station Activities:		
Educational Programs	542	69,359
Restricted Endowment for Jazz Program Activities	24,063	17,100
Restricted Endowment for Classical Music Initiatives	23,224	15,770
Unrestricted	1,975,937	1,610,822
Total Net Assets	2,212,552	1,825,190
Total Liabilities and Net Assets	\$ 2,485,154	\$ 2,083,745

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, 2011 and 2010

	2011	2010
<u>Operating Revenues</u>		
CPB Community Service Grant	\$ 203,948	\$ 198,485
Facility Sales and Services	9,722	4,433
Other Income From CPB and NPR	28,519	16,851
Miscellaneous Grants and Revenues	5,007	60,870
Event Revenues	-	4,149
Royalty Income	5,637	2,179
Total Operating Revenues	252,833	286,967
<u>Operating Expenses</u>		
Program Services:		
Programming and Production	1,356,318	1,404,291
Broadcasting	237,019	248,310
Public Information and Promotion	139,502	154,426
Total Program Expenses	1,732,839	1,807,027
Supporting Services:		
Management and General	231,947	184,078
Fundraising, Membership Development, and Underwriting Solicitation	435,862	431,925
Total Supporting Expenses	667,809	616,003
Total Operating Expenses	2,400,648	2,423,030
Operating Loss	(2,147,815)	(2,136,063)
<u>Nonoperating Revenues (Expenses)</u>		
General Fund Support From Indiana University	1,025,700	1,004,651
Donated Facilities and Administrative Support From Indiana University	149,619	129,508
Appropriation From State of Indiana	23,073	28,750
Individual Contributions	555,655	519,165
Corporate/Foundation Contributions	393,845	326,978
Endowment Contributions	7,720	6,375
In-Kind Support - Other	22,113	9,577
Interest and Dividends	95,442	99,147
Net Increase (Decrease) in the Fair Value of Investments	256,672	99,474
Gain on Sale of Investments	5,338	2,125
Net Nonoperating Revenues (Expenses)	2,535,177	2,225,750
Increase (Decrease) in Net Assets	387,362	89,687
<u>Net Assets</u>		
Net Assets - Beginning of Year	1,825,190	1,735,503
Net Assets - End of Year	\$ 2,212,552	\$ 1,825,190

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Grants	\$ 233,399	\$ 259,349
Sales and Services	9,635	4,989
Payments to Employees	(1,541,683)	(1,542,529)
Payments to Vendors	(663,156)	(679,621)
Other Receipts	<u>9,799</u>	<u>23,065</u>
Net Cash Used by Operating Activities	<u>(1,952,006)</u>	<u>(1,934,747)</u>
Cash Flows From Noncapital Financing Activities:		
General Fund Support From Indiana University	1,025,701	1,005,151
Appropriation From State of Indiana	23,073	28,750
Contributions	<u>940,059</u>	<u>860,267</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,988,833</u>	<u>1,894,168</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of Capital Assets	<u>(98,267)</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>(98,267)</u>	<u>-</u>
Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	3,252	(386)
Purchase of Investments	(172,716)	(106,496)
Interest and Dividends on Investments	<u>95,720</u>	<u>99,397</u>
Net Cash Used by Investing Activities	<u>(73,744)</u>	<u>(7,485)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(135,184)	(48,064)
Cash and Cash Equivalents - Beginning of Year	<u>196,429</u>	<u>244,493</u>
Cash and Cash Equivalents - End of Year	<u>\$ 61,245</u>	<u>\$ 196,429</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (2,147,815)	\$ (2,136,063)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	21,620	30,765
Bad Debt Expense	-	(13,553)
Donated Facilities and Administrative Support From Indiana University	149,619	129,508
In-Kind Support - Other	22,113	9,577
(Increase) Decrease in Assets		
Costs Incurred for Programming Not Yet Broadcast	(6,967)	175
Prepaid and Other	(70)	4,526
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	10,852	8,648
Deferred Revenue	-	(450)
Long-Term Liabilities - Current Portion	1,000	-
Long-Term Liabilities	<u>(2,358)</u>	<u>32,120</u>
Net Cash Used by Operating Activities	<u>\$ (1,952,006)</u>	<u>\$ (1,934,747)</u>

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, 2011 and June 30, 2010

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, 2011 and June 30, 2010
(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 2011.

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, 2011.

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, 2011 and June 30, 2010
(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 percent 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, 2011, pooled shares were invested in pooled long-term and pooled short-term funds. Investment pooled funds at cost were \$2,082,813 and had a fair market value of \$2,154,525 at June 30, 2011.

3. Property and Equipment

	Beginning Balance	Additions	Retirements	Ending Balance
Transmission, Antenna, and Tower	\$ 402,021	\$ 98,267	\$ -	\$ 500,288
Studio and Other Broadcast Equipment	19,331	-	-	19,331
Furniture and Fixtures	22,276	-	-	22,276
Totals	443,628	98,267	-	541,895
Less Accumulated Depreciation:				
Transmission, Antenna, and Tower	289,882	21,620	-	311,502
Studio and Other Broadcast Equipment	19,331	-	-	19,331
Furniture and Fixtures	22,276	-	-	22,276
Total Accumulated Depreciation	331,489	21,620	-	353,109
Capital Assets, Net	\$ 112,139	\$ 76,647	\$ -	\$ 188,786

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2011 and June 30, 2010
(Continued)

Depreciation expense for the years ended June 30, 2011, and June 30, 2010, were \$21,620 and \$30,765, respectively, and were charged to the major functional areas as follows:

	2011	2010
Programming and Production	\$ -	\$ 32
Broadcasting	21,620	30,315
Public Information and Promotion	-	267
Management and General	-	96
Fundraising, Membership Development, and Underwriting	-	55
 Total Depreciation Expense	 \$ 21,620	 \$ 30,765

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 \$68,869 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 \$70,480 for the renovated Radio and TV Building and \$5,727 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 \$4,543. 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, 2011 and June 30, 2010
(Continued)

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Compensated absences	<u>\$ 186,208</u>	<u>\$ 97,849</u>	<u>\$ 99,206</u>	<u>\$ 184,851</u>	<u>\$ 90,000</u>	<u>\$ 94,851</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, 2011, and June 30, 2010, were \$32,030 and \$37,683, 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, 2011, and June 30, 2010, were \$115,025 and \$129,360, 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, 2011, and June 30, 2010, were primarily accrued payroll.