

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

FINANCIAL STATEMENTS AUDIT REPORT

WVUB-FM
A PUBLIC RADIO STATION OPERATED
BY VINCENNES UNIVERSITY
VINCENNES, INDIANA

July 1, 2014 to June 30, 2015



FILED

03/22/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-14 to 06-30-16
President	Richard E. Helton Charles R. Johnson (Interim) Charles R. Johnson	07-01-14 to 07-31-15 08-01-15 to 12-01-15 12-02-15 to 12-31-18
Chairman of the Board	John R. Gaylor John A. Stachura	07-01-14 to 10-04-15 10-05-15 to 06-30-16
General Manager	Phillip L. Smith James D. Evans (Interim) Ann Miller (Interim) Kevin D. Watson	07-01-14 to 07-07-14 07-08-14 to 11-18-14 07-08-14 to 11-18-14 11-19-14 to 06-30-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WVUB-FM A PUBLIC RADIO STATION OPERATED
BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of WVUB-FM, a public radio station operated by Vincennes University (University), as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the WVUB-FM's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WVUB-FM's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WVUB-FM, a public radio station operated by Vincennes University, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows, where applicable, thereof and for the years then ended, in accordance with accounting principles generally accepted in the United States of America.


Emphasis of Matter

As discussed in Note 1, the financial statements of WVUB-FM, a public radio station operated by Vincennes University, are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the University that are attributable to the transactions of WVUB-FM. They do not purport to, and do not, present fairly the financial position of the University, as of June 30, 2015, the changes in its financial position, or, where applicable its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Paul D. Joyce, CPA
State Examiner

January 14, 2016

WVUB-FM

A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY

Management's Discussion and Analysis

INTRODUCTION

WVUB-FM (the Station) is proud to present its financial statements for fiscal year 2015. This discussion and analysis provides an overview of the financial position and activities of WVUB-FM for the years ended June 30, 2015 and 2014 with comparative information for the year ended June 30, 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

Licensed to the Board of Trustees of Vincennes University, WVUB-FM is a 50,000 watt public radio station serving twelve counties in Southwestern Indiana. WVUB-FM began broadcasting on December 7, 1970, making it one of the first Public Radio stations to go on the air in Indiana. In addition to the primary signal, WVUB also broadcasts two alternate programming channels in HD Radio. WVUB HD-2 is a Smooth Jazz station with NPR News and WVUB HD-3, Blazer Bilingue is the only full-time Spanish language radio station in the state of Indiana south of Indianapolis.

USING THE FINANCIAL STATEMENTS

The WVUB-FM financial report includes three financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are presented in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented for aggregate operations.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of WVUB-FM at the end of the fiscal year and includes all assets and liabilities of WVUB-FM. The difference between total assets and total liabilities--net position-- is one indicator of the current financial condition of WVUB-FM, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation.

A summarization of the WVUB-FM's assets, liabilities, and net position at June 30, 2015, 2014 and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	\$ 270,858	\$ 221,444	\$ 245,843
Noncurrent Assets			
Capital Assets, net of depreciation	<u>38,310</u>	<u>54,143</u>	<u>70,062</u>
Total Assets	<u>309,168</u>	<u>275,587</u>	<u>315,905</u>
Current Liabilities	140,342	140,307	\$ 145,675
Net Position	<u>\$ 168,826</u>	<u>\$ 135,280</u>	<u>\$ 170,230</u>

Current assets consist of cash and cash equivalents and prepaid expense. Current liabilities consist of accounts payable and unearned revenue. WVUB-FM has no long-term liabilities.

Net Position

Net position represents the residual interest in WVUB-FM's assets after liabilities are deducted. WVUB-FM's net position is summarized as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Investment in Capital Assets	\$ 38,310	\$ 54,143	\$ 70,062
Unrestricted	130,516	81,137	100,168
Total Net Position	<u>\$ 168,826</u>	<u>\$ 135,280</u>	<u>\$ 170,230</u>

Net Investment in Capital Assets represents the station's equity in property, plant and equipment net of accumulated depreciation.

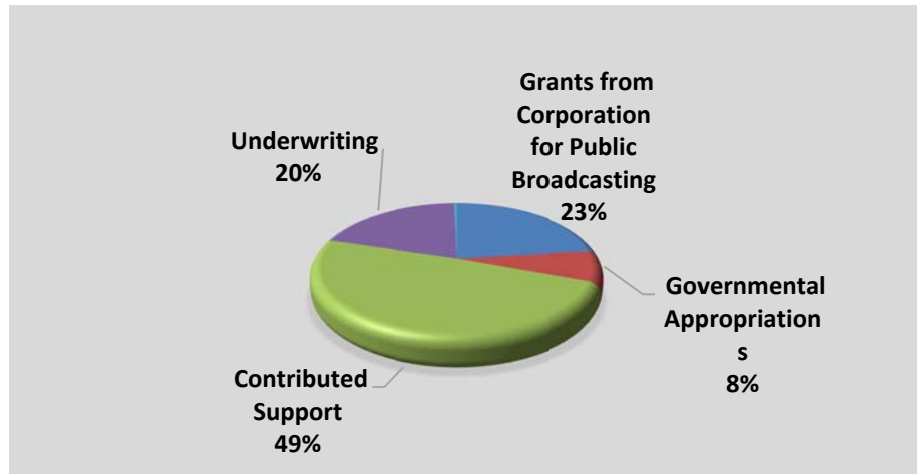
Unrestricted Net Position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of WVUB-FM as well as the non-operating revenues and expenses. Governmental appropriations, while used for operations, are considered non-operating revenues as defined by GASB Statement No. 35. A summary of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015, 2014 and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenue	\$556,958	\$643,728	\$695,314
Operating Expenses	571,388	723,009	729,401
Net Operating Loss	<u>(14,430)</u>	<u>(79,281)</u>	<u>(34,087)</u>
Non Operating Revenue	<u>47,976</u>	<u>44,331</u>	<u>26,133</u>
Decrease in Net Position	33,546	(34,950)	(7,954)
Net Position - Beginning of year	135,280	170,230	178,184
Net Position - End of year	<u>\$168,826</u>	<u>\$135,280</u>	<u>\$170,230</u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUB-FM for the year ended June 30, 2015:



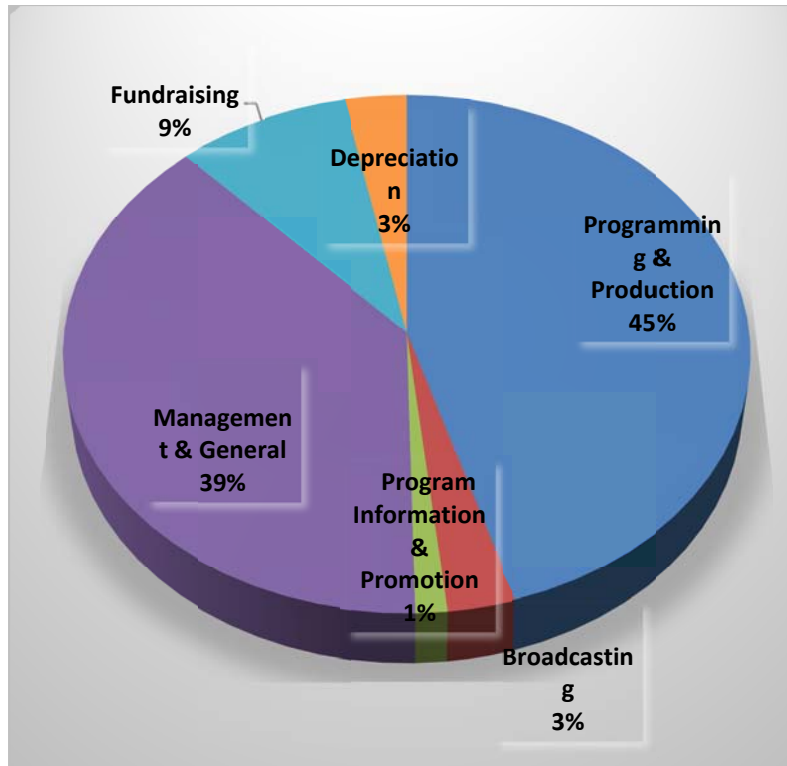
Operating expenses decreased approximately 21% when compared to the prior year.

This decrease is primarily related to the decrease in salaries and benefits as a result of retirements. The station received a total of \$296,461 in contributions from Vincennes University and other outside sources to help support \$283,610 of programming and production operating expenses that the station incurred during fiscal year 2015.

A comparative of WVUB-FM's operating expenses by functional classification for the years ended June 30, 2015, 2014 and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating			
Programming & Production	\$ 258,735	\$ 305,974	\$ 296,805
Broadcasting	17,018	15,490	24,165
Program Information & Promotion	7,857	722	9,044
Management & General	219,316	321,966	301,404
Fundraising	50,402	47,500	53,653
Depreciation	18,060	31,357	44,330
Total Operating Expenses	<u>\$ 571,388</u>	<u>\$ 723,009</u>	<u>\$ 729,401</u>

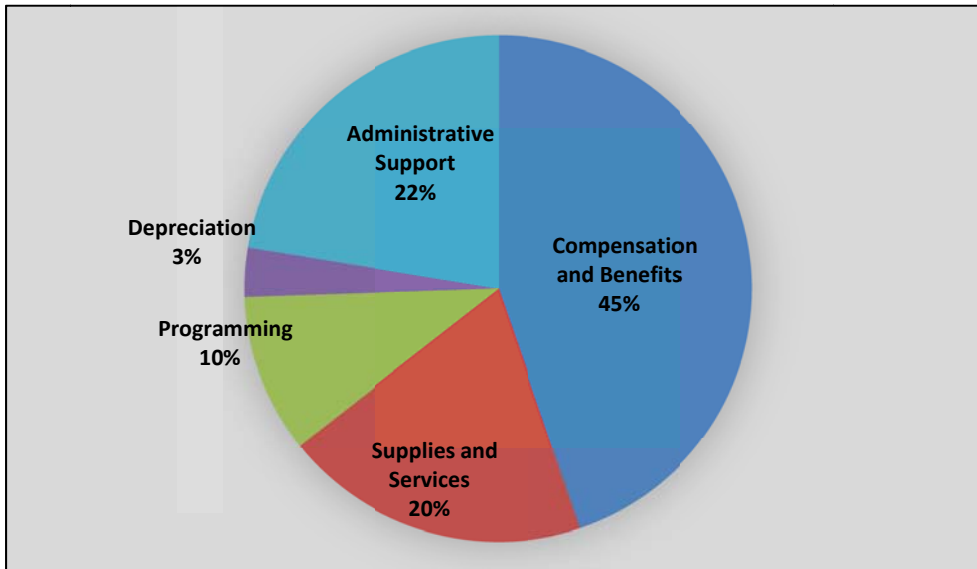
The following is a graphic illustration of total operating expenses by function for the year ended June 30, 2015:



It is also informative to review operating expenses by natural (object) classification. A summary of WVUB-FM's operating expenses by object for the years ended June 30, 2015, 2014, and 2013 is as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating:			
Compensation and Benefits	\$ 255,729	\$ 354,976	\$ 360,580
Supplies and Services	111,969	116,168	99,752
Programming Costs	57,757	53,519	68,499
Depreciation	18,060	31,357	44,330
Administrative Support	127,873	166,989	156,240
Total Operating Expenses	<u>\$ 571,388</u>	<u>\$ 723,009</u>	<u>\$ 729,401</u>

The following graphic illustration presents total operating expenses by object for the year ended June 30, 2015:



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about WVUB-FM's financial results by reporting the major sources and uses of cash. A summary of the Statement of Cash Flows for the years ended June 30, 2015, 2014 and 2013 is as follows:

	2015	2014	2013
Cash received from operations	\$ 404,417	\$ 464,390	\$ 482,808
Cash expended for operations	<u>(402,547)</u>	<u>(513,120)</u>	<u>(489,207)</u>
Net cash provided (used) in operating activities	1,870	(48,730)	(6,399)
Net cash provided by non capital financing activities	47,976	46,190	27,088
Net cash used in capital and related financing activities	<u>(2,227)</u>	<u>(15,422)</u>	<u>(4,336)</u>
Net increase/(decrease) in cash and cash equivalents	47,619	(17,962)	16,353
Cash and cash equivalents, beginning of year	221,394	239,356	223,003
Cash and cash equivalents, end of year	<u>\$ 269,013</u>	<u>\$ 221,394</u>	<u>\$ 239,356</u>

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Management believes that WVUB-FM is positioned to continue in good financial condition and can serve the general public well by offering quality programming coupled with local events and activities focusing on community issues and concerns. The station continues to provide the highest quality of broadcasting for the area and has managed to keep staffing levels constant. WVUB-FM has the smallest staffing of all Indiana Public Radio Stations.

WVUB-FM's programming has been recognized statewide and across the industry for innovation and excellence. Over the past 7 years WVUB-FM has twice been named Station of the Year by the Indiana Broadcasters Association. WVUB-FM has also been recognized for community service, news and station activities on an individual basis. During the past year the station has partnered with the Knox County Public Library to produce and air Public Service Announcements to promote their Summer Reading Program. WVUB-FM has also been actively involved in helping to promote Helping His Hands Disaster Response and their effort to help people in our region who were directly impacted by Severe Weather outbreaks in our area. WVUB-FM's community partnerships include the American Red Cross, Knox County League of Women Voters, Knox County United Way and the Knox County Chamber of Commerce.

WVUB-FM is considered a small rural station by CPB. Because of the small station classification, the station is also eligible for rural assistance for equipment and study grants from Corporation for Public Broadcasting although these have recently been limited. This year brought continued success for WVUB-FM with the Legislature and the State Budget Agency. The station had an increase in state funding for each year of the biennium. It is calculated that WVUB-FM will show an increase of \$11,107 with total state funding of \$56,583 for fiscal year 2016, as compared to \$45,476 received in fiscal year 2015. The new influx of money will place state funding at the original levels that marked an all-time high just over five years ago. It was at that point, due to budget issues that the state began to freeze and cut funds across the board. The Indiana Public Broadcasting Station dues are expected to increase under the current dues structure which calculates annual dues as a percentage of state appropriations.

Management has continued working diligently on partnerships with both public and commercial stations and other entities to help improve operations and local programming. Management is also exploring a variety of new underwriting possibilities. To better position the station to realize these opportunities WVUB-FM has become a member of Greater Public. Greater Public provides member stations access to a multitude of resources designed specifically for public media stations that make fundraising more efficient and effective. Currently management is working with all Indiana Public TV and radio stations through the Indiana Public Broadcasting Stations, Inc., on cost cutting projects and cooperative efforts. The Lilly Foundation has given the Indiana Public Broadcasting Association a \$340,000 grant for interconnecting all stations and developing economies of scale where practical. WVUB-FM also has agreements and partnerships with DLC Media through WFML-FM. DLC Media works cooperatively to help supply news and other production services. WVUB-FM also has an agreement with WTHI-TV to supply a daily weather forecasting service.

BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were prepared by management of WVUB-FM. The financial statements and notes are presented as intended by WVUB-FM.

WVUB-FM
 A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
STATEMENT OF NET POSITION
 June 30, 2015 and 2014

<u>ASSETS</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
<i>Current Assets</i>		
Cash and Cash Equivalents	\$ 269,013	\$ 221,394
Prepaid Expense	1,845	50
<i>Total Current Assets</i>	<u>270,858</u>	<u>221,444</u>
<i>Non-Current Assets</i>		
Capital Assets	560,478	585,027
Less Accumulated depreciation	(522,168)	(530,884)
<i>Total Non-Current Assets</i>	<u>38,310</u>	<u>54,143</u>
Total Assets	<u>\$ 309,168</u>	<u>\$ 275,587</u>
<u>LIABILITIES</u>		
<i>Current Liabilities</i>		
Accounts Payable	\$ 2,159	\$ 186
Unearned Revenue	138,183	140,121
<i>Total Current Liabilities</i>	<u>140,342</u>	<u>140,307</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	38,310	54,143
Unrestricted	130,516	81,137
<i>Total Net Position</i>	<u>\$ 168,826</u>	<u>\$ 135,280</u>

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

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>6/30/2015</u>	<u>6/30/2014</u>
Operating Revenue		
Grants from Corporation for Public Broadcasting	\$ 140,121	\$ 132,783
Contributed Support	296,461	399,242
Underwriting	120,376	111,703
Total Operating Revenue	<u>\$ 556,958</u>	<u>\$ 643,728</u>
Operating Expenses		
Programming & Production Broadcasting	\$ 258,735	\$ 305,974
Program Information & Promotion	17,018	15,490
Management & General	7,857	722
Fundraising and Membership Development	219,316	321,966
Depreciation	50,402	47,500
Total Operating Expenses	<u>\$ 571,388</u>	<u>\$ 723,009</u>
OPERATING LOSS	<u>(14,430)</u>	<u>(79,281)</u>
NON-OPERATING REVENUES (EXPENSES)		
Governmental Appropriations	45,476	46,190
Other Income	2,500	-
Loss on Disposition of Capital Assets	-	(1,859)
Total Non-operating Revenues	<u>47,976</u>	<u>44,331</u>
INCREASE (DECREASE) IN NET POSITION	\$ 33,546	\$ (34,950)
Net Position - beginning of year	135,280	170,230
Net Position - end of year	<u><u>\$ 168,826</u></u>	<u><u>\$ 135,280</u></u>

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

WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	6/30/2015	6/30/2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants from Corporation for Public Broadcasting	\$ 138,183	\$ 140,121
Underwriting and Other Contributions	120,376	116,703
Support from Vincennes University	145,858	207,566
Payments to Suppliers	(146,818)	(158,144)
Payments to Employees	(196,318)	(263,647)
Payments for Benefits	(59,411)	(91,329)
Net Cash Provided (Used) in Operating Activities	\$ 1,870	\$ (48,730)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Governmental Appropriations	45,476	46,190
Other Income	2,500	-
Net Cash Provided by Noncapital Financing Activities	\$ 47,976	\$ 46,190
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(2,227)	(15,422)
Net Cash Used in Capital and Related Financing Activities	\$ (2,227)	\$ (15,422)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 47,619	\$ (17,962)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	221,394	239,356
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 269,013	\$ 221,394

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Loss	\$ (14,430)	\$ (79,281)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:		
Depreciation Expenses	18,060	31,357
Contributions of Property, Plant & Equipment	-	(1,874)
Changes in Assets and Liabilities:		
Accounts Receivable	-	5,000
Prepaid Expense	(1,795)	1,437
Accounts Payable and Accrued Liabilities	1,973	(12,707)
Unearned Revenue	(1,938)	7,338
Net Cash Provided (Used) in Operating Activities	\$ 1,870	\$ (48,730)

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

NOTES TO FINANCIAL STATEMENTS
WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
For the years ended 6/30/2015 and 6/30/2014

Note 1 - Summary of Significant Accounting Policies

Reporting Entity: WVUB-FM (the Station) is a public radio station operated by Vincennes University (the University). The financial statements reflect only the activity of the Station and are not intended to present fairly the position of the University, and the results of its operations and cash flows.

The University is an institution of higher education and is considered to be a component unit of the State of Indiana.

Financial Statement Presentation: The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities - an amendment of GASB Statement No. 34*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB. During fiscal year 2015, the University adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68*.

Basis of Accounting: For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements, imposed by the provider, have been met.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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

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

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the Station's capitalization policy includes all items with a unit cost of \$500 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Inventories of materials and supplies at year-end are not considered material; therefore, are not reflected in the financial statements.

NOTES TO FINANCIAL STATEMENTS
WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
For the years ended 6/30/2015 and 6/30/2014
(Continued)

Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally 40 to 50 years for buildings, 20 to 25 years for infrastructure and land improvements, and 3 to 10 years for equipment.

Unearned Revenues: Unearned revenues include amounts received from grant and contract sponsors that have not yet been earned.

In-Kind Contributions: Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. If the fair value of contributed materials, supplies, facilities and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

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

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

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

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

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

Income Taxes: The University, as a political subdivision of the State of Indiana, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

NOTES TO FINANCIAL STATEMENTS
WVUB-FM
A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
For the years ended 6/30/2015 and 6/30/2014
(Continued)

Classification of Revenues: The Station has classified its revenues as operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as grants and contracts. Operating revenues include (1) operating grants from CPB, federal and state agencies, and other entities, (2) contributions from various sources for operating activities and (3) underwriting.

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

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

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

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as governmental appropriations.

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

Note 2 - Cash

Cash as of June 30, 2015 and June 30, 2014 is stated at market value. Cash deposits are insured by agencies of the federal government up to \$250,000. Amounts over \$250,000 are covered by the Indiana Public Depository Fund, which covers all public funds held in approved depositories. The total amount reported for checking accounts at various banks at June 30, 2015 and June 30, 2014 is \$269,013 and \$221,394, respectively.

NOTES TO FINANCIAL STATEMENTS
 WVUB-FM
 A PUBLIC RADIO STATION OPERATED BY VINCENNES UNIVERSITY
 For the years ended 6/30/2015 and 6/30/2014
 (Continued)

NOTE 3: Capital Assets

	<i>Beginning Beginning Balances 07/01/14</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Ending Balances 06/30/15</i>
Capital Assets being depreciated:				
Equipment	585,027	2,227	26,776	560,478
Total Capital Assets being depreciated	585,027	2,227	26,776	560,478
Less accumulated depreciation for:				
Equipment	530,884	18,060	26,776	522,168
Total accumulated depreciation	530,884	18,060	26,776	522,168
Total Capital Assets being depreciated, net	\$ 54,143	\$ (15,833)	\$ -	\$ 38,310

NOTE 4: Functional Statement

Operating expenses by functional classification is summarized as follows:

	PROGRAM SERVICES			SUPPORT SERVICES					Total 6/30/2015
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Depreciation	Total Support Services	
Salaries, Wages & Benefits	\$ 193,047	-	-	\$ 193,047	\$ 62,682	-	-	\$ 62,682	\$ 255,729
Professional Services	-	-	-	-	10,741	50,402	-	61,143	61,143
Supplies	-	-	-	-	4,364	-	-	4,364	4,364
Occupancy	-	-	-	-	6,449	-	-	6,449	6,449
Postage	-	-	-	-	1,154	-	-	1,154	1,154
Advertising	-	-	7,857	7,857	-	-	-	-	7,857
Conferences & Meetings	-	-	-	-	5,154	-	-	5,154	5,154
Repairs & Maintenance	-	7,119	-	7,119	-	-	-	-	7,119
Programming Costs	47,858	9,899	-	57,757	-	-	-	-	57,757
Membership & Dues	17,830	-	-	17,830	899	-	-	899	18,729
Administrative Support	-	-	-	-	127,873	-	-	127,873	127,873
Depreciation	-	-	-	-	-	-	18,060	18,060	18,060
Total	\$ 258,735	\$ 17,018	\$ 7,857	\$ 283,610	\$ 219,316	\$ 50,402	\$ 18,060	\$ 287,778	\$ 571,388

Note 5: Indirect Administrative Support

Indirect administrative support from other state agencies consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support and also as an expense in the management and general functional expense category. The value of this support for the years ended June 30, 2015 and June 30, 2014 was \$127,873 and \$166,989, respectively.

Note 6: Contributed In-Kind Support

Contributed in-kind support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes donated materials. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support. As expenses of an equivalent amount are also recognized, there is no impact on net position. The total support for June 30, 2015 and June 30, 2014 was \$17,500 for both fiscal years.

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Note 7: Support from Vincennes University

Vincennes University contributes support to the Station by partially funding the operations, studio, and production facility. The total costs for this support totaled \$151,088 and \$214,753 for the years ended June 30, 2015 and June 30, 2014, respectively.

Note 8: Risk Management

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

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be \$955,375 for the fiscal year 2014-15 and \$828,305 for the fiscal year 2013-14.

Changes in the total reported self-insured health, dental & drug benefit liability during the year ending June 30, 2015 were as follows:

Balance, beginning of year	\$	828,305
Claims incurred		10,444,822
Claim payments		<u>(10,317,752)</u>
Balance, end of year	\$	<u>955,375</u>

Note 9: TIAA/CREF Pension Plan

Plan Description

Through Vincennes University, eligible employees at WVUB-FM participate in the Teachers Insurance and Annuity Association - College Retirement Equity Fund (TIAA/CREF). The University's plans are defined contribution plans under IRC 403(b). An agreement between the University and TIAA/CREF is approved by the University Board of Trustees.

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WVUB-FM
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Funding Policy

For faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment, the University contributes 5% of earned wages to this plan. For full-time faculty and professional staff hired after July 1, 2003, the University contributes 12% of earned wages. On July 1, 2013, all newly hired employees eligible for benefits participate in this plan to which the University contributes 10% of earned wages.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

Note 10: Withdraw from PERF Pension Plan

During the 2014-2015 fiscal year, Vincennes University contributed to the Public Employees Retirement Fund (PERF), a defined benefit pension plan, for full-time support staff hired prior to July 1, 2013 and full-time professional staff hired prior to July 1, 2003. On July 1, 2013, the University no longer added new employees to PERF.

The Indiana Public Retirement System (INPRS) defined this action as a "soft freeze." The University ceased participation in PERF as of June 30, 2015. All benefit eligible employees hired on or after July 1, 2013 participate in the University's defined contribution plan with Teachers Insurance and Annuity Association - College Retirement Equity Fund (TIAA/CREF).

This change affected all employees participating in PERF.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

Note 11: Other Postemployment Benefits

Plan Description

Through Vincennes University, eligible WVUB-FM employees participate in the University's Healthcare Plan which is a single-employer defined benefit healthcare plan administered by Anthem. This plan provides medical, dental and life insurance benefits to eligible retirees and their spouses. Vincennes University's Board of Trustees has the authority to establish and amend benefit provisions.

Funding Policy

The contribution requirements of plan members for the Vincennes University Healthcare Plan are established by the University. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined by the actuarial study.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

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Note 12: TRF Pension Plans

General Information about the Teacher' Retirement Pension Plans

Through Vincennes University (the University), eligible WVUB-FM employees participate in the Indiana Public Retirement System (INPRS). TRF is two (2) cost-sharing, multiple-employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the INPRS Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

Teachers' Retirement Fund Pre-1996 Accounts (TRF Pre-1996)

Benefits: TRF Pre-1996 is a pay-as-you-go cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees hired before July 1, 1995. There are two aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit Structure is the annuity savings account that supplements the defined benefit at retirement. The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their Annuity Savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

Membership: Membership in TRF Pre-1996 is closed to new entrants. Legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees hired before July 1, 2011, are required to participate in TRF as a condition of employment. Generally, members hired prior to 1996 participate in the TRF Pre-1996 Account and members hired after 1996 participate in the TRF 1996 Account.

Contributions: State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. Currently, a three percent year-over-year increase is being provided through State appropriations. If the actual pension benefit payout for the fiscal year exceeds the amount appropriated, the difference is paid from the Pension Stabilization Fund as of the assets of the TRF Pre-1996, which was established according to IC 5-10.4-2-5.

This pension plan is a special funding situation in that the State of Indiana, a non-employer contributing entity, is legally responsible for the net pension liability and contributions to the pension plan. TRF Pre-1996 Account Members contributed three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which Vincennes University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.

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Teachers' Retirement Fund 1996 Account (TRF 1996)

Benefits: TRF 1996 is a cost sharing, multiple-employer defined plan established to provide retirement, disability, and survivor benefits to public school teachers and administrators, regularly employed licensed teachers at certain State universities and other educational institutions, and certain INPRS employees (hired before July 1, 2011) hired after June 30, 1995. Members who were hired before July 1, 1995 were members of TRF Pre-1996. However, pursuant to the law in place prior to July 1, 2005, if a member of TRF Pre-1996 left employment and re-employed after June 30, 1995, the member and the liability were transferred to TRF 1996. There are two aspects to the TRF 1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the TRF 1996 benefit structure is the annuity savings accounts that supplements the defined benefit at retirement.

The benefit formula is the years of creditable service times the average highest five-year annual salary times .011. Members can elect at retirement to receive their Annuity Savings account as a monthly supplement to their defined pension benefit or in a total distribution. Cost of living adjustments are granted by the Indiana General Assembly on an ad-hoc basis.

Membership: Membership in TRF 1996 is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the State at State institutions, and certain INPRS employees. Additionally, faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or the alternate University Plan not administered by INPRS.

Contributions: The required contributions are determined by the INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. The funding policy provided for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to fund the pension benefits when they become due. As the TRF 1996 Account is a cost-sharing system, all risks and costs, including benefit costs, are shared proportionally by the participating employers.

TRF 1996 Account members contributed 3 percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member in which Vincennes University elects to make the contribution. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to 10 percent of their compensation into their annuity savings accounts.

Additional details of the plan can be found in the Vincennes University's Annual Financial Report.