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October 10, 2013

Board of Directors  
Whitewater Community Television  
2325 Chester Blvd.  
Richmond, IN 47374

We have reviewed the audit report prepared by Webb & Associates, Independent Public Accountants, for the period July 1, 2010 to June 30, 2011. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Whitewater Community Television, as of June 30, 2011, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

WHITEWATER COMMUNITY

TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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*Webb & Associates*  
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### INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Whitewater Community Television, Inc.  
Richmond, Indiana 47374

We have audited the accompanying statements of financial position of Whitewater Community Television, Inc. (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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. 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 financial position of Whitewater Community Television, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**WEBB & ASSOCIATES**

November 10, 2011

**WHITEWATER COMMUNITY TELEVISION, INC**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2011 and 2010

**ASSETS**

	<u>2011</u>	<u>2010</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 236,007	\$ 250,354
Indiana University Reserve	29,183	11,222
Accounts Receivable	790	665
Prepaid Expenses	1,129	1,275
	267,109	263,516
<b>FIXED ASSETS</b>		
Equipment	210,245	188,928
Less: Accumulated Depreciation	(177,250)	(167,604)
	32,995	21,324
<b>NET FIXED ASSETS</b>		
	32,995	21,324
<b>TOTAL ASSETS</b>	<b>\$ 300,104</b>	<b>\$ 284,840</b>

**LIABILITIES AND NET ASSETS**

	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 300	\$ 1,159
Accrued Payroll - IUE	9,118	7,654
	9,418	8,813
<b>NET ASSETS</b>		
Unrestricted	280,595	244,619
Temporarily Restricted	10,091	31,408
	290,686	276,027
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 300,104</b>	<b>\$ 284,840</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2011 and 2010**

	2011	2010
<b>UNRESTRICTED NET ASSETS</b>		
<b>Revenue and Support</b>		
Special Events		
Revenue	\$ 2,414	\$ 2,189
Direct Costs	(468)	(484)
	1,946	1,705
Franchise Fees	199,065	194,626
Production Services	5,490	3,000
Contributions and Grants	10,000	10,965
In-kind Contributions	30,050	30,325
Memberships	10,730	4,506
Duplication	2,537	3,727
Class Fees	1,500	3,600
Sponsorships	6,000	2,100
Interest Income	2,159	2,296
Loss on Discarded Assets	0	(3,852)
	269,477	252,998
Net Assets Released From Restrictions		
Satisfaction of Donor Restrictions	21,317	13,592
	290,794	266,590
<b>TOTAL SUPPORT AND REVENUE</b>		
	290,794	266,590
<b>FUNCTIONAL EXPENSES</b>		
Program	181,872	186,364
Management and General	71,517	52,104
Fund Raising	1,429	929
	254,818	239,397
<b>TOTAL FUNCTIONAL EXPENSES</b>		
	254,818	239,397
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>		
	35,976	27,193
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>Support</b>		
Capital Equipment Grant	0	45,000
Net Assets Released From Restrictions		
Satisfaction of Donor Restrictions	(21,317)	(13,592)
	(21,317)	(13,592)
<b>(DECREASE) INCREASE IN</b>		
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	(21,317)	31,408
<b>INCREASE IN NET ASSETS</b>		
	14,659	58,601
<b>NET ASSETS AT BEGINNING OF YEAR</b>	276,027	217,426
	290,686	276,027
<b>NET ASSETS AT END OF YEAR</b>	\$ 290,686	\$ 276,027

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended June 30, 2011 and 2010**

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals for 2011</u>	<u>Totals for 2010</u>
Salaries	\$ 95,573	\$ 38,125	\$ 1,017	\$ 134,715	\$ 125,339
Fringe Benefits	18,051	7,201	191	25,443	19,567
Payroll Taxes	6,541	2,917	78	9,536	9,585
Retirement Benefits	16,749	3,812	102	20,663	19,157
Office Rental - In-kind	27,531	1,528	41	29,100	29,100
Telephone	0	3,171	0	3,171	3,180
Insurance	1,370	2,554	0	3,924	4,025
Legal and Professional	0	7,050	0	7,050	8,032
License and Permits	47	0	0	47	47
Donations	0	575	0	575	0
Dues and Subscriptions	0	122	0	122	484
Printing and Publications	0	165	0	165	281
Supplies and Postage	4,110	1,297	0	5,407	4,822
Repairs and Maintenance	2,039	0	0	2,039	3,613
Depreciation	9,646	0	0	9,646	10,910
Travel and Meals	215	0	0	215	143
Advertising	0	0	0	0	200
Website Development	0	2,502	0	2,502	240
Business Development	0	233	0	233	0
Volunteer Program	0	230	0	230	195
Miscellaneous	0	35	0	35	477
<b>TOTAL EXPENSES</b>	<b>\$ 181,872</b>	<b>\$ 71,517</b>	<b>\$ 1,429</b>	<b>\$ 254,818</b>	<b>\$ 239,397</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2011 and 2010**

	2011		2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Increase in Net Assets	\$ 14,659	\$	58,601
<b>ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Depreciation	9,646		10,910
Loss on Discarded Assets	0		3,852
Increase in Indiana University Reserve	(17,961)		(12,166)
Increase in Accounts Receivable	(125)		(495)
Decrease in Prepaid Insurance	146		10
(Decrease) Increase in Accounts Payable	(859)		914
Increase in Accrued Expenses	1,464		6,466
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>6,970</u>		<u>68,092</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Equipment	(21,317)		(13,228)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(21,317)</u>		<u>(13,228)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(14,347)		54,864
<b>CASH BEGINNING OF YEAR</b>	<u>250,354</u>		<u>195,490</u>
<b>CASH END OF YEAR</b>	<u>\$ 236,007</u>	\$	<u>250,354</u>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies**

**Nature of Operations**

Whitewater Community Television, Inc. (WCTV) was incorporated as a not-for-profit organization on April 7, 1988, under the laws of the state of Indiana. The organization was created to provide a public, educational and government access television center to the residents of Wayne County, Indiana at no cost to the public. WCTV is primarily supported by franchise fees from the City of Richmond, Indiana and Wayne County.

The financial statements of WCTV have been prepared on the accrual basis. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

**Prior Year Amounts**

The amounts shown for June 30, 2010 in the accompanying financial statements are presented to provide a basis for comparison with June 30, 2011.

**Net Asset Classifications**

The financial statements have been prepared in accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 requires that the financial statements report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted - expendable funds for current operations.
2. Temporarily restricted - funds temporarily restricted as to program purpose or time restrictions by the donor.
3. Permanently restricted - funds restricted by the donor that stipulates resources be maintained permanently but permits the organization to use part or all of the income derived from the donated assets. WCTV does not have any permanently restricted net assets.

**Support and Revenue**

WCTV reports assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor-imposed restrictions are met in the same reporting period in which the contribution is received, WCTV reports the contribution as unrestricted support.

**Cash and Cash Equivalents**

WCTV considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash consists of bank deposits in federally insured accounts and petty cash. WCTV had no cash equivalents at June 30, 2011 and 2010.

**Indiana University Reserve**

WCTV employee related expenses and other selected expenses are administered by Indiana University and then reimbursed by WCTV. The reserve represents 2/12ths of the WCTV IU budget for salaries, benefits and retirement.

**Financial Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimated.

SEE INDEPENDENT AUDITOR'S REPORT

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

WCTV capitalizes all expenditures for equipment in excess of \$500 and a useful life of one year or longer. Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets, ranging from five to seven years. Routine repairs and maintenance are expensed when incurred.

Upon the sale of equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current revenues.

**Donated Property and Equipment**

WCTV reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained. WCTV reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. WCTV reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**In-Kind Contributions**

In addition to receiving cash contributions, WCTV receives usage of furnished office space from Indiana University East. The value of the office space that is included as in-kind contributions and the corresponding rent expense is \$29,100 and \$29,100 for the years ended June 30, 2011 and 2010. Other in-kind contributions consisted of auditing and accounting services of \$950 and \$1,225 for the years ended June 30, 2011 and 2010.

**Income Taxes**

WCTV is exempt from income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code and is not considered to be a private foundation.

**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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Advertising**

WCTV uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled \$0 and \$200 for the years ended June 30, 2011 and 2010.

**Receivables and Payables**

Receivables and payables are shown in the statement of financial position. All are considered current.

**Note #2 - Leases**

WCTV leases approximately 2,600 square feet from Indiana University for operational space. The lease is part of an overall contract with Indiana University that also includes certain personnel services being provided. The contract is valid indefinitely, although either party may terminate it in whole or in part with 60 days prior written notice. Indiana University has agreed to waive all lease payments for WCTV. Management estimates the fair market value of the space to be \$29,100 per annum.

SEE INDEPENDENT AUDITOR'S REPORT

**WHITEWATER COMMUNITY TELEVISION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note #3 - Concentration of Support and Schedule of Awards**

The following support is a direct result of franchise fees paid by Comcast, formerly Insight Communications and represents approximately 73.87% and 80.41% of WCTV's total revenue and support for the years ended June 30, 2011 and 2010.

	<u>Franchise Fees</u>	<u>Equipment Grants</u>	<u>Total</u>
<b>June 30, 2011</b>			
City of Richmond Indiana	\$ 180,065	\$ 0	\$ 180,065
Wayne County	<u>19,000</u>	<u>0</u>	<u>19,000</u>
	<u>\$ 199,065</u>	<u>\$ 0</u>	<u>\$ 199,065</u>
<b>June 30, 2010</b>			
City of Richmond Indiana	\$ 174,626	\$ 45,000	\$ 219,626
Wayne County	<u>20,000</u>	<u>0</u>	<u>20,000</u>
	<u>\$ 194,626</u>	<u>\$ 45,000</u>	<u>\$ 239,626</u>

**Note #4 - Pension Plan**

Plan contribution expenses for the years ended June 30, 2011 and 2010 were \$20,663 and \$19,157. Descriptions of the various plans are summarized below.

**Support and Service Staff**

WCTV offers all salaried non-professional employees that are at least 50% full-time equivalent employees a two-part retirement plan. Plan contributions are coordinated by Indiana University. The Plan falls under the umbrella of the Indiana Public Employees Retirement Fund (PERF). The Plan consists of two parts. The first part is a defined benefit for eligible employees where contributions vest when at least 10 years of service have been achieved. The second part is an annuity savings account where vesting is immediate. As currently offered, both parts are 100% funded by the employer, with rates established by the State of Indiana. The contribution rate for the years ended June 30, 2011 and 2010 for WCTV eligible employees was 10.09% and 11.9%.

**Professional Staff**

WCTV, through Indiana University, maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers professional staff that are 50% or more full-time equivalent employees of the Organization. The Organization contributes 10% of base salary for employees hired on or after July 1, 1999. For employees enrolled prior to July 1, 1999, but after July 1, 1989, the contribution rate is 11.25%. There is no waiting period for new employees to enroll in the Plan, and participants are immediately 100% vested in the funds contributed on their behalf.

**Optional Tax Deferred Annuity**

WCTV offers an additional tax deferred annuity plan to employees meeting the eligibility requirements for either of the Plans described above. Employees may elect to defer from 10% up to 100% of his or her compensation each year up to the maximum allowed by the Internal Revenue Code. Participants are 100% vested in his or her account balance.

SEE INDEPENDENT AUDITOR'S REPORT

WHITEWATER COMMUNITY TELEVISION, INC.  
NOTES TO FINANCIAL STATEMENTS

Note #5 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2011:

Capital Equipment Purchases	\$ <u>10,091</u>
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Temporarily restricted net assets of \$21,317 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Note #6 - Evaluation of Subsequent Events

WCTV has evaluated subsequent events through November 10, 2011, the date which the financial statements were available to be issued.

SEE INDEPENDENT AUDITOR'S REPORT