

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

FINANCIAL STATEMENTS REPORT

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED
BY VINCENNES UNIVERSITY
VINCENNES, INDIANA

July 1, 2012 to June 30, 2013



FILED
01/29/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-12 to 06-30-14
President	Richard E. Helton	07-01-12 to 06-30-14
Chairman of the Board	John R. Gaylor	07-01-12 to 06-30-14
General Manager	Al Rerko Jim Evans (Interim)	07-01-12 to 06-30-13 07-01-13 to 06-30-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE WVUT-TV, A PUBLIC TELEVISION STATION
OPERATED BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of WVUT-TV, a public television station operated by Vincennes University (Public Television Station), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Public Television Station's basic financial statements as listed in the Table of Contents.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Public Television Station, as of June 30, 2013 and 2012, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.


Paul D. Joyce, CPA
State Examiner

January 23, 2014

WVUT-TV

A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY

Management's Discussion and Analysis

INTRODUCTION

WVUT-TV (the Station) is proud to present its financial statements for fiscal year 2013. This discussion and analysis provides an overview of the financial position and activities of WVUT-TV for the year ended June 30, 2013 with comparative information for the year ended June 30, 2012. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

WVUT-TV is licensed to the Board of Trustees of Vincennes University. WVUT-TV was the first Public Television station to go on the air in Indiana on October 22, 1968. Vincennes University was also the first college in Indiana to go on the air with a Digital Television Station on September 2, 2002. On June 12, 2009, WVUT-TV, along with all other analog TV stations, turned the analog transmitter off and went on-air completely digital. In July of 2010, all in-studio and out-of-studio local productions were converted to High Definition.

USING THE FINANCIAL STATEMENTS

The WVUT-TV report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles. WVUT-TV follows GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions* and GASB Statement No. 35, *Basic Financial Statements- and Management's Discussion and Analysis-for Public Colleges and Universities-An Amendment of GASB Statement No. 34*. 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 position categories.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of WVUT-TV at the end of the fiscal year and includes all assets and liabilities of WVUT-TV. The difference between total assets and total liabilities--net position-- is one indicator of the current financial condition of WVUT-TV, while the change in net position 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 WVUT-TV's assets, liabilities and net position at June 30, 2013 and 2012, is as follows:

	<u>2013</u>	<u>2012</u>
Current Assets	\$ 847,323	\$ 846,909
Noncurrent Assets		
Capital Assets, net of depreciation	1,797,057	1,992,334
Total Assets	<u>2,644,380</u>	<u>2,839,243</u>
Current Liabilities	820,271	806,379
Net Position	<u>\$ 1,824,109</u>	<u>\$ 2,032,864</u>

Current assets consist of cash and cash equivalents, accounts receivable and prepaid expense. Current liabilities consist of accounts payable and unearned revenue. WVUT-TV has no long-term liabilities.

Net Position

Net position represents the residual interest in WVUT-TV's assets after liabilities are deducted. WVUT-TV's net position at June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Invested in Capital Assets	\$ 1,797,057	\$ 1,992,334
Unrestricted	27,052	40,530
Total Net Position	<u>\$ 1,824,109</u>	<u>\$ 2,032,864</u>

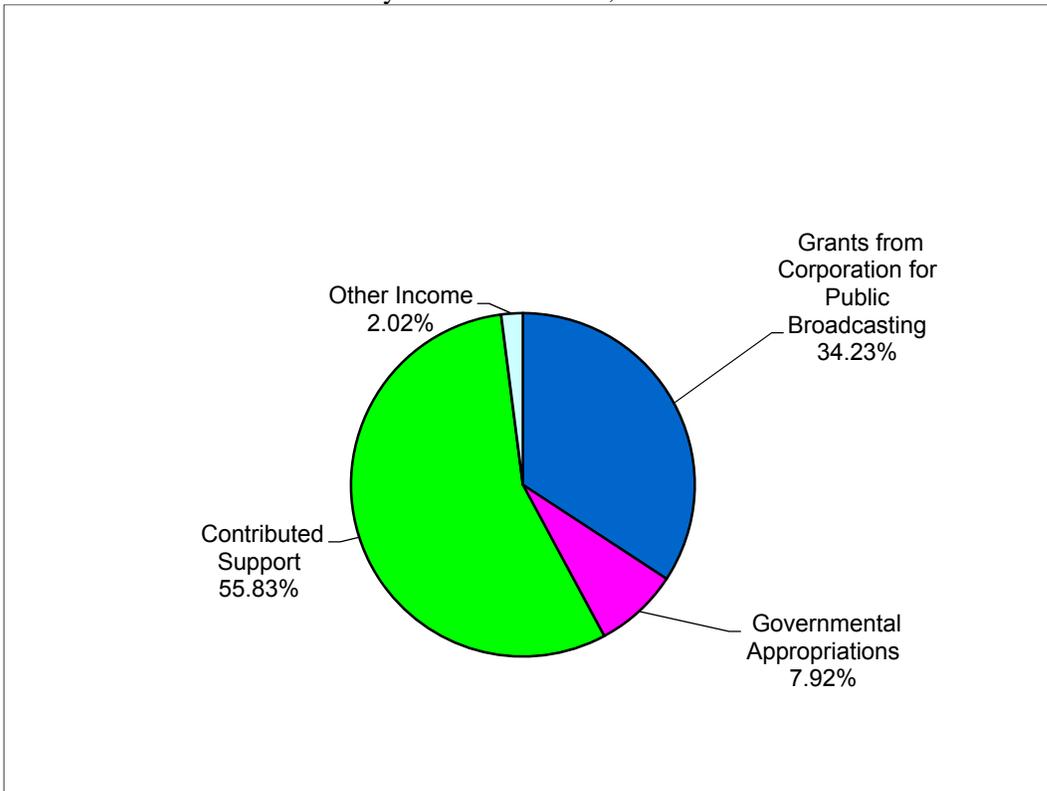
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position present the operating results of WVUT-TV 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 Revenues, Expenses and Changes in Net Position for the year ended June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Operating Revenue	\$ 1,745,087	\$ 1,866,605
Operating Expenses	2,133,382	2,183,744
Net Operating Loss	<u>(388,295)</u>	<u>(317,139)</u>
Non-operating Revenues	<u>179,540</u>	<u>185,708</u>
Increase (Decrease) in Net Position	(208,755)	(131,431)
Net Position - Beginning of year	2,032,864	2,164,295
Net Position - End of year	<u><u>\$ 1,824,109</u></u>	<u><u>\$ 2,032,864</u></u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUT-TV for the year ended June 30, 2013.



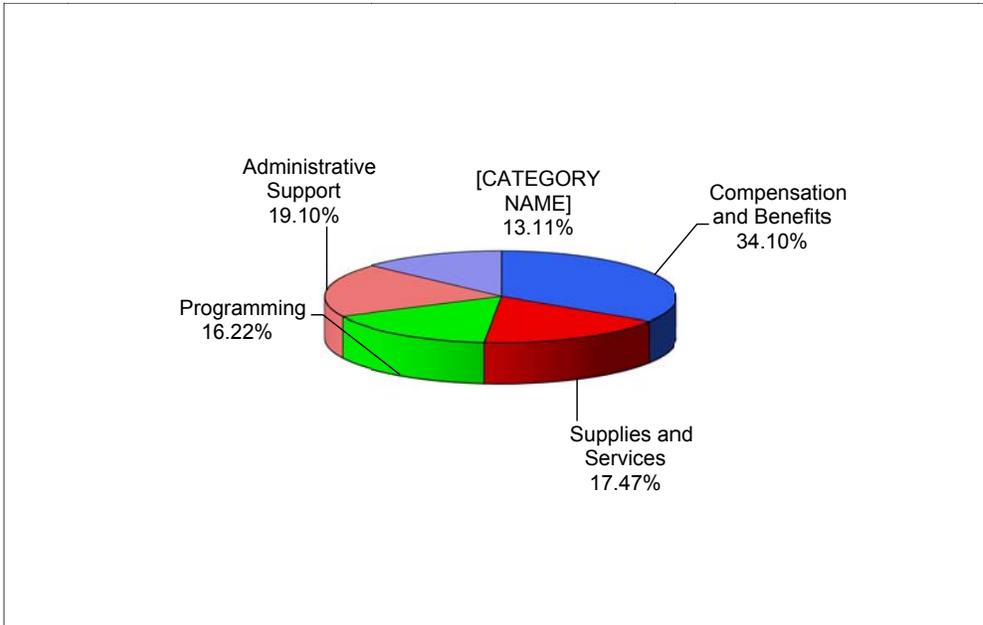
WVUT-TV continues to make cost containment an ongoing effort and these efforts are reflected in the 2013 results as operating expenses have decreased approximately \$50,000 from prior year. This action is necessary since the radio station received only \$813,000 in operating revenue from the Corporation for Public Broadcasting and government appropriations to help support the station's operating expenses of \$2.1 million during the fiscal year of 2013. The station received approximately \$1.1 million of contributions from Vincennes University and other outside sources

to help support \$1.3 million of operating expenses that the station incurred during the fiscal year of 2013.

A summary of WVUT-TV's expenses by object for the year ended June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Operating:		
Compensation and Benefits	\$ 727,469	\$ 750,471
Supplies and Services	372,598	310,047
Programming Costs	345,969	372,297
Depreciation	279,975	287,543
Administrative Support	407,371	463,386
Total Operating Expenses	<u>\$ 2,133,382</u>	<u>\$ 2,183,744</u>

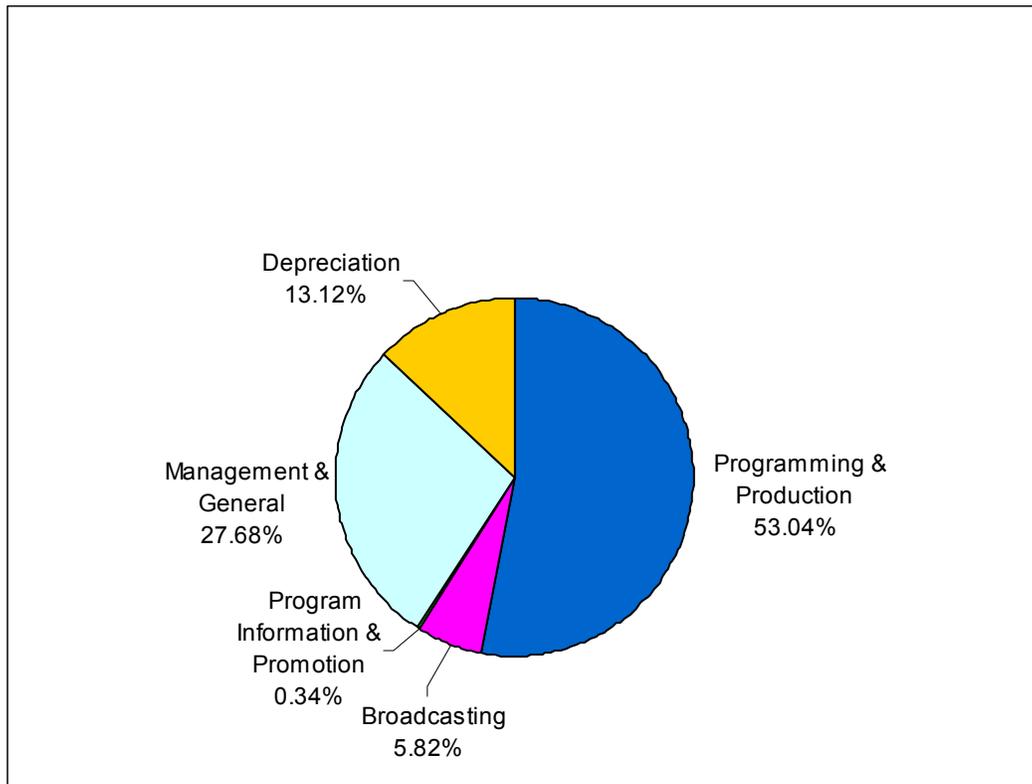
The following is a graphic illustration of total expenses by object for the year ended June 30, 2013:



In addition to their natural (object) classification, it is also informative to review operating expenses by function. A summary of WVUT-TV's expenses by functional classification for the year ended June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Operating:		
Programming & Production	\$ 1,131,573	\$ 1,202,785
Broadcasting	124,235	62,327
Program Information & Promotion	7,182	19,673
Management & General	590,417	611,416
Depreciation	279,975	287,543
Total operating expenses	<u>\$ 2,133,382</u>	<u>\$ 2,183,744</u>

The following graphic illustration presents total expenses by function for the year ended June 30, 2013:



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about WVUT-TV'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, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Cash received from operations	\$ 1,212,521	\$ 1,291,514
Cash expended for operations	<u>(1,351,847)</u>	<u>(1,335,219)</u>
Net cash used in operating activities	(139,326)	(43,705)
Net cash provided by non-capital financing activities	182,729	185,708
Net cash used in capital and related financing activities	<u>(56,521)</u>	<u>(158,872)</u>
Net decrease in cash and cash equivalents	(13,118)	(16,869)
Cash and cash equivalents, beginning of year	846,839	863,708
Cash and cash equivalents, end of year	<u><u>\$ 833,721</u></u>	<u><u>\$ 846,839</u></u>

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Management believes that WVUT-TV is positioned to continue in good financial condition and can serve the general public well by offering them quality public broadcasting programs coupled with local origination programs focusing on community issues. With the influx of U.S.D.A grant money for high definition combined with the use of local money, WVUT operationally has positioned itself for most high cost future operations needed during the next three to five years. Also, WVUT has been recently notified that the USDA has accepted and issued another grant in the amount of \$355,000 for digital transition use.

The largest source of funding for operations is a grant from the federal government through the Corporation for Public Broadcasting (CPB). WVUT-TV is considered a small rural station by CPB. Because of the small station classification, WVUT-TV was awarded a TV Special Assistance Grant during fiscal year 2013. The station is also eligible for rural assistance for equipment and study grants from CPB although these have recently been limited.

This year brought much success with the Legislatures and the State Budget Agency. There was a large increase in state funding for each year of the biennium. It is calculated that WVUT will show an increase of \$148,774 in state appropriations. Management is requesting a one time first payment instead of quarterly payments. The Indiana Public Broadcasting System (IPBS) dues are expected to increase however new influx of money will help and place state funding almost to the original high levels from four years ago.

Management has been working diligently on partnerships with public and commercial stations and entities to help improve operations and local programming coupled with underwriting possibilities. Currently management is working closely with WNIN (PBS) in Evansville on cost cutting initiatives along with all Indiana Public TV stations through the IPBS. This collaboration will allow for a centralized and interconnected master control for all of the Indiana stations that can reduce costs.

The Lilly Foundation has given IPBS \$340,000 for interconnecting all stations (including radio) and another \$410,000 for contents and centralized distribution. The station continues to provide the highest quality of broadcasting for the area and has managed to keep staffing levels constant. WVUT has the smallest staffing of all Indiana Public TV Stations.

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FINANCIAL STATEMENTS

The financial statements and accompanying notes were prepared by management of the Public Television Station. The financial statements and notes are presented as intended by the Public Television Station.

WVUT-TV
A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2013 and 2012

<u>ASSETS</u>	<u>06-30-13</u>	<u>06-30-12</u>
Current Assets:		
Cash and Cash Equivalents	\$ 833,721	\$ 846,839
Accounts Receivable	17	-
Prepaid Expense	<u>13,585</u>	<u>70</u>
Total Current Assets	<u>847,323</u>	<u>846,909</u>
Noncurrent Assets:		
Capital Assets	6,428,171	6,352,331
Less Accumulated Depreciation	<u>(4,631,114)</u>	<u>(4,359,997)</u>
Total Noncurrent Assets	<u>1,797,057</u>	<u>1,992,334</u>
Total Assets	<u>\$ 2,644,380</u>	<u>\$ 2,839,243</u>
 <u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 2,346	\$ 9,860
Unearned Revenue	<u>817,925</u>	<u>796,519</u>
Total Current Liabilities	<u>820,271</u>	<u>806,379</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	1,797,057	1,992,334
Unrestricted	<u>27,052</u>	<u>40,530</u>
Total Net Position	<u>\$ 1,824,109</u>	<u>\$ 2,032,864</u>

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

WVUT-TV
 A PUBLIC TV STATION OPERATED BY VINCENNES UNIVERSITY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For The Years Ended June 30, 2013 And 2012

	<u>06-30-13</u>	<u>06-30-12</u>
Operating Revenue:		
Grants from Corporation for Public Broadcasting	\$ 659,810	\$ 728,608
Other Grants and Contracts	8,966	57,572
Contributed Support	<u>1,076,311</u>	<u>1,080,425</u>
Total Operating Revenue	<u>1,745,087</u>	<u>1,866,605</u>
Operating Expenses:		
Programming and Production	1,131,573	1,202,785
Broadcasting	124,235	62,327
Program Information and Promotion	7,182	19,673
Management and General	590,417	611,416
Depreciation	<u>279,975</u>	<u>287,543</u>
Total Operating Expenses	<u>2,133,382</u>	<u>2,183,744</u>
Operating Loss	<u>(388,295)</u>	<u>(317,139)</u>
Nonoperating Revenues (Expenses):		
Governmental Appropriations	152,732	152,684
Rental Income and Royalties	30,013	33,024
Loss on Disposition of Capital Assets	<u>(3,205)</u>	<u>-</u>
Total Nonoperating Revenues	<u>179,540</u>	<u>185,708</u>
Decrease in Net Position	(208,755)	(131,431)
Net Position - Beginning of Year	<u>2,032,864</u>	<u>2,164,295</u>
Net Position - End of Year	<u>\$ 1,824,109</u>	<u>\$ 2,032,864</u>

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

WVUT-TV
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2013 And 2012

	<u>06-30-13</u>	<u>06-30-12</u>
Cash Flows From Operating Activities:		
Grants from Public Broadcasting	\$ 681,217	\$ 703,842
Grants and Contracts	8,966	60,995
Contributed Support	522,338	526,677
Payments to Suppliers	(624,377)	(584,749)
Payments to Employees	(531,672)	(553,855)
Payments for Benefits	<u>(195,798)</u>	<u>(196,615)</u>
Net Cash Used in Operating Activities	<u>(139,326)</u>	<u>(43,705)</u>
Cash Flows From Noncapital Financing Activities:		
Governmental Appropriations	152,732	152,684
Other Income	<u>29,997</u>	<u>33,024</u>
Net Cash Provided by Noncapital Financing Activities	<u>182,729</u>	<u>185,708</u>
Cash Flows From Capital and Related Financing Activities:		
Purchases of Capital Assets	<u>(56,521)</u>	<u>(158,872)</u>
Net cash used in capital and related financing activities	<u>(56,521)</u>	<u>(158,872)</u>
Net Decrease in Cash and Cash Equivalents	<u>(13,118)</u>	<u>(16,869)</u>
Cash and Cash Equivalents - Beginning of Year	<u>846,839</u>	<u>863,708</u>
Cash and Cash Equivalents - End of Year	<u>\$ 833,721</u>	<u>\$ 846,839</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (388,295)	\$ (317,139)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expenses	279,975	287,543
Contributions of Property, Plant, and Equipment	(31,383)	(1,453)
Changes in Assets and Liabilities:		
Accounts Receivable	-	4,392
Prepaid Expense	(13,515)	(70)
Accounts Payable and Accrued Liabilities	(7,514)	8,758
Unearned Revenue	<u>21,406</u>	<u>(25,735)</u>
Net Cash Used in Operating Activities	<u>\$ (139,326)</u>	<u>\$ (43,705)</u>

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

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED BY VINCENNES UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2013 And June 30, 2012

Note 1. Summary of Significant Accounting Policies

Reporting Entity: WVUT-TV (Public Television Station) is a public television 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 States of America, as prescribed by the GASB. During fiscal year 2013, the Public Television Station adopted GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position." The Public Television Station did not have service concession arrangements under GASB Statement No. 60 to report for fiscal year 2013.

Basis of Accounting: For financial reporting purposes, the Public Television Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Public Television Station'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.

Cash Equivalents: For purposes of the Statement of Cash Flows, the Public Television Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable: Accounts receivable consist of royalty payments. Accounts receivable is stated at the amount management expects to collect from balances outstanding at year end. Management has concluded that realized losses on balances outstanding at year end will be immaterial and, accordingly, no allowance for uncollectible accounts is considered necessary.

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, the Public Television Station'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.

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED BY VINCENNES UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2013 And June 30, 2012
(Continued)

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.

Unearned Revenues: Unearned 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.

Indirect Administrative Support: Administrative support from Vincennes University consists of indirect costs incurred by the Universities on behalf of the Public Television Station, determined by establishing cost pools, which are grouped into functional categories such as institutional support and physical plant support, which are then allocated, based on the Public Television Station's direct costs in accordance with guidelines established by the Corporation for Public Broadcasting (CPB).

Vincennes University also provides office, studio, and tower facilities, the benefit for which is included as a building use allowance.

Net Position: The Public Television Station's net position is classified as follows:

Net investment in Capital Assets: This represents the Public Television Station's total investment in capital assets. There is no outstanding debt related to these capital assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Unrestricted Net Position: Unrestricted net position represents resources derived from grants, underwriting, and fees. These resources are used for transactions relating to the educational and general operations of the Public Television Station. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflow of resources that are not included in the determination of net investment in capital assets.

Classification of Revenues: The Public Television Station 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. Operating revenues include (1) operating grants from CPB, federal and state agencies, and other entities and (2) contributions from various sources for operating activities.

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED BY VINCENNES UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
For The Years Ended June 30, 2013 And June 30, 2012
(Continued)

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating 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.

Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes support from Vincennes University, donated materials, or facilities, and indirect administrative support.

Grants to finance noncapital projects are recorded as unearned revenue until an expenditure is incurred for which the grant was intended. The amounts are then included in revenues, and the expenditures are recorded.

Corporation for Public Broadcasting Community Service Grants: The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. The CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

Advertising Costs: Advertising costs are expensed in the period in which they are incurred.

Reclassifications: Certain reclassifications have been made to the June 30, 2012 financial statements to conform to the June 30, 2013 financial statement presentation. These reclassifications had no effect on previously reported results of operations or net position.

Note 2. Cash

Cash as of June 30, 2013, and June 30, 2012, is stated at market value. Cash deposits are insured by agencies of the federal government up to \$250,000. Amounts over \$250,000 are covered by the Indiana Public Depository Insurance Fund, which covers all public funds held in approved depositories. The total amount reported for checking accounts at various banks at June 30, 2013, and June 30, 2012, is \$833,721 and \$846,839, respectively.

WVUT-TV
 A PUBLIC TELEVISION STATION OPERATED BY VINCENNES UNIVERSITY
 NOTES TO FINANCIAL STATEMENTS
 For The Years Ended June 30, 2013 And June 30, 2012
 (Continued)

Note 3. Capital Assets

	Beginning Balances 07-01-12	Increases	Decreases	Ending Balances 06-30-13
Capital Assets Not Being Depreciated:				
Fine Arts (Film Library)	\$ 750,000	\$ -	\$ -	\$ 750,000
Total Capital Assets Not Being Depreciated	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>750,000</u>
Capital Assets Being Depreciated:				
Building and Improvments	401,036	-	-	401,036
Equipment	5,201,295	87,903	12,063	5,277,135
Total Capital Assets Being Depreciated	<u>5,602,331</u>	<u>87,903</u>	<u>12,063</u>	<u>5,678,171</u>
Less Accumulated Depreciation for:				
Building and Equipment	109,980	3,494	-	113,474
Equipment	4,250,017	276,481	8,858	4,517,640
Total Accumulated Depreciation	<u>4,359,997</u>	<u>279,975</u>	<u>8,858</u>	<u>4,631,114</u>
Total Capital Assets Being Depreciated, Net	<u>1,242,334</u>	<u>(192,072)</u>	<u>3,205</u>	<u>1,047,057</u>
Capital Assets, Net	<u>\$ 1,992,334</u>	<u>\$ (192,072)</u>	<u>\$ 3,205</u>	<u>\$ 1,797,057</u>

Note 4. Functional Statement

Operating expenses by functional classification is summarized as follows:

	Program Services			Support Services		Totals
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	
Salaries, Wages and Benefits	\$ 586,356	\$ -	\$ -	\$ 586,356	\$ 141,113	\$ 727,469
Professional Services	-	-	-	-	10,711	10,711
Supplies	-	-	-	-	10,079	10,079
Occupancy	-	62,435	-	62,435	4,253	66,688
Postage	-	-	-	-	1,051	1,051
Advertising	-	-	7,182	7,182	-	7,182
Conferences and Meetings	-	-	-	-	13,289	13,289
Repairs and Maintenance	73,033	61,800	-	134,833	300	135,133
Programming costs	345,969	-	-	345,969	-	345,969
Membership and Dues	126,215	-	-	126,215	2,250	128,465
Administrative Support	-	-	-	-	407,371	407,371
Depreciation	-	-	-	-	279,975	279,975
Totals	<u>\$ 1,131,573</u>	<u>\$ 124,235</u>	<u>\$ 7,182</u>	<u>\$ 1,262,990</u>	<u>\$ 870,392</u>	<u>\$ 2,133,382</u>

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Note 5. Indirect Administrative Support

Indirect administrative support from other state agencies consists of allocated institutional support and physical plant costs incurred by the University for which the Public Television Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support and also as an expense in the management and general functional expense category. The value of this support for the years ended June 30, 2013, and June 30, 2012, was \$407,371 and \$463,386, respectively.

Note 6. Contributed In-Kind Support

Contributed in-kind support represents expenses paid on behalf of the Public Television Station by others outside the reporting entity, and includes donated materials. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support. As expenses of an equivalent amount are also recognized, there is no impact on net position. The total support for June 30, 2013, and June 30, 2012, was \$78,800 and \$71,800, respectively.

Note 7. Support from Vincennes University

Vincennes University contributes support to the Public Television Station by partially funding the operations, studio, and production facility. The total costs for this support totaled \$590,140 and \$545,239 for the years ended June 30, 2013, and June 30, 2012, respectively.

Note 8. Risk Management

WVUT-TV is licensed to the Board of Trustees of Vincennes University. The University is exposed to various risks of loss: torts, theft, damage or destruction of assets; errors or omissions; job-related illnesses or injuries to employees; health and other medical benefits provided to employees and their dependents. The University handles these risks of loss through combinations of risk retention and commercial insurance. For building and contents, the risk retention is \$100,000 per incident. General liability, commercial crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be \$721,475 for the fiscal year 2012-2013 and \$795,450 for the fiscal year 2011-2012.

Changes in the total reported self-insured health, dental and drug benefit liability during the year ending June 30, 2013, were as follows:

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Balance, Beginning of Year	\$ 795,450
Claims Incurred	9,746,026
Claim Payments	<u>(9,820,001)</u>
 Balance, End of Year	 <u>\$ 721,475</u>