



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B42847

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

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

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, 2011 to June 30, 2012. 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, 2012, 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, 2012 AND 2011**

CONTENTS

Independent Auditor's Report

Statements of Financial Position

Statements of Activities

Statements of Functional Expenses

Statements of Cash Flows

Notes to Financial Statements



Webb & Associates
Certified Public Accountants

66 SOUTH TWELFTH STREET
SOUTH TWELFTH AT A
RICHMOND, INDIANA 47374
TELEPHONE: (765) 962-3524
FAX: (765) 962-3525
WEBB-CPA.COM

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, 2012 and 2011, 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, 2012 and 2011, 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

October 4, 2012

WHITEWATER COMMUNITY TELEVISION, INC
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

ASSETS

| | <u>2012</u> | <u>2011</u> |
|--------------------------------|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | \$ 238,709 | \$ 236,007 |
| Indiana University Reserve | 31,395 | 29,183 |
| Accounts Receivable | 1,250 | 790 |
| Prepaid Expenses | 1,129 | 1,129 |
| | 272,483 | 267,109 |
| FIXED ASSETS | | |
| Equipment | 194,661 | 210,245 |
| Less: Accumulated Depreciation | (148,073) | (177,250) |
| | 46,588 | 32,995 |
| NET FIXED ASSETS | 46,588 | 32,995 |
| TOTAL ASSETS | \$ 319,071 | \$ 300,104 |

LIABILITIES AND NET ASSETS

| | <u>2012</u> | <u>2011</u> |
|---|-------------------|-------------------|
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 831 | \$ 300 |
| Accrued Payroll - IUE | 6,873 | 9,118 |
| | 7,704 | 9,418 |
| TOTAL CURRENT LIABILITIES | 7,704 | 9,418 |
| NET ASSETS | | |
| Unrestricted | 308,589 | 280,595 |
| Temporarily Restricted | 2,778 | 10,091 |
| | 311,367 | 290,686 |
| TOTAL NET ASSETS | 311,367 | 290,686 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 319,071 | \$ 300,104 |

WHITEWATER COMMUNITY TELEVISION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------|-------------|
| UNRESTRICTED NET ASSETS | | |
| Revenue and Support | | |
| Special Events | | |
| Revenue | \$ 4,920 | \$ 2,414 |
| Direct Costs | (719) | (468) |
| | 4,201 | 1,946 |
| Franchise Fees | 191,427 | 199,065 |
| Production Services | 7,425 | 5,490 |
| Contributions and Grants | 10,710 | 10,000 |
| In-kind Contributions | 30,075 | 30,050 |
| Memberships | 7,495 | 10,730 |
| Duplication | 775 | 2,537 |
| Class Fees | 0 | 1,500 |
| Sponsorships | 3,135 | 6,000 |
| Interest Income | 1,563 | 2,159 |
| | 256,806 | 269,477 |
| Net Assets Released From Restrictions | | |
| Satisfaction of Donor Restrictions | 32,972 | 21,317 |
| | 289,778 | 290,794 |
| FUNCTIONAL EXPENSES | | |
| Program | 187,737 | 181,872 |
| Management and General | 72,619 | 71,517 |
| Fund Raising | 1,428 | 1,429 |
| | 261,784 | 254,818 |
| TOTAL FUNCTIONAL EXPENSES | 261,784 | 254,818 |
| INCREASE IN UNRESTRICTED NET ASSETS | 27,994 | 35,976 |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| Support | | |
| Capital Equipment Grants | 25,659 | 0 |
| Net Assets Released From Restrictions | | |
| Satisfaction of Donor Restrictions | (32,972) | (21,317) |
| DECREASE IN | | |
| TEMPORARILY RESTRICTED NET ASSETS | (7,313) | (21,317) |
| INCREASE IN NET ASSETS | 20,681 | 14,659 |
| NET ASSETS AT BEGINNING OF YEAR | 290,686 | 276,027 |
| NET ASSETS AT END OF YEAR | \$ 311,367 | \$ 290,686 |

SEE INDEPENDENT AUDITOR'S REPORT
AND NOTES TO FINANCIAL STATEMENTS

WHITEWATER COMMUNITY TELEVISION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2012 and 2011

| | <u>Program</u> | <u>Management and General</u> | <u>Fund Raising</u> | <u>Totals for 2012</u> | <u>Totals for 2011</u> |
|---------------------------|-------------------|-----------------------------------|-------------------------|----------------------------|----------------------------|
| Salaries | \$ 97,833 | \$ 38,322 | \$ 1,022 | \$ 137,177 | \$ 134,715 |
| Fringe Benefits | 17,739 | 6,949 | 185 | 24,873 | 25,443 |
| Payroll Taxes | 6,661 | 2,932 | .78 | 9,671 | 9,536 |
| Retirement Benefits | 15,818 | 3,832 | 102 | 19,752 | 20,663 |
| Office Rental - In-kind | 27,531 | 1,528 | 41 | 29,100 | 29,100 |
| Telephone | 0 | 3,146 | 0 | 3,146 | 3,171 |
| Insurance | 666 | 3,015 | 0 | 3,681 | 3,924 |
| Legal and Professional | 0 | 7,565 | 0 | 7,565 | 7,050 |
| License and Permits | 47 | 7 | 0 | 54 | 47 |
| Donations | 0 | 600 | 0 | 600 | 575 |
| Dues and Subscriptions | 547 | 152 | 0 | 699 | 122 |
| Printing and Publications | 0 | 342 | 0 | 342 | 165 |
| Supplies and Postage | 2,817 | 1,888 | 0 | 4,705 | 5,407 |
| Repairs and Maintenance | 6,424 | 0 | 0 | 6,424 | 2,039 |
| Depreciation | 11,654 | 0 | 0 | 11,654 | 9,646 |
| Travel and Meals | 0 | 5 | 0 | 5 | 215 |
| Professional Development | 0 | 40 | 0 | 40 | 0 |
| Website Development | 0 | 2,286 | 0 | 2,286 | 2,502 |
| Business Development | 0 | 0 | 0 | 0 | 233 |
| Volunteer Program | 0 | 0 | 0 | 0 | 230 |
| Miscellaneous | 0 | 10 | 0 | 10 | 35 |
| TOTAL EXPENSES | \$ 187,737 | \$ 72,619 | \$ 1,428 | \$ 261,784 | \$ 254,818 |

WHITEWATER COMMUNITY TELEVISION, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase in Net Assets | \$ 20,681 | \$ 14,659 |
| ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Depreciation | 11,654 | 9,646 |
| Increase in Indiana University Reserve | (2,212) | (17,961) |
| Increase in Accounts Receivable | (460) | (125) |
| Decrease in Prepaid Insurance | 0 | 146 |
| Increase (Decrease) in Accounts Payable | 531 | (859) |
| (Decrease) Increase in Accrued Expenses | (2,245) | 1,464 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 27,949 | 6,970 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Equipment | (25,247) | (21,317) |
| NET CASH USED BY INVESTING ACTIVITIES | (25,247) | (21,317) |
| NET INCREASE (DECREASE) IN CASH | 2,702 | (14,347) |
| CASH BEGINNING OF YEAR | 236,007 | 250,354 |
| CASH END OF YEAR | \$ 238,709 | \$ 236,007 |

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, 2011 in the accompanying financial statements are presented to provide a basis for comparison with June 30, 2012.

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, 2012 and 2011.

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.

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, 2012 and 2011. Other in-kind contributions consisted of auditing and accounting services of \$975 and \$950 for the years ended June 30, 2012 and 2011.

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.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2010, 2011 and 2012 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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.

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.

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 71.31% and 73.87% of WCTV's total revenue and support for the years ended June 30, 2012 and 2011.

| | <u>Franchise Fees</u> | <u>Equipment Grants</u> | <u>Total</u> |
|--------------------------|---------------------------|-----------------------------|-------------------|
| June 30, 2012 | | | |
| City of Richmond Indiana | \$ 173,427 | \$ 10,000 | \$ 183,427 |
| Wayne County | <u>18,000</u> | <u>0</u> | <u>18,000</u> |
| | <u>\$ 191,427</u> | <u>\$ 10,000</u> | <u>\$ 201,427</u> |
| June 30, 2011 | | | |
| 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> |

Note #4 - Pension Plan

Plan contribution expenses for the years ended June 30, 2012 and 2011 were \$19,752 and \$20,663. 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, 2012 and 2011 for WCTV eligible employees was 10.96% and 10.09%.

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. For employees hired on or after July 1, 1999, the Organization contributes 10% or 12% if grade 16 or above of the base salary. For employees enrolled prior to July 1, 1999, but after July 1, 1989, the contribution rate is 11.25% or 15% if grade 16 or above. 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.

WHITEWATER COMMUNITY TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

Note #5 - Net Assets

Unrestricted Net Assets consist of the following:

| | |
|------------------------|-------------------|
| General Fund | \$ 293,163 |
| Capital Equipment Fund | <u>15,426</u> |
| | <u>\$ 308,589</u> |

The Capital Equipment Fund is a board designated fund.

Temporarily restricted net assets were available for the following purposes at June 30, 2012:

| | |
|---|-----------------|
| 1 year's worth of web media hosting and streaming video-on-demand service | <u>\$ 2,778</u> |
|---|-----------------|

Temporarily restricted net assets of \$32,972 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 October 4, 2012, the date which the financial statements were available to be issued.