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AUDIT REPORT
OF

WTIU TELEVISION, A PUBLIC TELEVISION STATION
OPERATED BY INDIANA UNIVERSITY
BLOOMINGTON, INDIANA

July 1, 2007 to June 30, 2008

FILED
01/15/2009

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OFFICIALS

Office	Official	Term
University President	Dr. Adam Herbert	01-01-04 to 10-17-07
	Dr. Michael A. Robbie	10-18-07 to 06-30-09
University Vice President and Chief Financial Officer	Judith Palmer	08-01-94 to 07-31-07
	Dr. Neil D. Theobald	08-01-07 to 06-30-09
University Treasurer	MaryFrances McCourt	10-01-05 to 06-30-09
Director of Radio and TV Stations	Perry Metz	08-11-03 to 06-30-09
President of The Board of Trustees	Stephen L. Ferguson	08-19-05 to 08-17-09

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WTIU TELEVISION, A PUBLIC TELEVISION STATION OPERATED BY INDIANA UNIVERSITY, BLOOMINGTON, INDIANA

We have audited the accompanying financial statements of WTIU (Station), a public television station operated by Indiana University, as of and for the years ended June 30, 2008 and 2007. 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 of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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 respective financial position of WTIU, as of June 30, 2008 and 2007, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, are not a required part of the basic financial statements but are 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 10, 2008

WTIU-TV (the Station) presents its audited financial statements for the year ending June 30, 2008, along with comparative data for the year ending June 30, 2007. 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 2008 to 2007. Included in this review are "Capital Assets" and the "Economic Outlook."

Statement of Net Assets

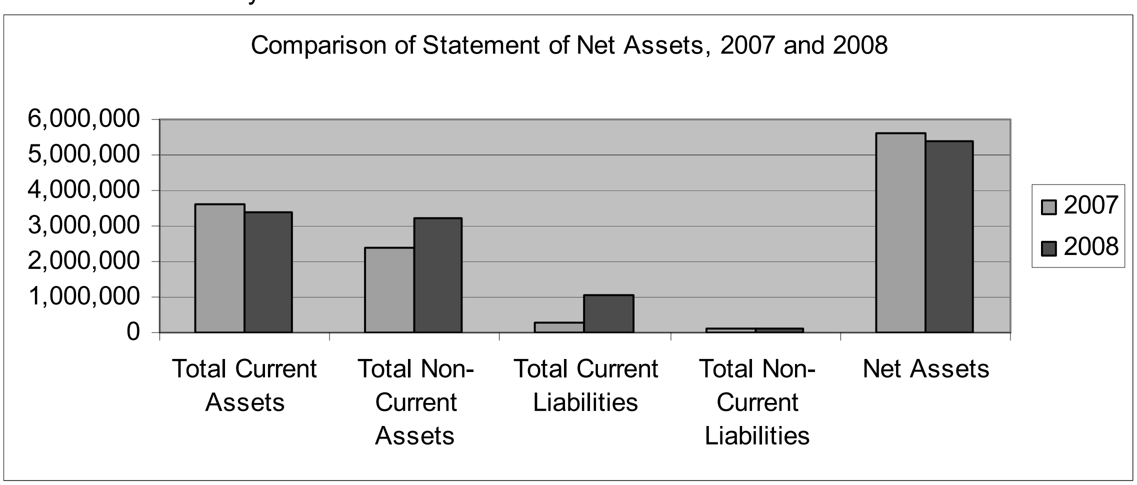
Total assets at June 30, 2008 were $6,594,747, an increase of $567,836. Capital net assets comprised $3,205,368 of the $6,594,747 in assets.

Total liabilities were $1,188,917 at June 30, 2008, an increase of $787,126. Non-current liabilities comprised 9.21% or $109,537 of the liabilities at June 30, 2008. The Station had no outstanding debt obligations.

Total net assets at June 30, 2008 were $5,405,830, a $219,290 decrease from the prior year, or a 3.9% decrease in net assets. The breakout of net assets is shown below:

Capital assets	$ 3,205,368
Restricted net assets	83,705
Unrestricted net assets	2,116,757
Total net assets	$ 5,405,830

The composition of current and non-current assets and liabilities is displayed below for both the 2007 and 2008 fiscal year-ends:



Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Operating revenues at WTIU-TV for the June 30, 2008 fiscal year decreased by 8.72% from the previous year. Operating revenue changes were the result of the following factors:

- o Facility sales and services decreased due to less production-for-hire activity.
- o Other income from the CPB and PBS decreased due to the end of the CPB Ready to Read grant.
- o Miscellaneous grants increased due to the completion of the grant from the National Commission on Teaching and America's Future (NCTAF).
- o The Corporation for Public Broadcasting (CPB) Community Service Grant decreased due to a federal mid-year rescission and a decrease in non-federal financial support (NFFS) for the Station.

Total non-operating revenues were up 1.08% from June 30, 2007, from $3,996,075 to $4,039,396. Non-operating revenue changes were the result of the following factors:

For Indiana University-Bloomington support:

- o Indiana University-Bloomington campus general fund support increased due to additional support from the campus to help fund salary increases and the awarding of capital grant matching funds from the Bloomington Campus Provost fund.
- o Indiana University donated administrative support was $486,118, an increase of 7.66% from the prior year. This is based on the Station's prorated share of the Indiana University-Bloomington campus Institutional Support costs.

For contributions:

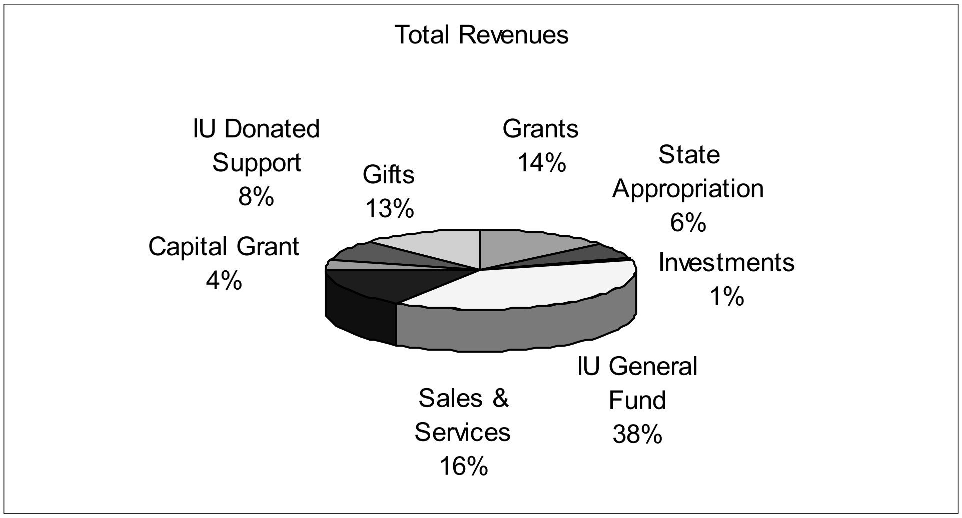
- o Individual contributions were $479,174, a slight increase of .25% over the prior year.
- o Corporate and foundation contributions were $283,248 an increase of 20.92% from the prior year due to the continuing improved performance of the corporate development unit.
- o The Station received a $5,000 endowment gift as seed money for the Al Cobine Endowment fund for jazz programming.
- o In-kind support was $22,662, a decrease from the prior year due to a decrease in underwriting trade-out agreements.

For other non-operating income:

- o 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.
- o The sale of investments in the Indiana University Foundation Pooled Long-Term Fund resulted in a gain of $104.

Other revenue consisted of capital grants totaling $268,440: $220,840 from the US Department of Commerce's NTIA/PTFP for the purchase of digitally compatible TV studio cameras and lenses; $47,600 from the Corporation for Public Broadcasting's Digital Distribution Fund for the purchase of digital master control upgrade equipment. This is an increase in grant revenues from the prior year.

In summary, total revenues of the Station increased by $127,798 from $6,022,603 in 2007 to $6,150,401 in 2008, an overall increase of 2.12%. The compositions of these revenues are displayed in this graph:



Expenses

Operating expenses were $6,180,344 for the 2008 fiscal year. This was an increase over the previous fiscal year of $518,545 or 9.16%. Changes in the major categories of expenses were:

For all functional areas:

- Professional staff received on average a 4.47% salary increase and support staff received a 2% average salary increase. The professional staff fringe benefit rate increased by 2.25% for non-grant accounts and 2.7% for grant accounts. The support staff fringe benefit rate increased by 9.8%.

- The minimum wage for the student and non-student hourly staff increased to $5.85 per hour.

- Accrued vacation and sick leave costs increased by $42,150 due to the addition of the university's associated benefits liability.

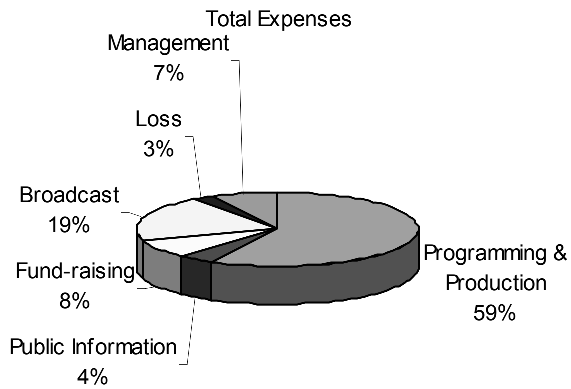
For specific functional areas:

- Programming and production costs increased due to a 3.2% increase in Public Broadcasting Service's network and program fees, a 545% increase in Indiana Public Broadcasting Stations' dues, an 88.5% increase in production development expenses, a 2.5% increase in educational services expenses, and the hiring of the Integrated Media Director.

- Broadcasting costs increased due to the ongoing conversion to digitally compatible TV studio/control room production equipment.

- o Public information and promotion costs increased slightly due to compensation cost increases discussed above.
- o Management and general expenses decreased due to a reallocation of FTE to fund-raising.
- o Fund-raising, membership development, and underwriting solicitation costs increased due to a reallocation of FTE from management expenses, the hiring of a Major Gifts Officer/Grant Writer, and 28.8% increase in underwriting/corporate commissions.

The Station had a non-operating loss of $77,144 on the disposal of capital assets and $112,203 on the decrease in the fair value of investments in 2008. In 2007, the loss on the disposal of capital assets was $11,110 and there was an increase in the fair value of investments. The composition of total expenses, including operating and non-operating, are displayed below by major category:



Net Assets

Net assets decreased by $219,290 in 2008, compared to a $349,694 increase in net assets in 2007. The operating loss increased by $694,508 from the previous fiscal year and the net non-operating revenues increased by $43,321. Ending net assets were $5,405,830, compared to ending net assets in 2007 of $5,625,120. This was a 3.9% decrease 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	June 30, 2008	June 30, 2007
Net cash provided (used) by:		
Operating activities	($3,273,934)	($2,660,617)
Noncapital financing activities	3,475,287	3,232,633
Capital and related financing activities	(435,702)	(94,976)
Investing activities	81,059	24,094
Net increase (decrease) in cash	(153,290)	501,134

Beginning cash and cash equivalent balances	1,799,075	1,297,941
Ending cash and cash equivalent balances	$1,645,785	$1,799,075

Cash used by operating activities increased by $613,317. This increase in the use of cash was the result of increases in most operating expenses and a decrease in most operating revenues.

Noncapital financing activities increased by $242,654. This increase was the result of increases in the general fund support from Indiana University, the appropriation from the State of Indiana, and contributions.

Cash used by capital and related financing activities increased by $340,726 due to a 584% increase in equipment purchases. Equipment purchased for less than $5,000, the capitalization threshold, was recorded as operating expenses.

Cash provided by investing activities increased by $56,965 due to no investment purchases and an increase in investment earnings.

In summary, the net decrease in cash and cash equivalents in 2008 was due primarily to the increases in the operating loss and capital equipment purchases.

Capital Assets

At June 30, 2008, the Station had $3,205,368 invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ending June 30, 2008, and June 30, 2007, totaled $477,476 and $476,295, respectively. Details of these assets are shown below:

Net Capital Assets at Year-End	June 30, 2008	June 30, 2007
Transmission, Antenna, and Tower	$1,589,384	$1,931,565
Studio and Other Broadcast Equipment	1,606,433	445,707
Furniture and Fixtures	9,551	20,793
Capital Assets, Net	$3,205,368	$2,398,065

Major capital purchases for the year totaled $1,361,924 and included:

- Three XDCAM HD Camcorder and HD Deck systems.
- Three HDC-1000 Studio Cameras with LCD Teleprompters, HD Viewfinders, and associated Control Units.
- One XDCAM EX Camcorder system.
- Two Portable HD Cameras with Tripod Adapters and Viewfinders.
- TV Studio Production High-Definition Upgrade equipment.

The Station has planned capital expenditures for the fiscal year ending June 30, 2009 at approximately $1,097,662. Included in this are:

- Digital TV Master Control Upgrade equipment.
- More TV Production Studio High-Definition Upgrade equipment.
- Miscellaneous server/computer hardware and software upgrades.

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 2009 the Station expects an increase in support from Indiana University to help partially fund salary increases. From the State of Indiana, the Station expects no increase.

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 no growth in revenues from contributions and production services. The Station anticipates a 3.16% increase in federal support from the Corporation for Public Broadcasting for operating expenses. For equipment, the Station has been awarded a grant from the US Department of Commerce's NTIA/PTFP for $347,850 for conversion of the production facilities to high definition. The DOC NTIA/PTFP grant requires a match of $347,850 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. The Station also has been awarded a grant from the Corporation for Public Broadcasting's Digital Distribution Fund for $95,250 for digital master control upgrade equipment. The CPB DDF grant requires a match of $31,750 for equipment purchases, to be funded by the Station from non-federal sources. The CPB DDF grant is in effect from 04/01/2008 through 05/01/2009. In addition, the Station has applied for another equipment grant from the CPB DDF for $418,726 with a required match of $418,726 to complete the TV production studio high-definition upgrade. The Sony Alliance, a strategic partnership between Indiana University and Sony Corporation, has been signed and the Station has been receiving the Sony Alliance's preferred pricing on equipment purchases.

The Station has also been awarded an $87,500 grant from the Bloomington Provost's fund for digital production equipment acquisitions. The Bloomington Provost's grant will help fund the Station's match for the 2008 DOC NTIA/PTFP grant.

Funding for digital services and the remaining equipment matching funds will have to come from the Station's reserves and internal reallocations.

WTIU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2008 and 2007

	2008	2007
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 1,645,785	$ 1,799,075
Other Receivables, Net of Allowance for Doubtful Accounts of $0 in 2008 and $800 in 2007	25,253	16,592
Costs Incurred for Programming Not Yet Broadcast	13,574	6,188
Prepaid and Other	17,627	7,328
Investments (Note 2)	1,687,140	1,799,663
Total Current Assets	3,389,379	3,628,846
Noncurrent Assets:		
Property and Equipment (Note 3):		
Television and Other Equipment, Net of Accumulated Depreciation of $4,179,478 in 2008 and $3,870,131 in 2007	3,205,368	2,398,065
Total Assets	$ 6,594,747	$ 6,026,911
Liabilities		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 796,416	$ 78,392
Funding for Programming Not Yet Broadcast	44,644	21,464
Deferred Revenue	3,320	-
Long-Term Liabilities - Current Portion	235,000	205,000
Total Current Liabilities	1,079,380	304,856
Noncurrent Liabilities:		
Long-Term Liabilities (Note 5)	109,537	96,935
Total Liabilities	1,188,917	401,791
Net Assets		
Invested in Capital Assets	3,205,368	2,398,065
Restricted for Expendable Station Activities:		
Educational Programs	31,105	53,839
Restricted Endowment for Jazz Program Activities	5,000	-
Restricted for Capital Acquisitions	47,600	-
Unrestricted	2,116,757	3,173,216
Total Net Assets	5,405,830	5,625,120
Total Liabilities and Net Assets	$ 6,594,747	$ 6,026,911

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

WTIU-TV
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, 2008 and 2007

	2008	2007
Operating Revenues		
CPB Community Service Grant	$ 827,990	$ 886,217
Facility Sales and Services	938,211	1,029,009
Other Income From CPB and PBS	38,432	70,799
Miscellaneous Grants	22,104	16,206
Event Income	290	995
Royalty Income	15,538	15,302
Total Operating Revenues	1,842,565	2,018,528
Operating Expenses		
Program Services:		
Programming and Production	3,676,548	3,291,634
Broadcasting	1,238,150	1,159,668
Public Information and Promotion	276,668	253,061
Total Program Expenses	5,191,366	4,704,363
Supporting Services:		
Management and General	468,964	501,836
Fundraising, Membership Development, and Underwriting Solicitation	520,014	455,600
Total Supporting Expenses	988,978	957,436
Total Operating Expenses	6,180,344	5,661,799
Operating Loss	(4,337,779)	(3,643,271)
Nonoperating Revenues (Expenses)		
General Fund Support From Indiana University	2,311,139	2,223,148
Donated Facilities and Administrative Support From Indiana University	486,118	451,523
Appropriation From State of Indiana	370,944	278,140
Individual Contributions	479,174	477,991
Corporate/Foundation Contributions	283,248	234,239
Endowment Contributions	5,000	-
In-Kind Support - Other	22,662	24,149
Interest and Dividends	81,007	74,259
Net Increase (Decrease) in the Fair Value of Investments	(112,203)	232,479
Gain on Sale of Investments	104	147
Loss on Disposal of Capital Assets	(77,144)	(11,110)
Net Nonoperating Revenues	3,850,049	3,984,965
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(487,730)	341,694
Capital grant - DOC NTIA/PTFP	220,840	8,000
Capital grant - CPB	47,600	-
Increase (Decrease) in Net Assets	(219,290)	349,694
Net Assets		
Net assets - Beginning of Year	5,625,120	5,275,426
Net Assets - End of Year	$ 5,405,830	$ 5,625,120

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

WTIU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities:		
Grants	$ 883,588	$ 958,799
Sales and Services	929,161	1,063,748
Payments to Employees	(3,074,997)	(2,869,314)
Payments to Vendors	(1,988,018)	(1,804,761)
Payments to Reimburse Employees	(44,534)	(41,626)
Other Receipts	20,866	32,537
Net Cash Used by Operating Activities	(3,273,934)	(2,660,617)
Cash Flows From Noncapital Financing Activities:		
General Fund Support From Indiana University	2,311,139	2,225,392
Appropriation From State of Indiana	370,944	278,140
Contributions	793,204	729,101
Net Cash Provided by Noncapital Financing Activities	3,475,287	3,232,633
Cash Flows From Capital and Related Financing Activities:		
Capital Grant	268,440	8,000
Purchase of Capital Assets	(704,142)	(102,976)
Net Cash Used by Capital and Related Financing Activities	(435,702)	(94,976)
Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	425	1,694
Purchase of Investments	-	(51,299)
Interest and Dividends on Investments	80,634	73,699
Net Cash Provided by Investing Activities	81,059	24,094
Net Increase/(Decrease) in Cash	(153,290)	501,134
Cash and Cash Equivalents - Beginning of Year	1,799,075	1,297,941
Cash and Cash Equivalents - End of Year	$ 1,645,785	$ 1,799,075

	2008	2007
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$ (4,337,779)	$ (3,643,271)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	477,476	476,295
Bad Debt Expense	(800)	(1,113)
Donated Facilities and Administrative Support From Indiana University	486,118	451,523
In-Kind Support - State of Indiana/Other	22,662	24,149
(Increase) Decrease in Assets:		
Other Receivables, Net of Allowance for Doubtful Accounts	(10,090)	33,782
Costs Incurred for Programming Not Yet Broadcast	(7,386)	(2,632)
Prepaid and Other	(6,979)	2,386
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	60,242	(2,187)
Long-Term Liabilities - Current Portion	30,000	5,000
Long-Term Liabilities	12,602	(4,549)
Net Cash Used by Operating Activities	$ (3,273,934)	$ (2,660,617)

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

1. Summary of Significant Accounting Policies

A. Organization

WTIU-TV (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.

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 Revenues, 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 2008.

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, 2008.

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 three and twenty-five 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, 2008, pooled shares were invested in pooled long-term and pooled short-term funds. Investment pooled funds at cost were $1,380,362 and had a fair value of $1,687,140 at June 30, 2008.

3. Property and Equipment

	Beginning Balance	Additions	Retirements	Ending Balance
Transmission, Antenna, and Tower	$ 3,832,428	$ 2,873	$ -	$ 3,835,301
Studio and Other Broadcast Equipment	2,275,114	1,415,008	261,392	3,428,730
Furniture and Fixtures	160,654	-	39,839	120,815
Totals	6,268,196	1,417,881	301,231	7,384,846
Less Accumulated Depreciation:				
Transmission, Antenna, and Tower	1,900,863	345,054	-	2,245,917
Studio and Other Broadcast Equipment	1,829,407	178,775	185,885	1,822,297
Furniture and Fixtures	139,861	9,605	38,202	111,264
Total Accumulated Depreciation	3,870,131	533,434	224,087	4,179,478
Capital Assets, Net	$ 2,398,065	$ 884,447	$ 77,144	$ 3,205,368

Donated assets from the University were recorded by the Station at the acquisition price of the University. The depreciation expenses by the University were recorded on the Station's records as accumulated depreciation.

Depreciation expense for the years ended June 30, 2008, and June 30, 2007, was $477,476 and $476,295, respectively, and was charged to the major functional areas as follows:

	2008	2007
Programming and Production	$ 127,716	$ 127,529
Broadcasting	346,770	345,540
Public Information and Promotion	560	604
Management and General	1,280	1,381
Fundraising, Membership Development, and Underwriting	1,150	1,241
Total Depreciation Expense	$ 477,476	$ 476,295

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
Field Cameras and Video Editing System	18-02-98124	$ 229,722	2009
Digital TV Studio Production Equipment	18-02-N03030	369,074	2014
High Definition Studio Camera Systems	18-02-N06114	467278	2018

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 $252,265 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 $197,848 for the recently renovated Radio and TV Building and $13,165 for the new roof and satellite dish mount for the Radio and TV Building. No value is claimed for the Transmitter Building because its remaining useful life is zero.

Physical plant is estimated at $22,840. 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, 2008 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Compensated absences	$ 301,935	$ 265,652	$ 223,050	$ 344,537	$ 235,000

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 Employees' Retirement Fund), which is a defined benefit plan. Total PERF pension expenses for the years ended June 30, 2008, and June 30, 2007, were $50,635 and $35,133, 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, 2008, and June 30, 2007, were $228,105 and $220,735, 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, 2008, were primarily accrued payroll and capital equipment acquisitions. The Station’s accounts payable and accrued expenses at June 30, 2007, were primarily accrued payroll.