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September 22, 2020

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, 2018 to June 30, 2019. 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, 2019 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 the guidelines established by the State Board of Accounts.

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**WHITEWATER COMMUNITY
TELEVISION, INC.
FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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 13, 2019

WHITEWATER COMMUNITY TELEVISION, INC
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 404,670	\$ 392,434
Indiana University Reserve	29,559	26,369
Accounts Receivable	38,505	12,980
Prepaid Expenses	3,508	3,508
	476,242	435,291
TOTAL CURRENT ASSETS	476,242	435,291
FIXED ASSETS		
Equipment	337,850	332,750
Less: Accumulated Depreciation	(243,598)	(210,805)
	94,252	121,945
NET FIXED ASSETS	94,252	121,945
TOTAL ASSETS	\$ 570,494	\$ 557,236

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 24,683	\$ 403
Accrued Payroll - IUE	6,114	3,798
Accrued Vacation/PTO	19,008	13,454
	49,805	17,655
TOTAL CURRENT LIABILITIES	49,805	17,655
NET ASSETS		
Without Donor Restrictions	520,689	539,581
TOTAL NET ASSETS	520,689	539,581
TOTAL LIABILITIES AND NET ASSETS	\$ 570,494	\$ 557,236

SEE INDEPENDENT AUDITOR'S REPORT
AND NOTES TO FINANCIAL STATEMENTS

WHITEWATER COMMUNITY TELEVISION, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support		
Special Events		
Revenue	\$ 19,935	\$ 16,925
Direct Costs	(10,184)	(13,326)
	9,751	3,599
Franchise Fees	206,660	209,774
Production Services	23,995	23,340
Contributions and Grants	40,290	15,026
In-kind Contributions	30,400	30,350
Memberships	6,125	5,725
Duplication	517	1,494
Sponsorships	3,900	4,250
Miscellaneous	0	20
Interest Income	1,809	1,915
	323,447	295,493
Satisfaction of Donor Restrictions	0	49,496
	323,447	344,989
FUNCTIONAL EXPENSES		
Program	243,255	184,326
Management and General	97,414	87,848
Fund Raising	1,670	1,579
	342,339	273,753
	(18,892)	71,236
NET ASSETS WITH DONOR RESTRICTIONS		
Satisfaction of Donor Restrictions	0	(49,496)
	0	(49,496)
(DECREASE) INCREASE IN NET ASSETS	(18,892)	21,740
NET ASSETS AT BEGINNING OF YEAR	539,581	517,841
NET ASSETS AT END OF YEAR	\$ 520,689	\$ 539,581

SEE INDEPENDENT AUDITOR'S REPORT
AND NOTES TO FINANCIAL STATEMENTS

WHITEWATER COMMUNITY TELEVISION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2019 and 2018

	<u>Program</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals for 2019</u>	<u>Totals for 2018</u>
Salaries	\$ 127,893	\$ 46,225	\$ 1,233	\$ 175,351	\$ 127,551
Fringe Benefits	19,313	6,981	186	26,480	21,640
Payroll Taxes	7,566	3,426	91	11,083	8,958
Retirement Benefits	13,405	4,478	119	18,002	15,134
Office Rental - In-kind	27,531	1,528	41	29,100	29,100
Telephone	0	2,685	0	2,685	2,440
Insurance	0	3,940	0	3,940	3,821
Legal and Professional	0	9,805	0	9,805	9,005
IU Administrative Fee	0	6,193	0	6,193	4,778
License and Permits	8,193	0	0	8,193	6,133
Supplies and Postage	4,596	4,413	0	9,009	10,213
Repairs and Maintenance	345	0	0	345	505
Depreciation	33,998	0	0	33,998	28,170
Travel and Meals	0	2,101	0	2,101	1,795
Professional Development	0	1,240	0	1,240	359
Advertising	0	241	0	241	25
Business Development	0	350	0	350	10
Volunteer Program	415	0	0	415	297
Contract Services	0	3,600	0	3,600	3,650
Miscellaneous	0	208	0	208	169
TOTAL EXPENSES	<u>\$ 243,255</u>	<u>\$ 97,414</u>	<u>\$ 1,670</u>	<u>\$ 342,339</u>	<u>\$ 273,753</u>

SEE INDEPENDENT AUDITOR'S REPORT
AND NOTES TO FINANCIAL STATEMENTS

WHITEWATER COMMUNITY TELEVISION, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) Increase in Net Assets	\$ (18,892)	\$ 21,740
ADJUSTMENTS TO RECONCILE (DECREASE) INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	33,998	28,170
Increase in Indiana University Reserve	(3,190)	(1,545)
(Increase) Decrease in Accounts Receivable	(25,525)	5,655
Increase in Prepaid Insurance	0	(119)
Increase (Decrease) in Accounts Payable	24,280	(198)
Increase (Decrease) in Accrued Expenses	7,870	(4,250)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>18,541</u>	<u>49,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	<u>(6,305)</u>	<u>(70,521)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(6,305)</u>	<u>(70,521)</u>
NET INCREASE (DECREASE) IN CASH	12,236	(21,068)
CASH BEGINNING OF YEAR	<u>392,434</u>	<u>413,502</u>
CASH END OF YEAR	<u>\$ 404,670</u>	<u>\$ 392,434</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, 2018 in the accompanying financial statements are presented to provide a basis for comparison with June 30, 2019.

Support and Revenue

WCTV reports assets as net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as satisfaction of donor restrictions. If donor-imposed restrictions are met in the same reporting period in which the contribution is received, WCTV reports the contribution as net assets without restrictions.

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, 2019 and 2018.

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.

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.

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.

WHITEWATER COMMUNITY TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

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

Donated Property and Equipment

WCTV reports gifts of equipment as net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions 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, 2019 and 2018. Other in-kind contributions consisted of auditing and accounting services of \$1,300 and \$1,250 for the years ended June 30, 2019 and 2018.

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, 2017, 2018 and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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.

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 63.89% and 70.99% of WCTV's total revenue and support for the years ended June 30, 2019 and 2018.

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Franchise Fees		
City of Richmond Indiana	\$ 187,435	\$ 191,274
Wayne County	<u>19,225</u>	<u>18,500</u>
	<u>\$ 206,660</u>	<u>\$ 209,774</u>

WHITEWATER COMMUNITY TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

Note #4 - Pension Plan

Plan contribution expenses for the years ended June 30, 2019 and 2018 were \$18,002 and \$15,134. 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 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.

Note #5 – 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 \$137,288 and \$149,040 as of June 30, 2019 and 2018, respectively.

Note #6 - Evaluation of Subsequent Events

WCTV has evaluated subsequent events through December 13, 2019, the date which the financial statements were available to be issued.