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August 20, 2019

Board of Directors  
Whitewater Community Television, Inc.  
2325 Chester Blvd.  
Richmond, IN 47374

We have reviewed the audit report of Whitewater Community Television, Inc. which was opined upon by Webb & Associates, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Whitewater Community Television, Inc. as of June 30, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Webb & Associates prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

WHITEWATER COMMUNITY

TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Whitewater Community Television, Inc.

We have audited the accompanying financial statements of Whitewater Community Television, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### 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 misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitewater Community Television, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**WEBB & ASSOCIATES**

December 4, 2018

**WHITEWATER COMMUNITY TELEVISION, INC**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 392,434	\$ 413,502
Indiana University Reserve	26,369	24,824
Accounts Receivable	12,980	18,635
Prepaid Expenses	3,508	3,389
	435,291	460,350
<b>FIXED ASSETS</b>		
Equipment	332,750	262,229
Less: Accumulated Depreciation	(210,805)	(182,635)
	121,945	79,594
<b>NET FIXED ASSETS</b>		
	121,945	79,594
<b>TOTAL ASSETS</b>	<b>\$ 557,236</b>	<b>\$ 539,944</b>

**LIABILITIES AND NET ASSETS**

	<u>2018</u>	<u>2017</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 403	\$ 601
Accrued Payroll - IUE	3,798	4,789
Accrued Vacation/PTO	13,454	16,713
	17,655	22,103
<b>NET ASSETS</b>		
Unrestricted	539,581	468,345
Temporarily Restricted	0	49,496
	539,581	517,841
<b>TOTAL NET ASSETS</b>	539,581	517,841
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 557,236</b>	<b>\$ 539,944</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Revenue and Support</b>		
Special Events		
Revenue	\$ 16,925	\$ 8,633
Direct Costs	(13,326)	(4,579)
	3,599	4,054
Franchise Fees	209,774	212,080
Production Services	23,340	24,895
Contributions and Grants	15,026	15,117
In-kind Contributions	30,350	30,300
Memberships	5,725	4,025
Duplication	1,494	732
Sponsorships	4,250	5,550
Miscellaneous	20	0
Interest Income	1,915	2,030
	295,493	298,783
Satisfaction of Donor Restrictions	49,496	52,629
	344,989	351,412
<b>FUNCTIONAL EXPENSES</b>		
Program	184,326	191,072
Management and General	87,848	85,534
Fund Raising	1,579	1,551
	273,753	278,157
TOTAL FUNCTIONAL EXPENSES	273,753	278,157
INCREASE IN UNRESTRICTED NET ASSETS	71,236	73,255
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Capital Campaign Donations	0	925
Capital Campaign Grants	0	100,000
	0	100,925
Satisfaction of Donor Restrictions	(49,496)	(52,629)
	(49,496)	48,296
(DECREASE) INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	(49,496)	48,296
INCREASE IN NET ASSETS	21,740	121,551
NET ASSETS AT BEGINNING OF YEAR	517,841	396,290
NET ASSETS AT END OF YEAR	\$ 539,581	\$ 517,841

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended June 30, 2018 and 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals for 2018</u>	<u>Totals for 2017</u>
Salaries	\$ 83,665	\$ 42,746	\$ 1,140	\$ 127,551	\$ 136,693
Fringe Benefits	14,195	7,252	193	21,640	19,876
Payroll Taxes	5,546	3,323	89	8,958	9,329
Retirement Benefits	10,674	4,344	116	15,134	15,870
Office Rental - In-kind	27,531	1,528	41	29,100	29,100
Telephone	0	2,440	0	2,440	754
Insurance	0	3,821	0	3,821	3,550
Legal and Professional	0	9,005	0	9,005	9,035
IU Administrative Fee	0	4,778	0	4,778	5,118
License and Permits	6,133	0	0	6,133	6,105
Supplies and Postage	7,260	2,953	0	10,213	13,213
Repairs and Maintenance	505	0	0	505	1,863
Depreciation	28,170	0	0	28,170	20,300
Travel and Meals	0	1,795	0	1,795	780
Professional Development	0	359	0	359	455
Advertising	0	25	0	25	2,116
Business Development	0	10	0	10	0
Volunteer Program	297	0	0	297	111
Contract Services	350	3,300	0	3,650	3,725
Miscellaneous	0	169	0	169	164
<b>TOTAL EXPENSES</b>	<b>\$ 184,326</b>	<b>\$ 87,848</b>	<b>\$ 1,579</b>	<b>\$ 273,753</b>	<b>\$ 278,157</b>

SEE INDEPENDENT AUDITOR'S REPORT  
AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**STATEMENTS OF CASH FLOWS**  
 Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 21,740	\$ 121,551
<b>ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Depreciation	28,170	20,300
(Increase) Decrease in Indiana University Reserve	(1,545)	6,350
Decrease (Increase) in Accounts Receivable	5,655	(16,835)
Increase in Prepaid Insurance	(119)	(260)
Decrease in Accounts Payable	(198)	(1,731)
Decrease in Accrued Expenses	(4,250)	(34)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>49,453</u>	<u>129,341</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Equipment	<u>(70,521)</u>	<u>(79,157)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(70,521)</u>	<u>(79,157)</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(21,068)	50,184
<b>CASH BEGINNING OF YEAR</b>	<u>413,502</u>	<u>363,318</u>
<b>CASH END OF YEAR</b>	<u>\$ 392,434</u>	<u>\$ 413,502</u>

SEE INDEPENDENT AUDITOR'S REPORT  
 AND NOTES TO FINANCIAL STATEMENTS

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies**

**Nature of Operations**

Whitewater Community Television, Inc. (WCTV) was incorporated as a not-for-profit organization on April 7, 1988, under the laws of the state of Indiana. The organization was created to provide a public, educational and government access television center to the residents of Wayne County, Indiana at no cost to the public. WCTV is primarily supported by franchise fees from the City of Richmond, Indiana and Wayne County.

The financial statements of WCTV have been prepared on the accrual basis. The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader.

**Prior Year Amounts**

The amounts shown for June 30, 2017 in the accompanying financial statements are presented to provide a basis for comparison with June 30, 2018.

**Net Asset Classifications**

The financial statements have been prepared in accordance with the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 requires that the financial statements report information regarding its financial position and activities according to three classes of net assets:

1. Unrestricted - expendable funds for current operations.
2. Temporarily restricted - funds temporarily restricted as to program purpose or time restrictions by the donor.
3. Permanently restricted - funds restricted by the donor that stipulates resources be maintained permanently but permits the organization to use part or all of the income derived from the donated assets. WCTV does not have any permanently restricted net assets.

**Support and Revenue**

WCTV reports assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor-imposed restrictions are met in the same reporting period in which the contribution is received, WCTV reports the contribution as unrestricted support.

**Cash and Cash Equivalents**

WCTV considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash consists of bank deposits in federally insured accounts and petty cash. WCTV had no cash equivalents at June 30, 2018 and 2017.

**Indiana University Reserve**

WCTV employee related expenses and other selected expenses are administered by Indiana University and then reimbursed by WCTV. The reserve represents 2/12ths of the WCTV IU budget for salaries, benefits and retirement.

**Financial Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimated.

**Advertising**

WCTV uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred.

**WHITEWATER COMMUNITY TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note #1 - Summary of Significant Accounting Policies (continued)**

**Property and Equipment**

WCTV capitalizes all expenditures for equipment in excess of \$500 and a useful life of one year or longer. Equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets, ranging from five to seven years. Routine repairs and maintenance are expensed when incurred.

Upon the sale of equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current revenues.

**Donated Property and Equipment**

WCTV reports gifts of equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets must be maintained. WCTV reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, as instructed by the donor. WCTV reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**In-Kind Contributions**

In addition to receiving cash contributions, WCTV receives usage of furnished office space from Indiana University East. The value of the office space that is included as in-kind contributions and the corresponding rent expense is \$29,100 and \$29,100 for the years ended June 30, 2018 and 2017. Other in-kind contributions consisted of auditing and accounting services of \$1,250 and \$1,200 for the years ended June 30, 2018 and 2017.

**Income Taxes**

WCTV is exempt from income taxes under Section 501(c)(3) of the U. S. Internal Revenue Code and is not considered to be a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2016, 2017 and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Receivables and Payables**

Receivables and payables are shown in the statement of financial position. All are considered current.

**Note #2 - Leases**

WCTV leases approximately 2,600 square feet from Indiana University for operational space. The lease is part of an overall contract with Indiana University that also includes certain personnel services being provided. The contract is valid indefinitely, although either party may terminate it in whole or in part with 60 days prior written notice. Indiana University has agreed to waive all lease payments for WCTV. Management estimates the fair market value of the space to be \$29,100 per annum.

**WHITEWATER COMMUNITY TELEVISION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note #3 - Concentration of Support and Schedule of Awards**

The following support is a direct result of franchise fees paid by Comcast, formerly Insight Communications and represents approximately 70.99% and 78.08% of WCTV's total revenue and support for the years ended June 30, 2018 and 2017.

	<u>Franchise Fees</u>	<u>Equipment Grants</u>	<u>Total</u>
June 30, 2018			
City of Richmond Indiana	\$ 191,274	\$ 0	\$ 191,274
Wayne County	<u>18,500</u>	<u>0</u>	<u>18,500</u>
	<u>\$ 209,774</u>	<u>\$ 0</u>	<u>\$ 209,774</u>
June 30, 2017			
City of Richmond Indiana	\$ 193,020	\$ 100,000	\$ 293,020
Wayne County	<u>19,060</u>	<u>0</u>	<u>19,060</u>
	<u>\$ 212,080</u>	<u>\$ 100,000</u>	<u>\$ 312,080</u>

**Note #4 - Pension Plan**

Plan contribution expenses for the years ended June 30, 2018 and 2017 were \$15,134 and \$15,870. Descriptions of the various plans are summarized below.

**Support and Service Staff**

WCTV, through Indiana University offers all salaried non-professional employees that are at least 50% full-time equivalent employees hired after July 1, 2013 a Retirement and Savings Plan. The plan has two separate components. Participants receive an amount equal to 4% of their actual base wage for each regular pay per period they are eligible to participate in the Plan. A participant will also receive a matching contribution of their designated contributions up to 4% of their actual base wage received during each pay period. Participants in the plan are subject to a three-year cliff vesting requirement.

For salaried non-professional employees hired before July 1, 2013 WCTV, through Indiana University offers a plan that falls under the umbrella of the Indiana Public Employees Retirement Fund (PERF). The Plan consists of two parts and fully funded by the employer. The first part is a defined benefit for eligible employees where contributions vest when at least 10 years of service have been achieved. The rate is established by the State of Indiana. The second part is an annuity savings account where vesting is immediate. This portion is an employer contribution equal to 3% of the participant's compensation per pay period.

**Professional Staff**

WCTV, through Indiana University, maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers professional staff that are 50% or more full-time equivalent employees of the Organization. For employees hired on or after July 1, 1999, the Organization contributes 10% or 12% if grade 16 or above of the base salary. For employees enrolled prior to July 1, 1999, but after July 1, 1989, the contribution rate is 11.25% or 15% if grade 16 or above. There is no waiting period for new employees to enroll in the Plan, and participants are immediately 100% vested in the funds contributed on their behalf.

**Supplemental Plans**

WCTV, through Indiana University offers two additional plans, a Retirement Savings Plan and a Tax Deferred Annuity Retirement Plan to employees meeting the eligibility requirements for either of the Plans described above. Participants may elect to defer a percentage of their compensation each year up to the maximum allowed by the Internal Revenue Code. Participants are 100% vested.

WHITEWATER COMMUNITY TELEVISION, INC.  
NOTES TO FINANCIAL STATEMENTS

Note #5 - Net Assets

Unrestricted Net Assets consist of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
General Fund	\$ 539,581	\$ 453,065
Capital Equipment Fund	<u>0</u>	<u>15,280</u>
	<u>\$ 539,581</u>	<u>\$ 468,345</u>

The Capital Equipment Fund is a board designated fund.

Temporarily restricted net assets consisted of \$0 and \$49,496 for studio upgrades as of June 30, 2018 and 2017, respectively.

Note #6 - Concentration of Credit Risk

The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's uninsured cash balances total \$149,040 and \$160,822 as of June 30, 2018 and 2017, respectively.

Note #7 - Evaluation of Subsequent Events

WCTV has evaluated subsequent events through December 4, 2018, the date which the financial statements were available to be issued.