

STATE BOARD OF ACCOUNTS
302 West Washington Street
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AUDIT REPORT
OF

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

July 1, 2008 to June 30, 2009



FILED
02/24/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
University President	Dr. Michael A. McRobbie	07-01-08 to 06-30-10
University Vice President and Chief Financial Officer	Dr. Neil D. Theobald	07-01-08 to 06-30-10
University Treasurer	MaryFrances McCourt	07-01-08 to 06-30-10
Director of Radio and TV Stations	Perry Metz	07-01-08 to 06-30-10
President of the Board of Trustees	Stephen L. Ferguson William R. Cast, M.D.	08-19-08 to 08-13-09 08-14-09 to 08-13-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 (Station), a public radio station operated by Indiana University, as of and for the years ended June 30, 2009 and 2008. 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 WFIU, as of June 30, 2009 and 2008, 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.

February 17, 2010

STATE BOARD OF ACCOUNTS

A handwritten signature in cursive script that reads "State Board of Accounts".

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Management's Discussion and Analysis
June 30, 2009 and June 30, 2008

WFIU-FM (the Station) presents its audited financial statements for the year ending June 30, 2009, along with comparative data for the year ending June 30, 2008. 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 2009 to 2008. Included in this review are "Capital Assets" and the "Economic Outlook."

Statement of Net Assets

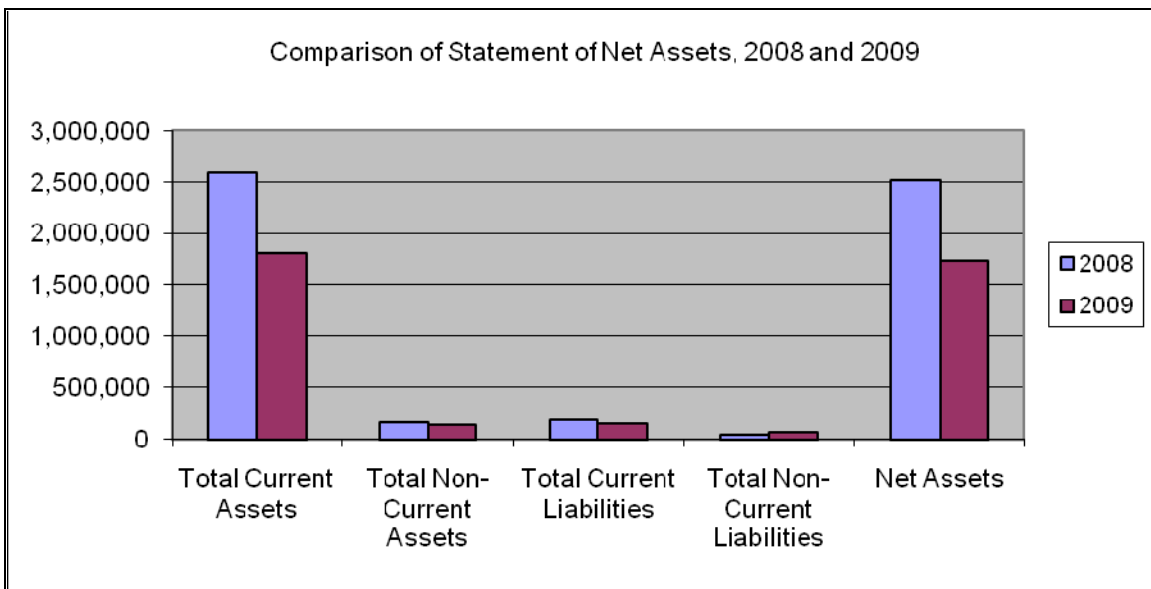
Total assets at June 30, 2009 were \$1,951,380, a decrease of \$802,488. Capital net assets comprised \$142,904 of the \$1,951,380 in assets.

Total liabilities were \$215,877 at June 30, 2009, a decrease of \$26,282. Non-current liabilities comprised 30.15% or \$65,088 of the liabilities at June 30, 2009. The Station had no outstanding debt obligations.

Total net assets at June 30, 2009 were \$1,735,503, a \$776,206 decrease from the prior year, or a 30.9% decrease in net assets. The breakout of net assets is shown below:

Capital assets	\$ 142,904
Restricted net assets	55,893
Unrestricted net assets	<u>1,536,706</u>
Total net assets	<u>\$1,735,503</u>

The composition of current and non-current assets and liabilities is displayed below for both the 2008 and 2009 fiscal year-ends:



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June 30, 2009 and June 30, 2008

Statement of Revenues, Expenses, and Changes in Net Assets

Revenues

Operating revenues at WFIU-FM for the June 30, 2009 fiscal year decreased by 40.3% from the previous year. Operating revenue changes were the result of the following factors:

- o Facility sales and services increased due to more production-for-hire activity.
- o Miscellaneous revenues decreased dramatically because we did not host a national broadcast event as we had done in the previous year.
- o The Corporation for Public Broadcasting (CPB) Community Service Grant (CSG) decreased slightly.

Total non-operating revenues were down 1.07% from June 30, 2008, from \$2,282,183 to \$2,257,802. Non-operating revenue changes were the result of the following factors:

For Indiana University-Bloomington support:

- o Indiana University-Bloomington campus general fund support decreased due to mid-year budget cuts..
- o Indiana University donated administrative support was \$124,691, a decrease of 35.09% 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 \$564,125, an increase of 9.96% over the prior year.
- o Corporate and foundation contributions were \$400,714, a decrease of 1.47% from the prior year.
- o The Station received an additional \$9,686 endowment gift for the Al Cobine Endowment fund for jazz programming.
- o The Station received a \$10,780 endowment gift as seed money for the Classical Music Endowment Fund for classical music programming.
- o In-kind support was \$16,640, a decrease of 32.05% from the prior year.

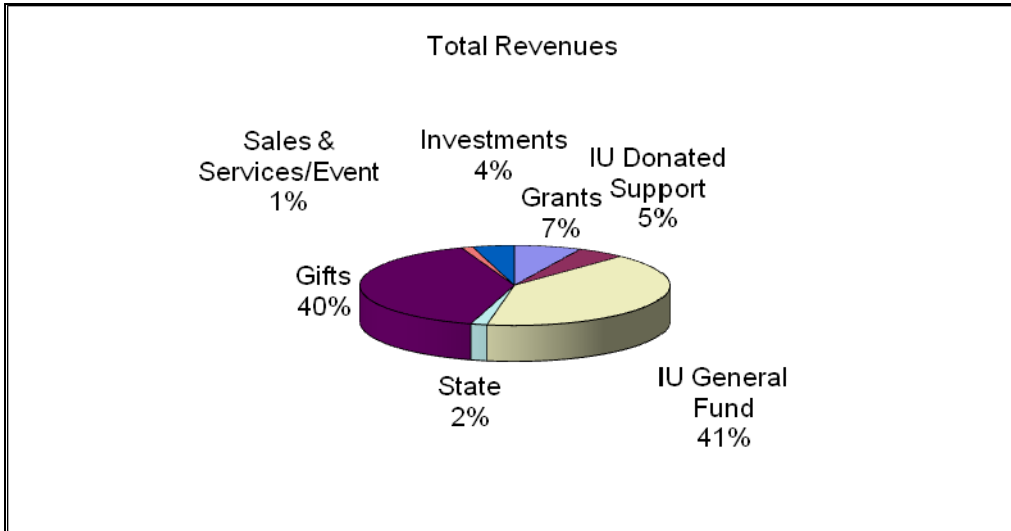
For other non-operating income:

- o Interest and dividends earned by the Indiana University Foundation Pooled funds decreased due to a decrease 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 \$60.

The Station did not receive any capital grants in fiscal year 2009. This represents a decrease in grant revenues from the prior year.

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In summary, total revenues of the Station decreased by \$221,160, from \$2,681,384 to \$2,460,224, an overall decrease of 8.25%. The compositions of these revenues are displayed in this graph:



Expenses

Operating expenses were \$2,491,332 for the 2009 fiscal year. This was a decrease over the previous fiscal year of \$86,499, or 3.36%. Changes in the major categories of expenses were:

For all functional areas:

- Professional staff received on average a 4.5% salary increase and support staff received a 3.5% average salary increase. The professional staff fringe benefit rate increased by 0.66% for non-grant accounts and 1.02% for grant accounts. The support staff fringe benefit rate increased by 4.47%.
- Accrued vacation and sick leave costs decreased by \$2,110.

For specific functional areas:

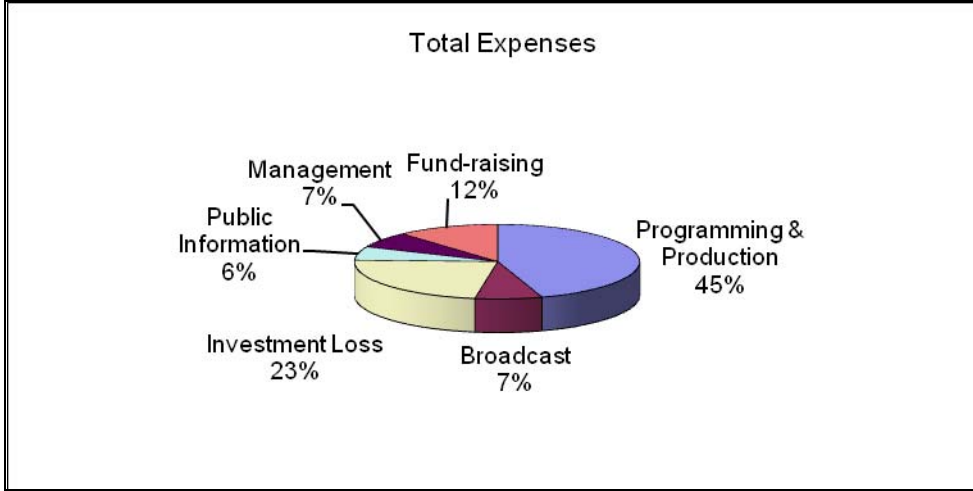
- Programming and production costs decreased because the Station did not incur any costs associated with the local production of a nationally broadcast program, as had happened in the prior year.
- Broadcasting costs decreased after the prior year's installation of two new FM translators in French Lick and Greensburg and the addition of the Station's second audio channel.
- Public information and promotion expenses increased only slightly.
- Management and general expenses increased due to reallocation of FTE between the radio and TV stations.

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- o Fund-raising, membership development, and underwriting solicitation costs decreased slightly.

The non-operating expense for the year was the \$745,098 decrease in the fair value of the Station's investments in the IU Foundation Long-Term Pooled fund. This was due to the decline in the stock market.

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



Net Assets

Net assets decreased by \$776,206 in 2009, compared to a \$42,565 decrease in net assets in 2008. The operating loss decreased by \$52,131 from the previous fiscal year and the net non-operating revenues decreased by \$24,381. Ending net assets were \$1,735,503, compared to ending net assets in 2008 of \$2,511,709. This was a 30.9% 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 obligations as they come due, and to determine the need for external financing.

Cash Flows for the Period	June 30, 2009	June 30, 2008
Net cash provided (used) by:		
Operating activities	(\$2,087,490)	(\$1,976,689)
Noncapital financing activities	2,018,035	1,961,164
Capital and related financing activities	(13,169)	3,942
Investing activities	<u>82,592</u>	<u>107,975</u>
Net increase (decrease) in cash	(32)	96,392
Beginning cash and cash equivalent balances	<u>244,525</u>	<u>148,133</u>
Ending cash and cash equivalent balances	<u>\$ 244,494</u>	<u>\$ 244,525</u>

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June 30, 2009 and June 30, 2008

Cash used by operating activities increased by \$110,801. This increase in the use of cash was the result of increases in most operating expenses.

Despite a decrease in state support, noncapital financing activities increased by \$56,872 due to an increase in university support and contributions.

Cash provided by capital and related financing activities decreased by \$17,111 due to a decrease in capital grants for the year. Equipment purchased for less than \$5,000, the capitalization threshold, was recorded as operating expenses.

Cash flows from investing activities decreased by \$25,384 due to investment purchases.

In summary, there was only a negligible net decrease in cash and cash equivalents in 2009.

Capital Assets

At June 30, 2009, the Station had \$142,904 invested in capital assets, net of accumulated depreciation. Depreciation charges for the years ending June 30, 2009, and June 30, 2008, totaled \$35,822 and \$33,476, respectively. Details of these assets are shown below:

Net Capital Assets at Year-End	June 30, 2009	June 30, 2008
Transmission, Antenna, and Tower	\$142,404	\$163,265
Furniture and Fixtures	<u>500</u>	<u>2,199</u>
Capital Assets, Net	<u>\$142,904</u>	<u>\$165,464</u>

Major capital purchases for the year totaled \$13,169 and included digital equipment for the station's second audio channel.

The Station has planned capital expenditures for the fiscal year ending June 30, 2010 at approximately \$9,500 for a satellite dish with heater.

Economic Outlook

The financial position of all public radio stations has been eroded by the economic downturn nationally and regionally. Nevertheless, radio underwriting by local businesses has held up well and membership contributions have remained stable, remarkable developments in this economy. The Station is closely tied to that of Indiana University, which in turn, is closely tied to that of the State of Indiana. For 2010, the Station expects a decrease in University support, little or no salary increase, and a decline in direct support from the State.

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. Very modest new funds will be available from the creation of several small endowments to support station programming. For operating expenses, the Station anticipates a 2-4% increase in federal support from the Corporation for Public Broadcasting. For equipment, since the station has received no capital grants, these purchases will have to be funded from the Station's reserves. Funding for digital services and new initiatives will have to come from internal reallocations.

WFIU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OWNED AND OPERATED BY INDIANA UNIVERSITY
STATEMENT OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 244,494	\$ 244,525
Other Receivables, Net of Allowance for Doubtful Accounts of \$13,554 in 2009 and \$2,627 in 2008	29,361	88,180
Costs Incurred for Programming Not Yet Broadcast	11,747	7,228
Prepaid and Other	14,747	20,203
Investments (Note 2)	1,508,127	2,228,268
Total Current Assets	1,808,476	2,588,404
Noncurrent Assets:		
Property and Equipment (Note 3): Radio and Other Equipment, Net of Accumulated Depreciation \$300,724 in 2009 and \$264,900 in 2008	142,904	165,464
Total Assets	\$ 1,951,380	\$ 2,753,868
<u>Liabilities</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 27,291	\$ 63,370
Funding for Programming Not Yet Broadcast	34,048	32,733
Deferred Revenue	450	3,917
Long-Term Liabilities - Current Portion	89,000	94,000
Total Current Liabilities	150,789	194,020
Noncurrent Liabilities:		
Long-Term Liabilities (Note 5)	65,088	48,139
Total Liabilities	215,877	242,159
<u>Net Assets</u>		
Invested in Capital Assets	142,904	165,464
Restricted for Expendable Station Activities:		
Educational Programs	32,373	47,655
Restricted Endowment for Jazz Program Activities	12,126	5,000
Restricted Endowment for Classical Music Initiatives	11,394	-
Unrestricted	1,536,706	2,293,590
Total Net Assets	1,735,503	2,511,709
Total Liabilities and Net Assets	\$ 1,951,380	\$ 2,753,868

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, 2009 and 2008

	2009	2008
<u>Operating Revenues</u>		
CPB Community Service Grant	\$ 172,638	\$ 175,837
Facility Sales and Services	22,545	14,678
Other Income From CPB and NPR	-	4,122
Event Revenues	2,855	141,785
Royalty Income	4,384	2,622
Total Operating Revenues	202,422	339,044
<u>Operating Expenses</u>		
Program Services:		
Programming and Production	1,456,755	1,442,318
Broadcasting	244,171	366,577
Public Information and Promotion	191,818	189,517
Total Program Expenses	1,892,744	1,998,412
Supporting Services:		
Management and General	223,281	199,082
Fundraising, Membership Development, and Underwriting Solicitation	375,307	378,329
Total Supporting Expenses	598,588	577,411
Total Operating Expenses	2,491,332	2,575,823
Operating Loss	(2,288,910)	(2,236,779)
<u>Nonoperating Revenues (Expenses)</u>		
General Fund Support From Indiana University	1,002,530	975,361
Donated Facilities and Administrative Support From Indiana University	124,691	192,093
Appropriation From State of Indiana	41,964	62,500
Individual Contributions	543,659	508,032
Corporate/Foundation Contributions	400,714	406,695
Endowment Contributions	20,466	5,000
In-Kind Support - Other	16,640	24,487
Interest and Dividends	106,984	107,860
Net Increase (Decrease) in the Fair Value of Investments	(745,098)	(148,126)
Gain on Disposal of Capital Assets	94	-
Gain on Sale of Investments	60	155
Net Nonoperating Revenues	1,512,704	2,134,057
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(776,206)	(102,722)
Capital Grant - DOC NTIA/PTFP	-	60,157
Capital Grant - CPB	-	-
Decrease in Net Assets	(776,206)	(42,565)
<u>Net Assets</u>		
Net Assets - Beginning of Year	2,511,709	2,554,274
Net Assets - End of Year	\$ 1,735,503	\$ 2,511,709

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Grants	\$ 172,638	\$ 175,837
Sales and Services	17,769	14,377
Payments to Employees	(1,520,651)	(1,378,487)
Payments to Vendors	(769,414)	(920,795)
Payments to Reimburse Employees	-	(16,689)
Other Receipts	<u>12,168</u>	<u>149,068</u>
Net Cash Used by Operating Activities	<u>(2,087,490)</u>	<u>(1,976,689)</u>
Cash Flows From Noncapital Financing Activities:		
General Fund Support From Indiana University	1,002,530	975,361
Appropriation From State of Indiana	41,964	62,500
Contributions	<u>973,541</u>	<u>923,303</u>
Net Cash Provided by Noncapital Financing Activities	<u>2,018,035</u>	<u>1,961,164</u>
Cash Flows From Capital and Related Financing Activities:		
Capital Grants	-	60,157
Purchase of Capital Assets	<u>(13,169)</u>	<u>(56,215)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(13,169)</u>	<u>3,942</u>
Cash Flows From Investing Activities:		
Proceeds From Sales of Investments	477	647
Purchase of Investments	(25,343)	-
Interest and Dividends on Investments	<u>107,458</u>	<u>107,328</u>
Net Cash Provided by Investing Activities	<u>82,592</u>	<u>107,975</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32)	96,392
Cash and Cash Equivalents - Beginning of Year	<u>244,525</u>	<u>148,133</u>
Cash and Cash Equivalents - End of Year	<u>\$ 244,493</u>	<u>\$ 244,525</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	\$ (2,288,910)	\$ (2,236,779)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	35,822	33,476
Bad Debt Expense	10,927	(5,128)
Donated Facilities and Administrative Support From Indiana University	124,691	192,093
In-Kind Support - Other	16,640	24,487
(Increase) Decrease in Assets		
Other Receivables, Net of Allowance for Doubtful Accounts	40,000	(40,000)
Costs Incurred for Programming Not Yet Broadcast	(4,519)	(6,818)
Prepaid and Other	1,989	4,183
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	(36,079)	43,737
Long-Term Liabilities - Current Portion	(5,000)	4,000
Long-Term Liabilities	<u>16,949</u>	<u>10,060</u>
Net Cash Used by Operating Activities	<u>\$ (2,087,490)</u>	<u>\$ (1,976,689)</u>

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, 2009 and June 30, 2008

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

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
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June 30, 2009 and June 30, 2008
(Continued)

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 2009.

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, 2009.

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 ten years.

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2009 and June 30, 2008
(Continued)

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, 2009, pooled shares were invested in pooled long-term and pooled short-term funds. Investment pooled funds at cost were \$1,799,296 and had a fair value of \$1,508,127 at June 30, 2009.

3. Property and Equipment

	Beginning Balance	Additions	Retirements	Ending Balance
Transmission, Antenna, and Tower	\$ 388,757	\$ 13,265	\$ -	\$ 402,022
Studio and Other Broadcast Equipment	19,331	-	-	19,331
Furniture and Fixtures	22,276	-	-	22,276
	<u>430,364</u>	<u>13,265</u>	<u>-</u>	<u>443,629</u>
Totals				
Less Accumulated Depreciation:				
Transmission, Antenna, and Tower	225,492	34,125	-	259,617
Studio and Other Broadcast Equipment	19,331	-	-	19,331
Furniture and Fixtures	20,077	1,699	-	21,776
	<u>264,900</u>	<u>35,824</u>	<u>-</u>	<u>300,724</u>
Total Accumulated Depreciation				
Capital Assets, Net	<u>\$ 165,464</u>	<u>\$ (22,559)</u>	<u>\$ -</u>	<u>\$ 142,905</u>

Depreciation expense for the years ended June 30, 2009 and June 30, 2008, was \$35,822 and \$33,476, respectively, and was charged to the major functional areas as follows:

	2009	2008
Programming and Production	\$ 887	\$ 945
Broadcasting	34,291	31,807
Public Information and Promotion	105	118
Management and General	202	228
Fundraising, Membership Development, and Underwriting	<u>337</u>	<u>378</u>
Total Depreciation Expense	<u>\$ 35,822</u>	<u>\$ 33,476</u>

WFIU-FM
A Public Telecommunications Entity Owned and Operated by Indiana University
Notes to Financial Statements
June 30, 2009 and June 30, 2008
(Continued)

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:

<u>Capital Assets</u>	<u>DOC Grant No.</u>	<u>Original Cost</u>	<u>Lien Through</u>
Digital Broadcast Equipment	18-01-N04079	\$ 51,362	2015
FM Translator (Greensburg/French Lick)	18-01-N06131	46,990	2018
Digital Conversion: 2nd Audio Channel	18-01-N07185	49,830	2018
High Definition Conversion - Production	18-02-N07152	695,700	2019

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 \$124,691 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 \$68,758 for the recently renovated Radio and TV Building and \$5,588 for the new roof on 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 \$7,127. 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, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	\$ 142,139	\$ 99,821	\$ 87,872	\$ 154,088	\$ 89,000

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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, 2009 and June 30, 2008, were \$37,524 and \$22,063, 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, 2009 and June 30, 2008, were \$133,263 and \$107,818, 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, 2009 and June 30, 2008, were primarily accrued payroll.