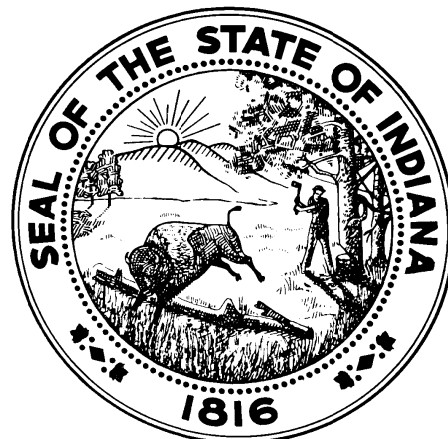


STATE BOARD OF ACCOUNTS
302 West Washington Street
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INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF

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

July 1, 2006 to June 30, 2007



FILED
12/31/2007

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UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
University President	Dr. Adam Herbert	07-01-04 to 06-30-07
University Vice President and Chief Financial Officer	Judith Palmer Dr. Neil D. Theobald	08-01-94 to 07-31-07 08-01-07 to 06-30-08
University Treasurer	MaryFrances McCourt	10-01-05 to 06-30-08
Director of Radio and TV Services	Perry Metz	08-11-03 to 06-30-08
President of The Board of Trustees	Stephen L. Ferguson	08-19-05 to 08-17-08



STATE OF INDIANA

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of WFIU Radio Station (Station), a public radio station operated by Indiana University, as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 WFIU Radio, as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

STATE BOARD OF ACCOUNTS

State Board of Accounts

December 27, 2007

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

WFIU-FM (the Station) presents its audited financial statements for the year ending June 30, 2007, along with comparative data for the year ending June 30, 2006. Three statements are described in the following discussion and analysis: The Statement of Net Assets, which presents the assets, liabilities, and net assets of the station as of the end of the fiscal year; the Statement of Revenues, Expenses, and Changes in Net Assets, which reflects revenues and expenses recognized during the fiscal year; and the Statement of Cash Flows, which provides information on all of the cash inflows and outflows for the Station by major category during the fiscal year. Analysis will be provided for major variances from fiscal year 2007 to 2006. Included in this review are "Capital Assets" and the "Economic Outlook."

Statement of Net Assets

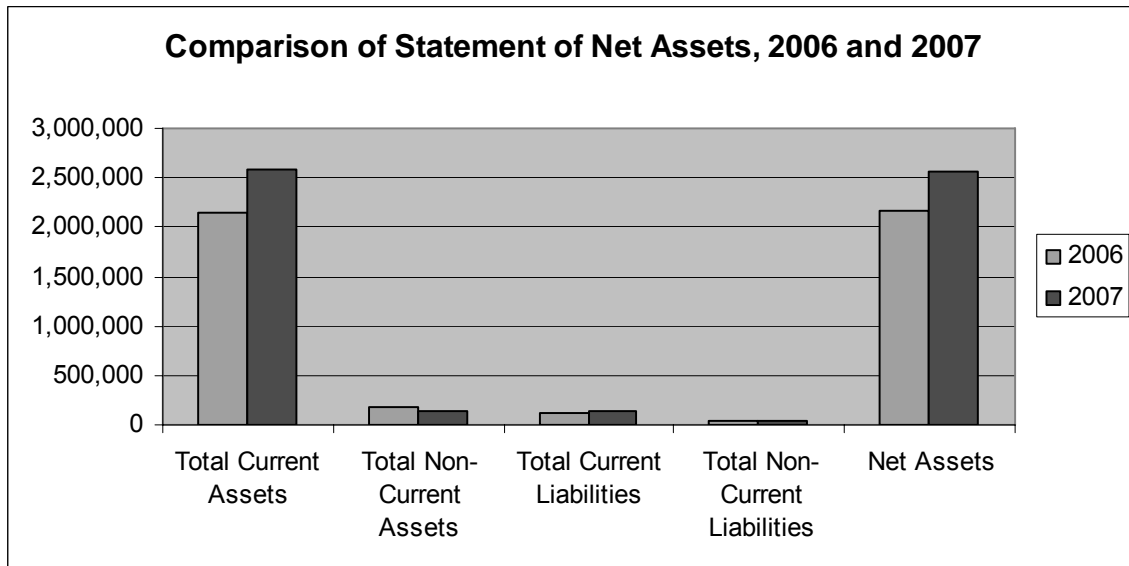
Total assets at June 30, 2007 were \$2,730,600, an increase of \$415,180. Capital net assets comprised \$142,725 of the \$2,730,600 in assets.

Total liabilities were \$176,326 at June 30, 2007, an increase of \$25,134. Non-current liabilities comprised 21.6% or \$38,079 of the liabilities at June 30, 2007. The Station had no outstanding debt obligations.

Total net assets at June 30, 2007 were \$2,554,274, a \$390,046 increase from the prior year, or an 18.02% increase in net assets. The breakout of net assets is shown below:

Capital assets	\$142,725
Restricted net assets	49,627
Unrestricted net assets	<u>2,361,922</u>
Total net assets	<u>\$2,554,274</u>

The composition of current and non-current assets and liabilities is displayed below for both the 2006 and 2007 fiscal year-ends:



WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Operating revenues at WFIU-FM for the June 30, 2007 fiscal year decreased by 22.36% from the previous year. Operating revenue changes were the result of the following factors:

- Facility sales and services decreased due to less production-for-hire activity.
- Miscellaneous revenues decreased due to decreases in EBay auction sales, "A Moment of Science" book royalties, and special event revenues.
- The Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) decreased in spite of an increase in non-federal financial support (NFFS) for the Station because the CPB set aside CSG funds for its CSI project.

Total non-operating revenues were up 15.03% from June 30, 2006, from \$1,945,660 to \$2,238,077. Non-operating revenue changes were the result of the following factors:

For Indiana University-Bloomington support:

- Indiana University-Bloomington campus general fund support decreased slightly due to a vacant positions funded by the general fund account.
- Indiana University donated administrative support was \$167,895, an increase of 7.78% from the prior year. This is based on the Station's prorated share of the Indiana University-Bloomington campus Institutional Support costs.

For contributions:

- Individual contributions were \$512,176, an increase of 15.61% over the prior year due to an increase in both the number of individual donors and the average individual gift.
- Corporate and foundation contributions were \$309,595, an increase of 21.12% from the prior year due to the continuing improved performance of the corporate development unit.
- In-kind support was \$22,458, an increase of 278% from the prior year due to an increase in underwriting trade-out agreements for promotions, advertising, and special events.

For other non-operating income:

- The fair value of the Station's investments in the Indiana University Foundation Pooled Long-Term Fund increased \$308,298 due to the stock market's continuing economic rebound.
- Interest and dividends earned by the Indiana University Foundation Pooled funds increased due to an increase in the rate of return on the Station's investments in the Indiana University Foundation Pooled Long-Term Fund.

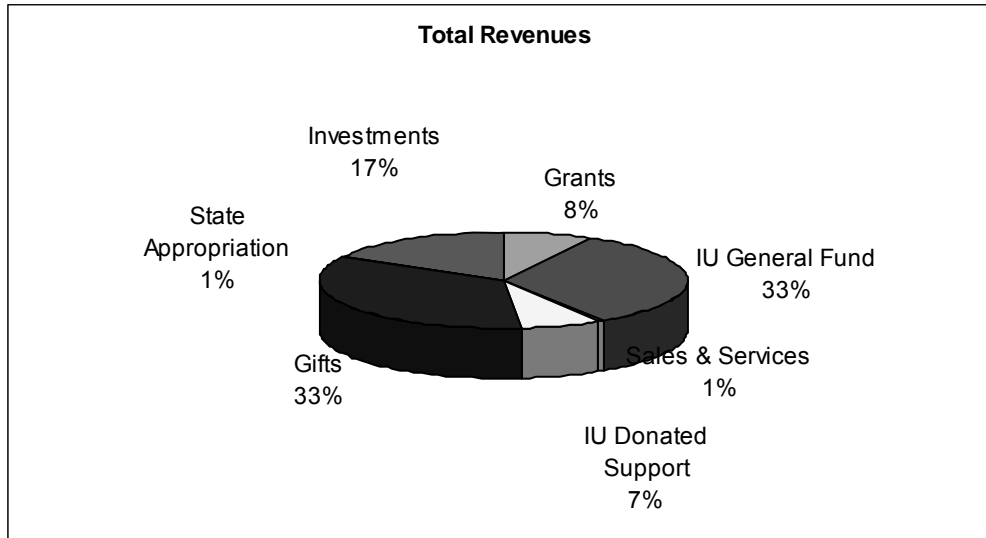
WFIU-FM

A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

- The sale of investments in the Indiana University Foundation Pooled Long-Term Fund resulted in a gain of \$1,200.

Other revenue consisted of a capital grant of \$15,000 from the Corporation for Public Broadcasting's Radio Digital Distribution Fund for the purchase of digital broadcast equipment to convert the Station from analog to digital broadcasting. This is an increase in grant revenues from the prior year.

In summary, total revenues of the Station increased by \$240,503, from \$2,207,884 to \$2,448,387, an overall increase of 10.89%. The compositions of these revenues are displayed in this graph:



Expenses

Operating expenses were \$2,058,341 for the 2007 fiscal year. This was a decrease over the previous fiscal year of \$105,472, or 4.87%. Changes in the major categories of expenses were:

For all functional areas:

- Professional staff received a one-time 1% bonus in lieu of a salary increase and support staff received a 2.5% average salary increase. The professional staff fringe benefit rate increased by 1.61% for non-grant accounts and 1.53% for grant accounts. The support staff fringe benefit rate increased by .41%.
- Accrued vacation and sick leave costs increased by \$7,654

For specific functional areas:

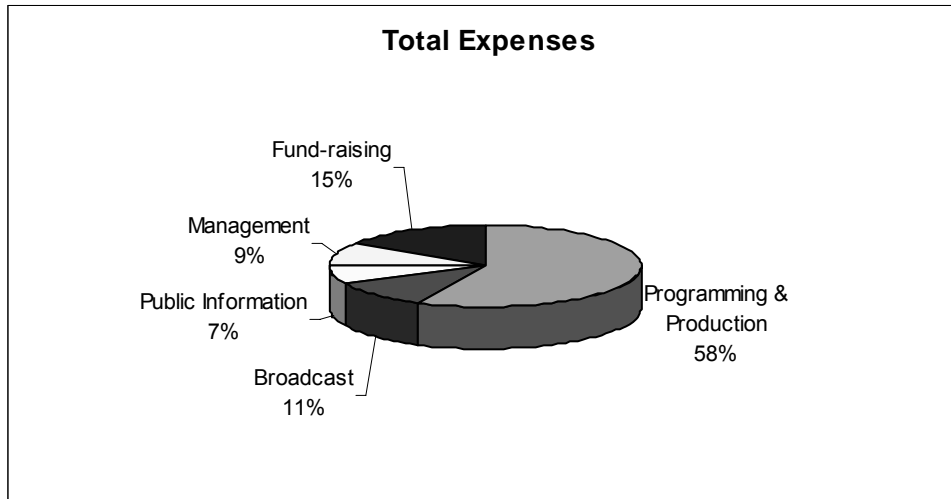
- Programming and production costs decreased due to the resignation of the News Reporter.
- Broadcasting costs decreased due to the completion in the prior year of the initial digital radio conversion and the associated start-up costs.
- Public information and promotion expenses decreased due to an increase in trade-outs for promotions.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

- o Management and general expenses increased slightly mainly due to compensation cost increases.
- o Fund-raising, membership development, and underwriting solicitation costs decreased due to the retirement of the Major Gifts Officer.

There were no non-operating expenses for the year.

The composition of total expenses is displayed below by major category:



Net Assets

Net assets increased by \$390,046 in 2007, compared to a \$43,288 increase in net assets in 2006. The operating loss decreased by \$49,239 from the previous fiscal year and the net non-operating revenues increased by \$293,200. Ending net assets were \$2,554,274, compared to ending net assets in 2006 of \$2,164,228. This was an 18.02% increase in net assets.

Statement of Cash Flows

The Statement of Cash Flows provides a means to assess the financial health of the Station by providing relevant information about the cash receipts and cash payments of the Station during a certain period. It assists the user in determining whether the Station has the ability to generate future net cash flows to meet its obligation as they come due, and to determine the need for external financing.

Cash Flows for the Period	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net cash provided (used) by:		
Operating activities	(\$1,644,895)	(\$1,706,102)
Noncapital financing activities	1,648,448	1,538,269
Capital and related financing activities	15,000	(897)
Investing activities	<u>56,755</u>	<u>138,558</u>

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

Net increase in cash	75,308	(30,172)
Beginning cash and cash equivalent balances	<u>72,825</u>	<u>102,997</u>
Ending cash and cash equivalent balances	<u>\$148,133</u>	<u>\$72,825</u>

Cash used by operating activities decreased by \$61,207. This decrease in the use of cash was the result of decreases in most operating expenses.

Noncapital financing activities increased by \$110,179 due to an increase in contributions.

Cash provided by capital and related financing activities increased by \$15,897 due to no capital asset purchases for the year but the reimbursement of a prior year capital asset purchase funded by a grant. Equipment purchased for less than \$5,000, the capitalization threshold, was recorded as operating expenses.

Cash flows from investing activities decreased by \$81,803 due to an increase in the purchase of investments and a decrease in the sale of investments.

In summary, the net increase in cash and cash equivalents in 2007 was due primarily to the increase in contributions and the decrease in operating expenses.

Capital Assets

At June 30, 2007, the Station had \$142,725 invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ending June 30, 2007, and June 30, 2006, totaled 26,456 and \$29,259 respectively. Details of these assets are shown below:

Net Capital Assets at Year-End	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Transmission, Antenna, and Tower	\$ 138,686	\$ 163,301
Studio and Other Broadcast Equipment	-	-
Furniture and Fixtures	<u>4,039</u>	<u>5,880</u>
Capital Assets, Net	<u>\$ 142,725</u>	<u>\$ 169,181</u>

There were no capital purchases for the year. Equipment purchased for less than \$5,000, the capitalization threshold, was recorded as operating expenses.

The Station has planned capital expenditures for the fiscal year ending June 30, 2008 at approximately \$48,906. Included in this are:

- o FM translators for French Lick and Greensburg.
- o Digital conversion, second audio channel.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2007 and June 30, 2006

Economic Outlook

The economic position of the Station is closely tied to that of Indiana University, which in turn, is closely tied to that of the State of Indiana. For 2008 the Station expects an increase in support from Indiana University to help partially fund salary increases. From the State of Indiana, the Station expects a \$50,000 increase but a portion of that increase is already committed to funding IPBS sanctioned state-wide initiatives for 2008.

The members of Indiana Public Broadcasting Services (IPBS) are expected to fund their inflationary costs and new digital equipment needs through increases in corporate and private contributions, grants, and sales of production services. The Station projects modest growth in revenues from contributions and no growth in revenues from production services. For operating expenses, the Station anticipates a nominal .3% increase in federal support from the Corporation for Public Broadcasting. For equipment, the Station has been awarded a grant from the US Department of Commerce's NTIA/PTFP for \$49,828 for a second audio channel, the next phase of the Station's digital conversion. The DOC NTIA/PTFP grant requires a match of \$24,914 for equipment purchases, to be funded by the Station from non-federal sources. The DOC NTIA/PTFP grant is in effect from 10/01/2007 through 3/31/2009.

Funding for digital services and operational expenses for the new FM translators will have to come from the Station's reserves and internal reallocations.

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2007 and 2006

	2007	2006
<u>Assets</u>		
Current assets:		
Cash and Cash Equivalents	\$ 148,133	\$ 72,825
Other Receivables, Net of Allowance for Doubtful Accounts of \$7,756 in 2007 and \$10,054 in 2006	41,977	32,272
Costs Incurred for Programming Not Yet Broadcast	410	1,267
Prepaid and Other	20,469	14,117
Investments (Note 2)	2,376,886	2,025,758
Total Current Assets	2,587,875	2,146,239
Noncurrent Assets:		
Property and Equipment (Note 3): Radio and Other Equipment, Net of Accumulated Depreciation \$280,735 in 2007 of \$254,279 in 2006	142,725	169,181
Total Assets	\$ 2,730,600	\$ 2,315,420
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 19,632	\$ 18,874
Funding for Programming Not Yet Broadcast	28,615	12,401
Long-Term Liabilities - Current Portion	90,000	80,000
Total Current Liabilities	138,247	111,275
Noncurrent Liabilities:		
Long-Term Liabilities (Note 5)	38,079	39,917
Total Liabilities	176,326	151,192
<u>Net Assets</u>		
Invested in Capital Assets	142,725	169,181
Restricted For Expendable Station Activities:		
Educational Programs	49,627	45,169
Unrestricted	2,361,922	1,949,878
Total Net Assets	2,554,274	2,164,228
Total Liabilities and Net Assets	\$ 2,730,600	\$ 2,315,420

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

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2007 and 2006

	2007	2006
<u>Operating Revenues</u>		
CPB Community Service Grant	\$ 177,878	\$ 223,400
Facility Sales and Services	8,412	21,387
Other Income From CPB and NPR	4,861	506
Miscellaneous Revenues	3,400	4,396
Royalty Income	759	1,854
Total Operating Revenues	195,310	251,543
<u>Operating Expenses</u>		
Program Services:		
Programming and Production	1,180,677	1,181,484
Broadcasting	216,362	251,153
Public Information and Promotion	151,943	166,565
Total Program Expenses	1,548,982	1,599,202
Supporting Services:		
Management and General	190,914	182,981
Fundraising, Membership Development, and Underwriting Solicitation	318,445	381,630
Total Supporting Expenses	509,359	564,611
Total Operating Expenses	2,058,341	2,163,813
Operating Loss	(1,863,031)	(1,912,270)
<u>Nonoperating Revenues (Expenses)</u>		
General Fund Support From Indiana University	804,610	809,920
Donated Facilities and Administrative Support From Indiana University	167,895	155,776
Appropriation From State of Indiana	12,500	25,000
Individual Contributions	512,176	443,036
Corporate/Foundation Contributions	309,595	255,615
In-Kind Support - Other	22,458	5,936
Interest and Dividends	99,345	89,300
Net Increase in the Fair Value of Investments	308,298	161,077
Gain (Loss) on Sale of Investments	1,200	(783)
Net Nonoperating Revenues	2,238,077	1,944,877
Income Before Other Revenues, Expenses, Gains, or Losses	375,046	32,607
Capital Grant - DOC NTIA/PTFP	-	10,681
Capital Grant - CPB	15,000	-
Increase in Net Assets	390,046	43,288
<u>Net Assets</u>		
Net Assets - Beginning of Year	2,164,228	2,120,940
Net Assets - End of Year	\$ 2,554,274	\$ 2,164,228

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

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2007 and 2006

	2007	2006
Cash Flows From Operating Activities:		
Grants	\$ 177,878	\$ 223,400
Sales and Services	13,657	22,687
Payments to Employees	(1,207,205)	(1,222,326)
Payments to Vendors	(622,257)	(729,136)
Payments to Reimburse Employees	(11,127)	(9,924)
Other Receipts	4,159	9,197
Net Cash Used by Operating Activities	(1,644,895)	(1,706,102)
Cash Flows From Noncapital Financing Activities:		
General Fund Support From Indiana University	805,005	809,524
Appropriation From State of Indiana	12,500	25,000
Contributions	830,943	703,745
Net Cash Provided by Noncapital Financing Activities	1,648,448	1,538,269
Cash Flows From Capital and Related Financing Activities:		
Capital Grants	15,000	10,681
Purchase of Capital Assets	-	(11,578)
Net Cash Used by Capital and Related Financing Activities	15,000	(897)
Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	19,659	53,902
Purchase of Investments	(61,483)	(4,115)
Interest and Dividends on Investments	98,579	88,771
Net Cash Provided by Investing Activities	56,755	138,558
Net Increase in Cash and Cash Equivalents	75,308	(30,172)
Cash and Cash Equivalents - Beginning of Year	72,825	102,997
Cash and Cash Equivalents - End of Year	\$ 148,133	\$ 72,825
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (1,863,031)	\$ (1,912,270)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	26,456	29,259
Bad Debt Expense	(2,298)	(61)
Donated Facilities and Administrative Support From Indiana University	167,895	155,776
In-Kind Support - Other	22,458	5,936
(Increase) Decrease in Assets		
Other Receivables, Net of Allowance for Doubtful Accounts	200	557
Costs Incurred for Programming Not Yet Broadcast	857	42,733
Prepaid and Other	(6,352)	1,779
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	758	(30,320)
Long-Term Liabilities - Current Portion	10,000	-
Long-Term Liabilities	(1,838)	509
Net Cash Used by Operating Activities	\$ (1,644,895)	\$ (1,706,102)

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

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2007 and June 30, 2006

1. Summary of Significant Accounting Policies

A. Organization

WFIU-FM (the Station) is owned by the Trustees of Indiana University, Bloomington, Indiana. The Station is operated by the Radio and Television Services Department of Indiana University.

Portions of both contribution and membership income and expenditures are deposited with and disbursed by the Indiana University Foundation.

B. Basis of Accounting

The accompanying financial statements have been prepared by the Station as a special-purpose government entity engaged in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. Accordingly, these financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize the "double-counting" of internal activities. Interfund receivables and payables have been eliminated in the Statement of Net Assets. Eliminations have been made in the Statement of Revenues, Expenses, and Changes in Net Assets to remove the "doubling-up" effect of internal service fund activity.

C. Operating Revenues

Operating revenues consist of the community service grant from the Corporation for Public Broadcasting, production sales and services, royalties, auction revenues, special event revenues, and miscellaneous grants for operating activities.

D. Revenue Recognition - Unrestricted

Unrestricted contributions, pledges and grants are recorded as revenue in the Statement of Revenues, Expenses, and Changes in Net Assets when received. Contributions for underwriting are recorded as revenue in the Statement of Revenues, Expenses, and Changes in Net Assets when the underwriting credits have aired.

E. Revenue Recognition - Restricted

Operating funds restricted by the donor, grantor, or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Station has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as restricted deferred amounts.

F. Production Programming (Completed Contract Method or Purchased Programming)

Costs incurred for programs not yet broadcast relate to programs produced by the Station that will be initially broadcast subsequent to the fiscal year-end. This classification includes costs of program and film rights and licenses acquired prior to the fiscal year-end, and initially utilized subsequent to the fiscal year-end. Unearned restricted contributions and grants that support these acquisitions are deferred in the accompanying balance sheet. Concurrent with initial broadcasting of the programs, their costs will be reported as incurred operating expenses and related financing will be reported as earned revenues in the Statement of Revenues, Expenses, and Changes in Net Assets.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2007 and June 30, 2006
(Continued)

G. Statement of Cash Flows

Cash flows are presented using the direct method. Cash equivalents include demand deposits and bank certificates of original maturities of thirty days or less.

H. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenue, Expenses, and Changes in Net Assets. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

I. Income Taxes

The Station is exempt from federal income tax, except on activities unrelated to its exempt purpose, under Internal Revenue Code Section 501(c)(3). There was no required provision for income taxes for fiscal year 2007.

J. Enterprise Fund Election

The Station, reporting as an enterprise fund using proprietary fund accounting, had the option of electing to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Station did not elect to do this.

K. Investment Valuation

Investments are presented in the financial statements at fair market value as of June 30, 2007.

L. Use of Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Station first applies the restricted resources. Once the restricted resources are depleted, the Station then applies its unrestricted resources.

M. Capital Assets

The capitalization threshold for capital assets is \$5,000. Capital assets are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets (excluding assets funded by the Federal Government) using the straight-line method calculated on a monthly basis. The estimated lives of such assets range between five and fifteen years.

2. Investments

The pooled investments are currently managed 100% for the University by the Indiana University Foundation. The funds are invested in accordance with the investment policy approved by the Indiana University Board of Trustees. The value of the pooled shares is determined each quarter on the basis of the total fair value of pooled investments and the number of pooled shares outstanding. Income from pooled funds is distributed pro rata to each participating fund according to the number of pooled shares it holds. At June 30, 2007, pooled shares were invested in pooled long-term and pooled short-term funds. Investment pooled funds at cost were \$1,774,808 and had a fair value of \$2,376,886 at June 30, 2007.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2007 and June 30, 2006
(Continued)

3. Property and Equipment

	Beginning Balance	Additions	Retirements	Ending Balance
Transmission, Antenna, and Tower	\$ 332,542	\$ -	\$ -	\$ 332,542
Studio and Other Broadcast Equipment	68,642	-	-	68,642
Furniture and Fixtures	22,276	-	-	22,276
Totals	423,460	-	-	423,460
Less Accumulated Depreciation:				
Transmission, Antenna, and Tower	169,241	24,615	-	193,856
Studio and Other Broadcast Equipment	68,642	-	-	68,642
Furniture and Fixtures	16,396	1,841	-	18,237
Total Accumulated Depreciation	254,279	26,456	-	280,735
Capital Assets, Net	\$ 169,181	\$ (26,456)	\$ -	\$ 142,725

Depreciation expense for the years ended June 30, 2007, and June 30, 2006, was \$26,456 and \$29,259, respectively, and was charged to the major functional areas as follows:

	2007	2006
Programming and Production	\$ 888	\$ 1,192
Broadcasting	24,853	26,870
Public Information and Promotion	109	183
Management and General	228	381
Fundraising, Membership Development, and Underwriting	378	633
Total Depreciation Expense	\$ 26,456	\$ 29,259

For capital assets partially financed with U.S. Department of Commerce NTIA/PTFP grants, the Federal Government requires a ten year lien establishing it as the priority secured creditor. This is to enforce its reversionary interest in the fixed asset for a ten year period (dating from the PTFP's approval of the final inventory for the grant); in case the Station defaults on the terms and conditions of the grant. The capital assets against which the Federal Government has a lien are:

Capital Assets	DOC Grant No.	Original Cost	Lien Through
FM Translator (Kokomo)	18-01-970855	\$ 24,103	2008
Digital Broadcast Equipment	18-01-N04079	51,362	2015

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2007 and June 30, 2006
(Continued)

4. In-Kind Support

In-kind support is divided between administrative support supplied by Indiana University and other in-kind contributions from sources outside the University.

Administrative support from Indiana University consists of institutional support, donated facilities, and physical plant operations. These are included as revenue and expense in the Statement of Revenues, Expenses, and Changes in Net Assets.

Institutional support is estimated at \$100,234 and is computed using operating expenses as the base.

The value of donated facilities is calculated on the Annual Value Computations for Buildings and Tower Facilities form provided by the Corporation for Public Broadcasting and totals \$65,918 for the recently renovated Radio and TV Building. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Physical plant is estimated at \$1,743. This represents the Station's pro rata share of allowable physical plant costs not allocated by the University based on gross square feet. The physical plant costs allocated to the Station by the University are included in the general fund support from the University.

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	\$ 119,917	\$ 100,363	\$ 92,201	\$ 128,079	\$ 90,000

6. Pension Plan

The Station's appointed employees are covered by the same retirement plans as other employees of Indiana University. The required contributions are pooled at the University level and charged to the Station at a predetermined rate. Non-exempt employees are covered by PERF (Public Employee's Retirement Fund), which is a defined benefit plan. Total PERF pension expenses for the years ended June 30, 2007, and June 30, 2006, were \$13,938 and \$18,351, respectively. Exempt employees are covered by the IU Retirement Plan. This is a defined contribution plan with three funding levels. In addition, the University provides early retirement benefits to certain appointed academic and professional staff. These employees are covered by the IUSERP (IU Supplemental Early Retirement Program) or the 18/20 Retirement Plan. The IU Retirement Plan, IUSERP, and the 18/20 Retirement Plan pension expenses for the years ended June 30, 2007, and June 30, 2006, were \$89,809 and \$85,888, respectively. Complete details of these plans can be found in the Indiana University Annual Financial Report.

7. Accounts Payable and Accrued Expenses

The Station's accounts payable and accrued expenses at June 30, 2007, and June 30, 2006, were primarily accrued payroll.