

**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, 2011 to June 30, 2012



**FILED**  
12/27/2012



## 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 Net Assets.....	12
Statement of Cash Flows .....	13
Notes to Financial Statements .....	14-16

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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, 2012 and 2011, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2012 and 2011, 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*State Board of Accounts*  
STATE BOARD OF ACCOUNTS

December 6, 2012

# **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 2012. This discussion and analysis provides an overview of the financial position and activities of WVUB-FM for the year ended June 30, 2012 and 2011. 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 began broadcasting on December 7, 1970, making it one of the first Public Radio stations to go on the air in Indiana. WVUB HD-3, Blazer Bilingue is the only Spanish language radio station in the state of Indiana south of Indianapolis. 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, 2012 and 2011 is as follows:

	<b><u>2012</u></b>	<b><u>2011</u></b>
Current Assets	\$ 228,602	\$ 227,316
Noncurrent Assets		
Capital Assets, net of depreciation	<u>96,289</u>	<u>135,851</u>
Total Assets	<u>324,891</u>	<u>363,167</u>
Current Liabilities	146,707	124,997
Net Assets	<u><u>\$ 178,184</u></u>	<u><u>\$ 238,170</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, 2012 and 2011 are summarized as follows:

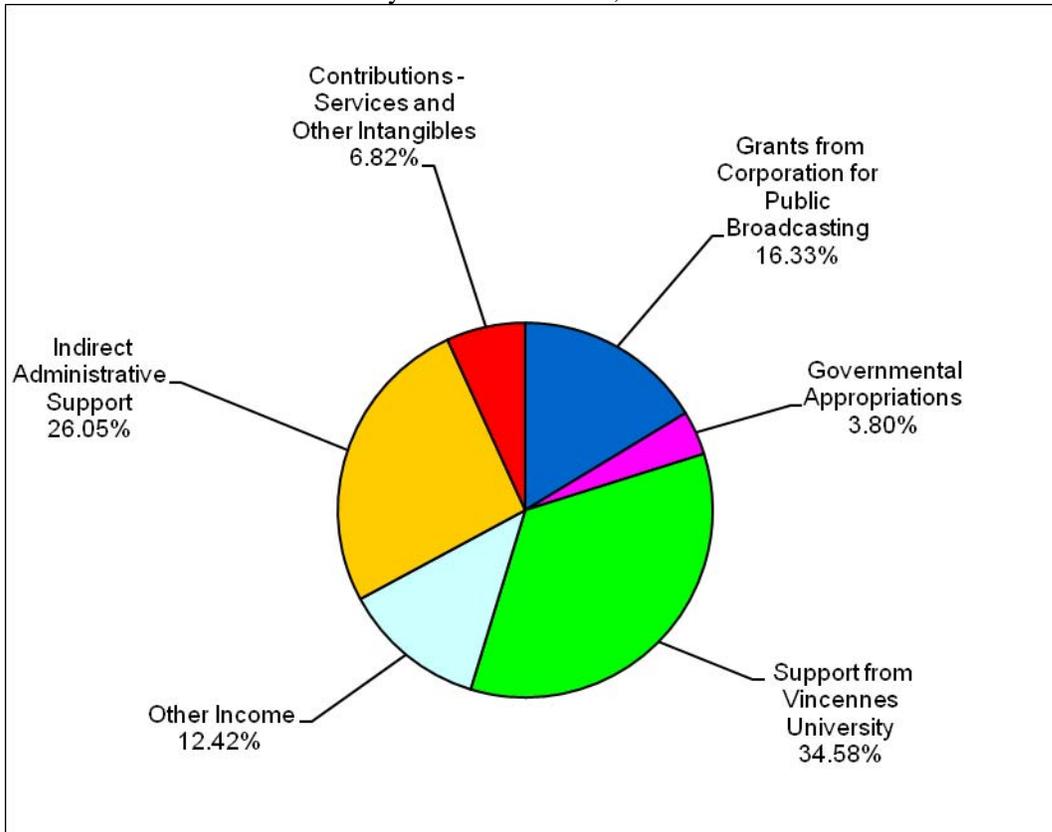
	<b><u>2012</u></b>	<b><u>2011</u></b>
Invested in Capital Assets	\$ 96,289	\$ 135,851
Unrestricted	81,895	102,319
Total Net Assets	<u><u>\$ 178,184</u></u>	<u><u>\$ 238,170</u></u>

**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, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Operating Revenue	\$ 119,749	\$ 147,248
Operating Expenses	793,423	710,655
Net Operating Loss	<u>(673,674)</u>	<u>(563,407)</u>
Non-operating Revenue (Expenses)	<u>613,688</u>	<u>560,400</u>
Decrease in Net Assets	(59,986)	(3,007)
Net Assets - Beginning of year	238,170	241,177
Net Assets - End of year	<u>\$ 178,184</u>	<u>\$ 238,170</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, 2012.

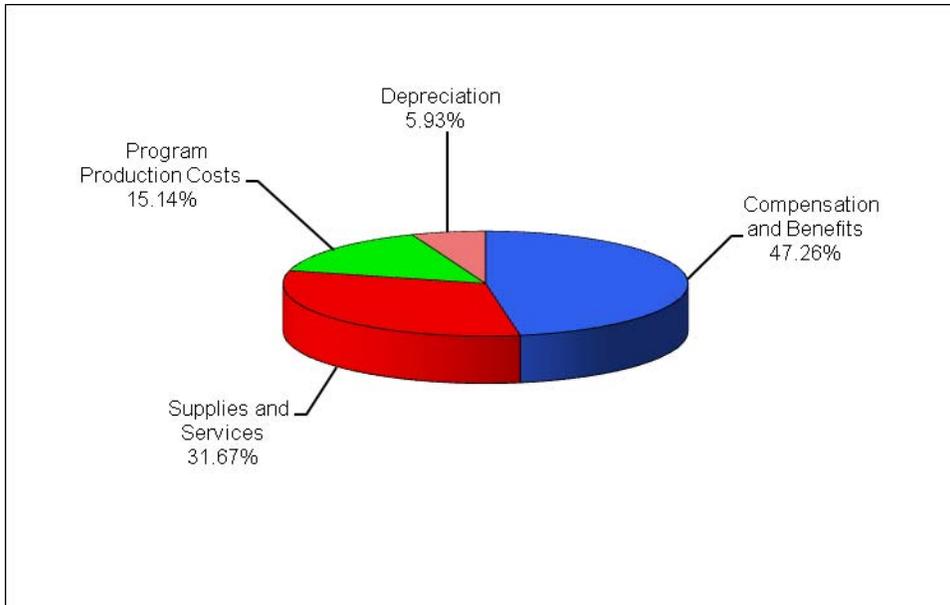


WVUB-FM continues to make cost containment an ongoing effort. This action is necessary since the radio station continues to face significant financial pressure due to the state's fiscal situation. Governmental appropriations to WVUB-FM and the University for operating and capital repair and rehabilitation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

A summary of WVUB-FM's expenses by object for the year ended June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Operating:		
Compensation and Benefits	\$ 374,998	\$ 325,411
Supplies and Services	251,295	220,385
Program Production Costs	120,114	118,143
Depreciation	47,016	46,716
Total Operating Expenses	<u>\$ 793,423</u>	<u>\$ 710,655</u>

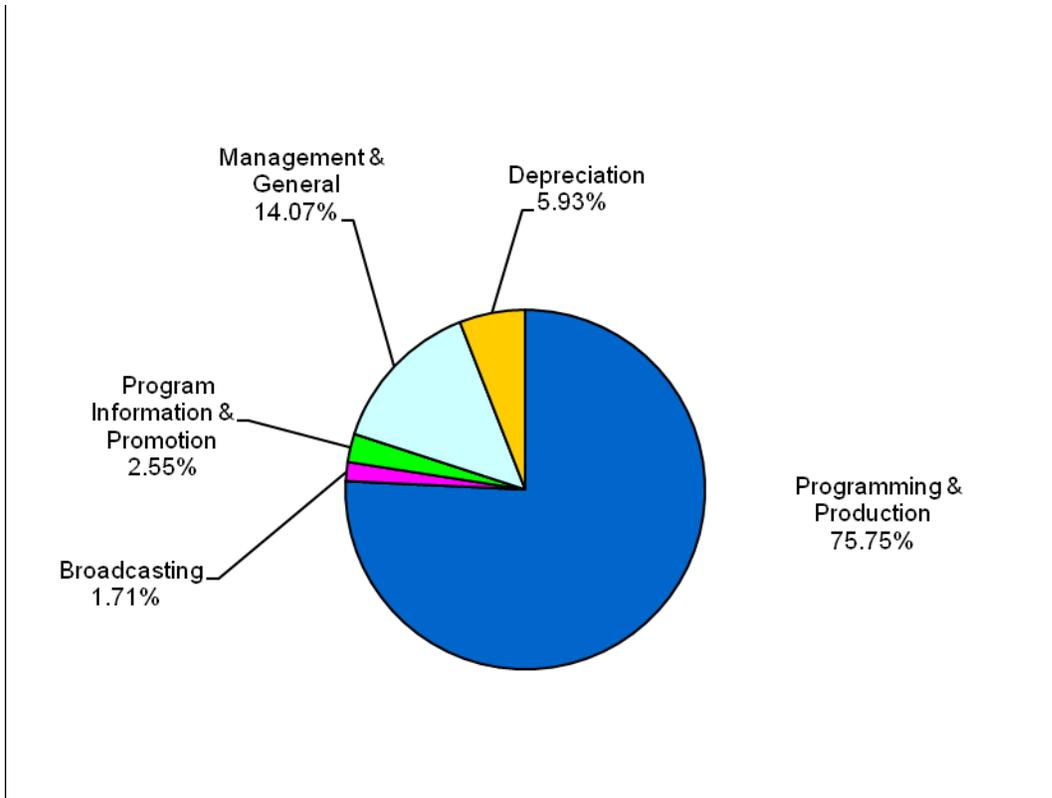
The following is a graphic illustration of total expenses by object for the year ended June 30, 2012:



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, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Operating:		
Programming & Production	\$ 601,022	\$ 503,314
Broadcasting	13,576	8,317
Program Information & Promotion	20,210	33,936
Management & General	111,599	118,372
Depreciation	47,016	46,716
Total operating expenses	<u>\$ 793,423</u>	<u>\$ 710,655</u>

The following graphic illustration presents total expenses by function for the year ended June 30, 2012:



## **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, 2012 and 2011 is as follows:

	<b><u>2012</u></b>	<b><u>2011</u></b>
Cash received from operations	\$ 146,357	\$ 122,685
Cash expended for operations	<u>(507,277)</u>	<u>(469,792)</u>
Net cash used in operating activities	(360,920)	(347,107)
Net cash provided by non-capital financing activities	367,637	361,479
Net cash used in capital and related financing activities	<u>(7,454)</u>	<u>(9,241)</u>
Net increase in cash and cash equivalents	(737)	5,131
Cash and cash equivalents, beginning of year	223,740	218,609
Cash and cash equivalents, end of year	<u><u>\$ 223,003</u></u>	<u><u>\$ 223,740</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 is honored to be nominated for five 2012 Spectrum Awards by the Indiana Broadcasters Association. The categories are: Indiana Radio Station of the Year, Best Breaking News Story of the Year, Best Indiana Mini Series or Documentary, Best On-Air Promotional Announcement and Best Community Involvement Activity. WVUB is a past winner of Indiana Station of the Year and Best Breaking News Story, and has twice won the Spectrum award for Best Community Involvement Activity. 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 2012 CPB grant is \$146,357 and the station has seen a slight increase in CPB funds, having received \$122,685 for FY2011.

The State of Indiana has always supported public radio and WVUB-FM, but the radio station has only recently received direct state financial support. After State funding cuts the station received only \$27,887 for FY2012 and \$23,000 for FY2011. 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.

Management has been working diligently on partnerships with public and commercial stations and entities to help improve operations and cut costs with shared underwriting possibilities. One of the actions being taken to help control costs has been to enter into a relationship with WNIN to work together in underwriting and development.

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, 2012 and 2011

<u>Assets</u>	<u>06-30-12</u>	<u>06-30-11</u>
Current Assets:		
Cash and Cash Equivalents	\$ 223,003	\$ 223,740
Accounts Receivable	5,030	2,966
Prepaid Expense	<u>569</u>	<u>610</u>
Total Current Assets	<u>228,602</u>	<u>227,316</u>
Non-Current Assets:		
Capital Assets	564,079	557,526
Less accumulated depreciation	<u>(467,790)</u>	<u>(421,675)</u>
Total Non-Current Assets	<u>96,289</u>	<u>135,851</u>
Total Assets	<u>\$ 324,891</u>	<u>\$ 363,167</u>
 <u>Liabilities</u>		
Current Liabilities:		
Accounts Payable	\$ 350	\$ 2,312
Deferred Revenue	<u>146,357</u>	<u>122,685</u>
Total Current Liabilities	<u>146,707</u>	<u>124,997</u>
 <u>Net Assets</u>		
Invested in Capital Assets	96,289	135,851
Unrestricted	<u>81,895</u>	<u>102,319</u>
Total Net Assets	<u>178,184</u>	<u>238,170</u>
Total Liabilities and Net Assets	<u>\$ 324,891</u>	<u>\$ 363,167</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 YEARS ENDED JUNE 30, 2012 AND 2011

	<u>06-30-12</u>	<u>06-30-11</u>
Revenues:		
Operating Revenue:		
Grants from Corporation for Public Broadcasting	\$ 119,749	\$ 147,248
Total Operating Revenue	<u>119,749</u>	<u>147,248</u>
Expenses:		
Operating Expenses:		
Programming and Production	601,022	503,314
Broadcasting	13,576	8,317
Program Information and Promotion	20,210	33,936
Management and General	111,599	118,372
Depreciation	<u>47,016</u>	<u>46,716</u>
Total Operating Expenses	<u>793,423</u>	<u>710,655</u>
Operating Income (Loss)	<u>(673,674)</u>	<u>(563,407)</u>
Non-Operating Revenues (Expenses):		
Governmental Appropriations	27,887	23,000
Support from Vincennes University	253,648	262,628
Underwriting and Other	91,101	81,644
Indirect Administrative Support	191,052	145,566
Contributions - Services and Other Intangibles	50,000	48,000
Loss on Disposition of Capital Assets	<u>-</u>	<u>(438)</u>
Net Non-operating Revenues (Expenses)	<u>613,688</u>	<u>560,400</u>
Increase (Decrease) in Net Assets	(59,986)	(3,007)
Net Assets - Beginning of Year	<u>238,170</u>	<u>241,177</u>
Net Assets - End of Year	<u>\$ 178,184</u>	<u>\$ 238,170</u>

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 YEARS ENDED JUNE 30, 2012 AND 2011

	<u>06-30-12</u>	<u>06-30-11</u>
Cash Flows From Operating Activities:		
Grants from Corporation for Public Broadcasting	\$ 146,357	\$ 122,685
Payments to Suppliers	(132,278)	(144,381)
Payments to Employees	(274,597)	(243,259)
Payments for Benefits	<u>(100,402)</u>	<u>(82,152)</u>
Net Cash Used in Operating Activities	<u>(360,920)</u>	<u>(347,107)</u>
Cash Flows From Noncapital Financing Activities:		
Governmental Appropriations	27,888	23,000
Support from Vincennes University	253,648	256,835
Underwriting and Other Contributions	<u>86,101</u>	<u>81,644</u>
Net Cash Provided by Noncapital Financing Activities	<u>367,637</u>	<u>361,479</u>
Cash Flows From Capital and Related Financing Activities:		
Purchases of Capital Assets	<u>(7,454)</u>	<u>(9,241)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(7,454)</u>	<u>(9,241)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(737)	5,131
Cash and Cash Equivalents - Beginning of Year	<u>223,740</u>	<u>218,609</u>
Cash and Cash Equivalents - End of Year	<u>\$ 223,003</u>	<u>\$ 223,740</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (673,674)	\$ (563,407)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expenses	47,016	46,716
Changes in Assets and Liabilities:		
Accounts Receivable	2,936	(2,966)
Prepaid Expense	41	586
Accounts Payable and Accrued Liabilities	(1,963)	(2,005)
Deferred Revenue	23,672	(21,597)
Gifts in Kind	50,000	48,000
Institutional Support	-	2,000
Indirect Administrative Support	<u>191,052</u>	<u>145,566</u>
Net Cash Used in Operating Activities	<u>\$ (360,920)</u>	<u>\$ (347,107)</u>
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, 2012

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 2012, the University adopted GASB Statement No. 61, *"The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34"* and GASB Statement No. 64, *"Derivative Instruments: Application of Hedge Accounting Termination Provisions."*

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, 2012  
(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, 2012  
 (Continued)

Note 2. Capital Assets

	Beginning Balances 07-01-11	Increases	Decreases	Ending Balances 06-30-12
Capital Assets Being Depreciated:				
Equipment	\$ 557,526	\$ 7,454	\$ 901	\$ 564,079
Total Capital Assets Being Depreciated	<u>557,526</u>	<u>7,454</u>	<u>901</u>	<u>564,079</u>
Less Accumulated Depreciation for:				
Equipment	421,675	47,016	901	467,790
Total Accumulated Depreciation	<u>421,675</u>	<u>47,016</u>	<u>901</u>	<u>467,790</u>
Capital Assets, Net	<u>\$ 135,851</u>	<u>\$ (39,562)</u>	<u>\$ -</u>	<u>\$ 96,289</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 06-30-12
Salaries, Payroll Taxes and Benefits	\$ 281,363	\$ -	\$ -	\$ 281,363	\$ 93,635	\$ 374,998
Donated Personal Services of Volunteers	-	-	-	-	-	-
Scholarships	-	-	-	-	-	-
Professional Services	-	-	-	-	3,001	3,001
Supplies	-	-	-	-	990	990
Telephone and Utilities	-	-	-	-	8,519	8,519
Postage	-	-	-	-	731	731
Advertising and Insurance	-	-	20,210	20,210	576	20,786
Maintenance and Equipment	-	13,471	-	13,471	-	13,471
Travel	8,493	-	-	8,493	-	8,493
Program Acquisition	191,052	-	-	191,052	-	191,052
Program Production Costs	120,114	-	-	120,114	-	120,114
Miscellaneous	-	105	-	105	-	105
Membership and Dues	-	-	-	-	4,147	4,147
Depreciation	-	-	-	-	47,016	47,016
Totals	<u>\$ 601,022</u>	<u>\$ 13,576</u>	<u>\$ 20,210</u>	<u>\$ 634,808</u>	<u>\$ 158,615</u>	<u>\$ 793,423</u>