

STATE BOARD OF ACCOUNTS
302 West Washington Street
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**FINANCIAL STATEMENTS AUDIT REPORT
OF**

WVUT-TV
A PUBLIC TELEVISION STATION OPERATED
BY VINCENNES UNIVERSITY
VINCENNES, INDIANA

July 1, 2019 to June 30, 2020



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SCHEDULE OF UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Vice President for Financial Services and Government Relations	Phillip S. Rath	07-01-19 to 07-12-19
Vice President of Financial Services	(Vacant) Linda Waldroup	07-13-19 to 07-28-19 07-29-19 to 06-30-21
President	Charles Johnson	07-01-19 to 12-31-20
Chairman of the Board	John A. Stachura	07-01-19 to 10-03-21
Director	Nichole L. Carie	07-01-19 to 06-30-21



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WVUT-TV, A PUBLIC TELEVISION STATION OPERATED
BY VINCENNES UNIVERSITY, VINCENNES, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of WVUT-TV, a public television station operated by Vincennes University (WVUT-TV), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise WVUT-TV'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 WVUT-TV'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 WVUT-TV'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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WVUT-TV, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows 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 WVUT-TV 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 Vincennes University (University) that are attributable to the transactions of WVUT-TV. They do not purport to, and do not present fairly, the financial position of the University, as of June 30, 2020 and 2019, the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is 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

December 16, 2020

WVUT-TV

A Public Television Station Owned and Operated by Vincennes University

Management's Discussion and Analysis

INTRODUCTION

WVUT-TV (the Station) presents its financial statements for the year ending June 30, 2020. This discussion and analysis provide an overview of the financial position and activities of WVUT-TV for the year ending June 30, 2020 with comparative information for the years ending June 30, 2019 and 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes following this section.

WVUT-TV is licensed to the Board of Trustees of Vincennes University. WVUT-TV was the first Public Television station to go on the air in Indiana on October 22, 1968. Vincennes University was also the first college in Indiana to go on the air with a Digital Television Station on September 2, 2002. On June 12, 2009, WVUT-TV, along with all other analog TV stations, turned the analog transmitter off and went on-air completely digital. In July of 2010, all in-studio and out-of-studio local productions were converted to High Definition, making WVUT one of the first stations in the state to completely convert all operations to High Definition.

USING THE FINANCIAL STATEMENTS

The WVUT-TV 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. WVUT-TV follows GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and 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*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the entity as a whole, with resources classified for accounting and reporting purposes into four net position categories.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of WVUT-TV at the end of the fiscal year and includes all assets and liabilities of WVUT-TV. The difference between total assets and total liabilities --net position-- is one indicator of the current financial condition of WVUT-TV, 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 WVUT-TV's assets, liabilities and net position at June 30, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets	\$ 1,328,475	\$ 1,028,991	\$ 1,003,192
Noncurrent Assets			
Capital Assets, net of depreciation	<u>625,103</u>	<u>1,407,664</u>	<u>1,314,050</u>
Total Assets	<u>1,953,578</u>	<u>2,436,655</u>	<u>2,317,242</u>
Current Liabilities	2,617	8,931	6,832
Net Position	<u>\$ 1,950,961</u>	<u>\$ 2,427,724</u>	<u>\$ 2,310,410</u>

Current assets consist of cash and cash equivalents, accounts receivable and prepaid expenses. Current liabilities consist of accounts payable. WVUT-TV has no long-term liabilities.

Cash increased by just over \$273,000 in fiscal year 2020, representing 91 percent of the increase in current assets from 2019. The increase in cash is primarily attributable to the \$260,205 in CARES Act funds that were provided by Congress to help public television and radio stations maintain local programming and services.

The Station reported a receivable of \$95,585 at 2020 fiscal year end for unreimbursed expenditures associated with the FCC mandated channel repack. Prepaid expenses totaled \$47,479 at June 30, 2020, consisting of the required down payment for the Station's newly designed set.

The \$95,332 repack receivable accounts for the majority of the increase in current assets in 2019. The Station also reported \$21,589 in prepaid expenses at the end of fiscal year 2019.

During fiscal year 2020, there was an overall decrease in capital assets, net of depreciation. The Station added \$300,000 in capital equipment including the new Channel 31 antenna. Accumulated depreciation and the removal of a film picture collection combine for the net decrease in capital assets. Current liabilities decreased in fiscal year 2020 with the repack project nearing completion.

The Station purchased \$23,195 in capital assets in fiscal year 2019. Current liabilities increased slightly in fiscal year 2019 for amounts owed to vendors utilized for the repack project.

Net Position

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Investment in Capital Assets	\$ 625,103	\$ 1,407,664	\$ 1,314,050
Restricted	\$ 825,466	\$ 811,807	\$ 805,338
Unrestricted	500,392	208,253	191,022
Total Net Position	<u>\$ 1,950,961</u>	<u>\$ 2,427,724</u>	<u>\$ 2,310,410</u>

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

As mandated by the FCC, WVUT-TV completed the move to the new digital channel 31 in October 2020. Of the \$300,000 cost added to capital assets in fiscal year 2020, the Station's new antenna represented \$239,417 of the total. The decommissioned antenna was fully depreciated and removed from capital assets in fiscal year 2020 along with a film picture collection. As fine arts, the film collection is not a depreciable asset and so capital assets were reduced by the collection's recorded cost.

As mentioned above, there were capital asset purchases totaling \$23,195 and depreciation expense totaling \$124,389 in fiscal year 2019. All of the asset disposals in 2019 were fully depreciated. Net investment in capital assets increased \$93,614. The increase includes \$194,808 in construction in progress combined with \$23,195 in capital asset purchases and a decrease of \$124,389 depreciation expense.

Restricted Net Position represents constraints placed on net position use when imposed by third parties or by law through constitutional provisions or enabling legislation. These amounts are unspent Community Service Grant funds.

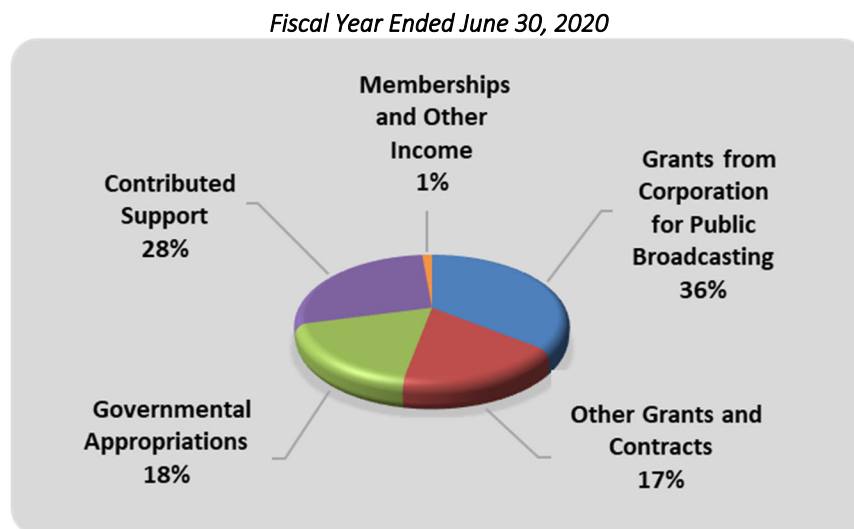
Unrestricted Net Position is the net amount of assets and liabilities that are not included in the determination of net investment in capital assets. The significant increase in unrestricted net position from 2019 to 2020 is due to the \$260,205 in CARES Act funds received in April 2020. The funds are designated as unrestricted with no expenditure period.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

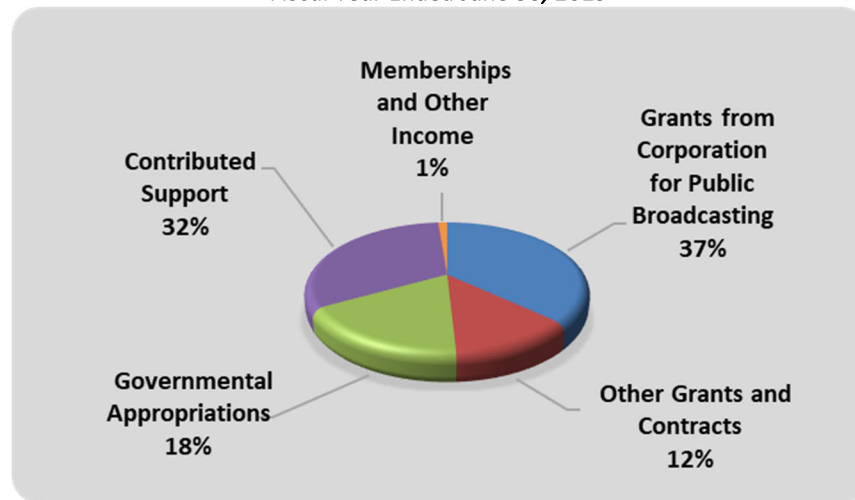
The Statement of Revenues, Expenses, and Changes in Net Position presents the operating results of WVUT-TV as well as the non-operating revenues and expenses. Governmental appropriations, while used for operations, are considered non-operating revenues as defined by GASB Statement No. 35. A summarized comparison of the Statement of Revenues, Expenses, and Changes in Net Position is presented below:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenue	\$1,625,491	\$1,597,093	\$1,462,283
Operating Expenses	<u>1,731,671</u>	<u>1,853,243</u>	<u>1,821,184</u>
Net Operating Loss	(106,180)	(256,150)	(358,901)
Non Operating Revenue (Expense)	<u>(370,583)</u>	<u>373,464</u>	<u>370,539</u>
Increase (Decrease) in Net Position	(476,763)	117,314	11,638
Net Position, beginning of year	2,427,724	2,310,410	2,298,772
Net Position - End of year	<u>\$1,950,961</u>	<u>\$2,427,724</u>	<u>\$2,310,410</u>

The following is a graphic illustration of revenues by source (both operating and non-operating) used to fund WVUT-TV for the years ended June 30, 2020 and June 30, 2019.



Fiscal Year Ended June 30, 2019



Fiscal Year 2020

Appropriations from the Corporation for Public Broadcasting (CPB) serve as the largest funding source for the Station. In fiscal year 2020, \$715,348 was received in grants from CPB, a 1.7% decrease from 2019. The increase in operating revenue was primarily due to CARES Act stabilization funds received in fiscal year 2020 totaling \$260,205. The funds were approved by Congress and distributed by CPB to public radio and television stations to help maintain local programming and services during the economic decline triggered by COVID-19. The Station also received a \$10,000 PBS Brand Refresh grant in fiscal year 2020.

As the institutional licensee for WVUT-TV, Vincennes University provides significant financial support for ongoing operations through direct and indirect contributions to the Station. The University contributed over \$525,000 in support to the Station for fiscal year 2020 compared to contributed support of just over \$567,000 in fiscal year 2019. Contributed support was impacted by a new method for calculating indirect administrative support from the University (licensee). The new method was implemented by CPB in fiscal year 2020 for all institutional licensees. Since a corresponding expense is also recorded for indirect administrative support, there is a \$0 net effect on Station net income.

Governmental appropriations from the State of Indiana totaling \$359,411 provided additional revenue to help cover the more than \$1.7 million in Station operating expenses.

Each year, WVUT-TV seeks to expand its revenue base. In fiscal year 2020, the Station launched an online PBS Passport member donation platform for viewers. Since introducing PBS Passport membership on the website, the Station has received a steady stream of small donations, adding to operating revenue.

Operating expenses decreased 7 percent in total in fiscal year 2020. Decreases in broadcasting repairs, maintenance and utility costs helped to offset a 3 percent increase in programming and production costs. The decrease in management and general costs is mostly the result of decreased indirect administrative support for fiscal year 2020.

Fiscal Year 2019

In fiscal year 2019, the Station received \$727,628 in operating revenue from CPB to help support the Station's operating expenses of nearly \$1.9 million. There was a slight decrease in CPB funding from 2018 to 2019. The Station's cost containment efforts are evident given that contributions from Vincennes University also decreased by 5 percent for fiscal year 2019.

Total operating expenses increased 2 percent in fiscal year 2019. Increases in broadcasting and management and general costs were offset in part by a decrease in programming and production costs. Service and supply purchases for the repack project along with utility costs represent the major increase in broadcasting expenses. Qualified repack expenditures are reimbursable by the Federal Communications Commission (FCC). Management and general expenses increased primarily from a wage increase and an increase in audit costs.

A summary of WVUT-TV's expenses by object for the year ended June 30, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating:			
Compensation and Benefits	\$ 627,131	\$ 596,685	\$ 645,370
Supplies and Services	463,876	568,695	484,851
Programming Costs	255,053	269,351	270,554
Depreciation	137,769	124,389	125,627
Administrative Support	247,842	294,123	294,782
Total Operating Expenses	<u>\$ 1,731,671</u>	<u>\$ 1,853,243</u>	<u>\$ 1,821,184</u>

Fiscal Year 2020

The supplies and services cost category represents the largest decline in operating expenses for fiscal year 2020. With the repack project nearing completion, decreases in professional services and supplies account for over half of the \$104,819 drop in supplies and services costs from 2019.

In spite of the operational challenges associated with COVID-19, the Station maintained regular programming throughout fiscal year 2020. A decrease in PBS programming costs resulted in a 5 percent net decrease in Station programming costs from 2019.

Since the indirect cost rate is applied to the Station's net direct expenses, the decrease in total operating expenses is also reflected in lower indirect administration support cost for fiscal year 2020.

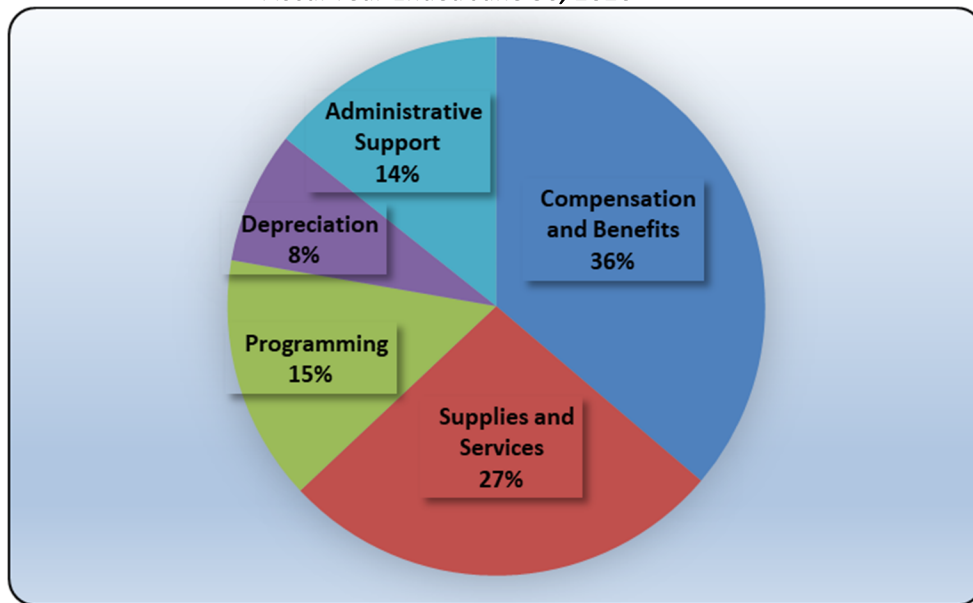
The Station filled a production position in fiscal year 2020, increasing compensation and benefit costs by 5 percent from 2019. Depreciation expense also increased in fiscal year 2020 from new capital asset additions.

Fiscal Year 2019

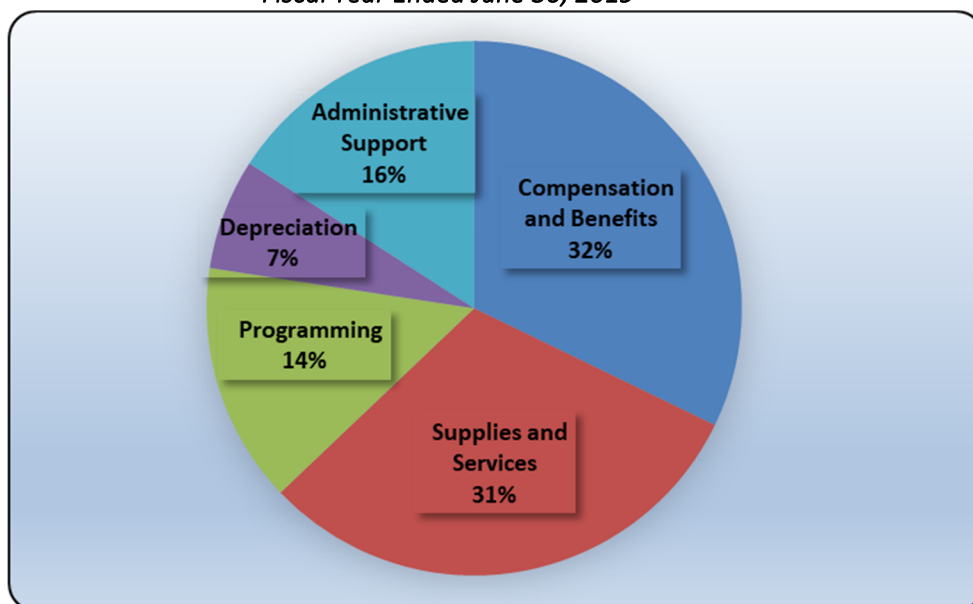
When comparing the expenses by the natural classifications for 2018 and 2019, programming, depreciation and administrative support were relatively unchanged. The supplies and services classification contains the increased broadcasting cost related to repack as well as higher costs for power usage. One of the Station's production positions was not replaced resulting in the decrease to total compensation and benefits.

Graphic illustration of total expenses by object for fiscal years 2020 and 2019 are shown below:

Fiscal Year Ended June 30, 2020



Fiscal Year Ended June 30, 2019



A summary of WVUT-TV's expenses by functional classification for the years ended June 30, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating			
Programming & Production	\$ 1,085,267	\$ 1,052,578	\$ 1,107,858
Broadcasting	130,372	222,387	179,097
Program Information & Promotion	5,129	19,243	8,414
Management & General	371,335	434,646	400,034
Fundraising & Membership Development	1,799	-	154
Depreciation	137,769	124,389	125,627
Total Operating Expenses	<u>\$ 1,731,671</u>	<u>\$ 1,853,243</u>	<u>\$ 1,821,184</u>

In analyzing the functional classifications over the past three fiscal years, a number of factors have contributed to the changes within each cost category from year to year.

Costs were below prior year levels in broadcasting, program information and promotion, and management and general. The Station realized significant cost savings in tower utility costs (broadcasting) as a result of equipment upgrades. Public activities for the Station were limited as a result of COVID-19, leading to a decrease in program information and promotion costs. A decrease in indirect administrative support for fiscal year 2020 represents the major change in management and general costs.

Utility cost savings and lower repair and maintenance costs account for nearly 80 percent of the \$92,015 decrease in broadcasting costs. As mentioned, a high priority was placed on maintaining station programming which is consistent with the 3 percent increase in programming and production expenses in fiscal year 2020.

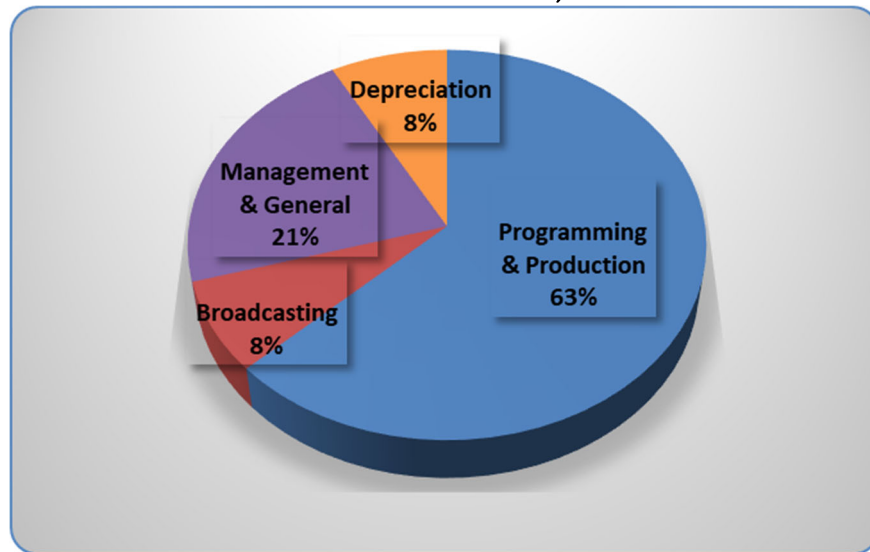
Decreases in contributed support, supplies and travel costs outweighed minor increases in compensation and depreciation in fiscal year 2020 for a 15 percent net decline in management and general costs.

For fiscal year 2019, programming and production costs decreased by 5 percent from fiscal year 2018. As previously mentioned, a producer/director position was not filled in 2019, representing the majority of the decrease. The repack project is reflected in the total broadcasting costs for fiscal year 2019, which increased \$43,290, or 24 percent. Wage and benefit increases comprise the largest portion of the increase in management and general expenses from 2018 to 2019.

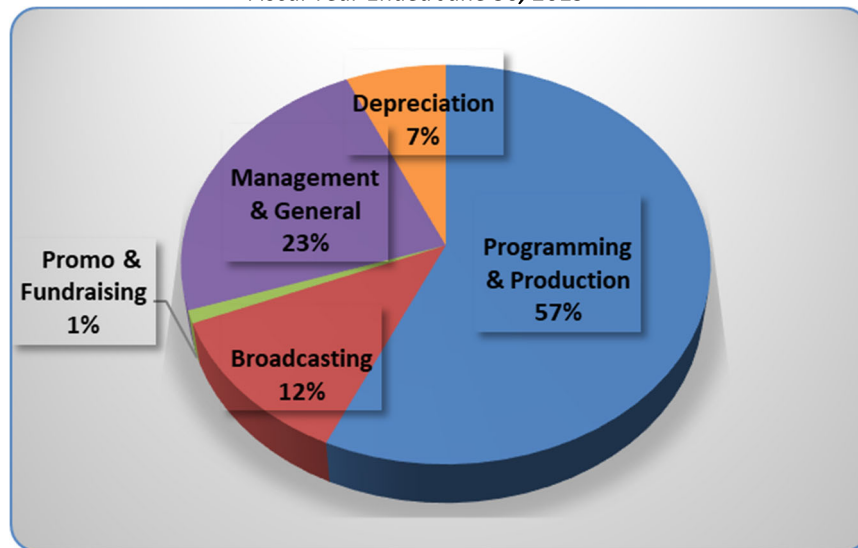
Aging of the Station's capital assets resulted in decreased depreciation in fiscal year 2019.

The graphic illustrations below present total expenses by function for fiscal years 2020 and 2019.

Fiscal Year Ended June 30, 2020



Fiscal Year Ended June 30, 2019



STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about WVUT-TV's financial results by reporting the major sources and uses of cash. A summary of the Statement of Cash Flows for the year ended June 30, 2020, 2019 and 2018 is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash received from operations	\$ 1,304,220	\$ 1,173,510	\$ 996,218
Cash expended for operations	<u>(1,305,088)</u>	<u>(1,356,553)</u>	<u>(1,287,649)</u>
Net cash used in operating activities	(868)	(183,043)	(291,431)
Net cash provided by non capital financing activities	379,417	373,465	370,539
Net cash used in capital and related financing activities	<u>(105,208)</u>	<u>(218,003)</u>	<u>(136,505)</u>
Net increase/(decrease) in cash and cash equivalents	273,341	(27,581)	(57,397)
Cash and cash equivalents, beginning of year	<u>912,070</u>	<u>939,651</u>	<u>997,048</u>
Cash and cash equivalents, end of year	<u>\$ 1,185,411</u>	<u>\$ 912,070</u>	<u>\$ 939,651</u>

The 30 percent increase in cash and cash equivalents can be tied primarily to \$260,205 of CARES Act funds that were distributed to public television and radio stations in fiscal year 2020. The receipt of the CARES Act funds, along with decreased expenditures for supplies and services, are the two major contributors to the increase in cash. Unreimbursed repack costs were reported as a receivable totaling \$95,585 at June 30, 2020, relatively unchanged from 2019.

Cash and cash equivalents decreased 3 percent in fiscal year 2019. The overall net change is the result of a decrease in contributed support, increased payments to suppliers, and a decrease in wage and benefit costs. The majority of costs related to the station repack were incurred in fiscal year 2019. Corresponding cash receipts for the reimbursement of these costs were also received during 2019. At June 30, 2019, the Station reported a receivable of \$95,332 for the amount of unreimbursed repack costs.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The COVID-19 pandemic has created a challenging time for WVUT, in regards to station growth. While staffing levels have remained consistent, growth in membership and underwriting has been stunted. While WVUT is picking up some traction in membership, thanks to PBS Passport, we have not been able to grow it substantially, as was hoped. Nonetheless, the station has gone from zero membership at the beginning of FY19 to a current database of just under 100 members. Plans continue to expand membership levels and increase underwriting in the coming year to help offset station expenses.

Meanwhile, the COVID-19 pandemic has also led to new opportunities for the station. WVUT has produced video content for a handful of organizations in recent months as an alternate method in reaching the public due to the restrictions on public gatherings and events. Through one organization's grant underwriting, this will slightly increase funding for the station in FY21. These efforts are also increasing our value to the community during a time when many challenges are altering the way several non-profit organizations can conduct their activities and community outreach. Plans continue to expand these production offerings to benefit our community.

The majority of the station's funding remains directly tied to the University, the State of Indiana and federal funding through the Corporation for Public Broadcasting.

- The Corporation for Public Broadcasting was able to secure emergency stabilization funds for stations included in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). As a result, WVUT received \$260,205 in April 2020. These funds should help maintain WVUT staffing and production, depending on the severity of any possible budget cuts on the federal, state or university levels in the near future.
- University enrollment has incurred a 4 percent decline due to the COVID-19 pandemic, which is better than the decline most two-year institutions are experiencing at this time. The University has instituted a hiring freeze, but has allowed WVUT to fill a vacant engineer position due to retirement, as well as a producer/director position due to a resignation. The University's continued support to maintain existing staffing levels is of significant benefit to the Station.
- The Indiana Legislature is entering into a budget year. We are anticipating a budget reduction for public broadcasting across the state. Station managers are hopeful that increased efforts to help with at-home learning and other programming aimed at assisting during the COVID-19 pandemic will help keep this reduction in budget to a minimum. The funding received from the State of Indiana goes towards offsetting Station expenses, as well as towards WVUT's membership in the Indiana Public Broadcasting Stations (IPBS).

WVUT continues to work on completing the reimbursement process for expenses incurred during the FCC mandated spectrum repack. Significant effort has been directed toward completion of the reimbursement process in fiscal year 2020, however, a small number of remaining reimbursements will be settled in the next few months.

Station management remains committed to the fiscal stewardship of funds in order to maintain sound financial position for the Station. Efforts will continue to adapt practices to expand membership, as well as grow underwriting and sponsorship for WVUT. Community outreach will remain the cornerstone of our operation as we continue to serve those in our viewing area.

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BASIC FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

WVUT-TV
A Public TV Station Operated by Vincennes University

Statement of Net Position
As of June 30, 2020 and 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,185,411	\$ 912,070
Accounts receivable	95,585	95,332
Prepaid expense	47,479	21,589
Total current assets	<u>1,328,475</u>	<u>1,028,991</u>
Non-current assets:		
Capital assets not being depreciated	-	944,808
Capital assets being depreciated	3,717,475	4,470,483
Less accumulated depreciation	<u>(3,092,372)</u>	<u>(4,007,627)</u>
Total Non-Current Assets	<u>625,103</u>	<u>1,407,664</u>
Total assets	<u>\$ 1,953,578</u>	<u>\$ 2,436,655</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 2,617	\$ 8,931
Total current liabilities	<u>2,617</u>	<u>8,931</u>
Net Position:		
Investment in capital assets	625,103	1,407,664
Restricted for station activities	825,466	811,807
Unrestricted	500,392	208,253
Total net position	<u>1,950,961</u>	<u>2,427,724</u>
Total liabilities and net position	<u>\$ 1,953,578</u>	<u>\$ 2,436,655</u>

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

WVUT-TV
A Public TV Station Operated By Vincennes University

Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	6/30/2020	6/30/2019
Operating revenue:		
Grants from Corporation for		
Public Broadcasting	\$ 715,348	\$ 727,628
Other grants and contracts	346,261	240,644
Memberships and underwriting	7,887	-
Contributed support	555,995	628,821
Total operating revenue	\$ 1,625,491	\$ 1,597,093
Operating Expenses		
Programming and production	\$ 1,085,267	\$ 1,052,578
Broadcasting	130,372	222,387
Program information and promotion	5,129	19,243
Management and general	371,335	434,646
Fundraising and membership development	1,799	-
Depreciation	137,769	124,389
Total operating expenses	\$ 1,731,671	\$ 1,853,243
Operating loss	(106,180)	(256,150)
Non-operating revenues		
Governmental appropriations	359,411	348,628
Other non-operating revenues	20,006	24,836
Loss on Disposition of Capital Assets	(750,000)	-
Total non-operating revenues (expenses)	(370,583)	373,464
Increase (decrease) in net position	\$ (476,763)	\$ 117,314
Net Position - beginning of year	2,427,724	2,310,410
Net Position - end of year	<u><u>\$ 1,950,961</u></u>	<u><u>\$ 2,427,724</u></u>

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

WVUT-TV
A Public TV Station Operated By Vincennes University

Statement of Cash Flows
For the Years Ended June 30, 2020 and 2019

	6/30/2020	6/30/2019
Cash flows from operating activities:		
Grants and Contracts	\$ 1,061,355	\$ 936,480
Underwriting and Other Contributions	7,887	-
Contributed Support	234,978	237,030
Payments to Suppliers	(677,957)	(759,868)
Payments to Employees	(472,319)	(452,626)
Payments for Benefits	(154,812)	(144,059)
Net cash used in operating activities	\$ (868)	\$ (183,043)
Cash flows from noncapital financing activities:		
Governmental Appropriations	359,411	348,629
Other Income	20,006	24,836
Net cash provided by noncapital financing activities	\$ 379,417	\$ 373,465
Cash flows from capital and related financing activities:		
Purchases of Capital Assets and Construction	(105,208)	(218,003)
Net cash used in capital and related financing activities	\$ (105,208)	\$ (218,003)
Net increase (decrease) in cash and cash equivalents	\$ 273,341	\$ (27,581)
Cash and cash equivalents - beginning of year	912,070	939,651
Cash and cash equivalents - end of year	<u>\$ 1,185,411</u>	<u>\$ 912,070</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (106,180)	\$ (256,150)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation Expense	137,769	124,389
Changes in assets and liabilities:		
Accounts receivable	(253)	(31,791)
Prepaid expense	(25,890)	(21,588)
Accounts payable and accrued liabilities	(6,314)	2,097
Net cash used in operating activities	\$ (868)	\$ (183,043)

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

WVUT-TV
A Public Television Station Operated By Vincennes University

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Reporting entity: WVUT-TV (the Station) is a public television station operated by Vincennes University (the University). 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's 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.

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: The receivable reflects the estimated reimbursable expenditures incurred for the FCC repacking as of June 30, 2020 and June 30, 2019. Management has concluded that 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 \$5,000 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.

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.

Membership and underwriting revenue: Contributions are recognized as revenue upon receipt.

Contributed support: Contributed materials, supplies, facilities, and non-capital property are recorded at their estimated acquisition value at the date of donation. If the acquisition value of contributed materials, supplies, facilities and non-capital 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.

WVUT-TV
A Public Television Station Operated By Vincennes University

Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies (continued)

Indirect administrative support: Administrative support from Vincennes University (licensee) consists of indirect costs incurred by the University on behalf of the Station, calculated using the indirect administrative support method as required by the Corporation for Public Broadcasting (CPB). CPB implemented a new method to be used by institutional licensees for calculating indirect administrative support beginning with fiscal year 2020. The new method utilizes indirect and direct cost information from the licensee's financial statements for a more consistent approach in calculating indirect administrative support. For fiscal year 2019, indirect administrative support was calculated using the University's Negotiated Indirect Cost Rate on modified total direct costs. The rate was modified for rate components not benefiting the station, in accordance with guidelines established by the Corporation for Public Broadcasting (CPB).

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

Investment in capital assets: This represents the Station's total investment in capital assets. There is no outstanding debt related to these capital assets.

Restricted net position: Restricted net position represents constraints placed on net position use when imposed by third parties or imposed by law through constitutional provisions or enabling legislation.

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 and liabilities that are not included in the determination of investment in capital assets and restricted net position.

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.

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

Operating revenues and expenses: The Station distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Station's principal ongoing operations. The principal operating revenues of the Station are grants for public broadcasting entities, including grants to enhance the quality of programming and expand the scope of public broadcasting services, contributed support from the University, contributions from donors and underwriting. Operating expenses include costs of services, payments to suppliers and employees, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 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.

WVUT-TV
A Public Television Station Operated By Vincennes University

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Non-operating revenues and expenses: Non-operating revenues and expenses are defined in 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, *Basic Financial Statements – and Management's Discussion Analysis – for State and Local Governments*. Examples of non-operating revenue include governmental appropriations and examples of non-operating expenses include loss on disposition of capital assets.

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

Note 2 – Cash

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, 2020 and June 30, 2019 is \$1,185,411 and \$912,070 respectively.

NOTE 3: Capital Assets

The following are summaries of the Station's capital asset activities as of June 30:

<u>2019-2020</u>	Beginning Balances 07/01/19	Increases	Decreases	Transfers	Ending Balances 06/30/20
Capital assets not being depreciated:					
Construction in progress	194,808		-	(194,808)	-
Fine arts (film library) - <i>See Note below *</i>	750,000	-	750,000	-	-
Total capital assets not being depreciated	944,808	-	750,000	(194,808)	-
Capital assets being depreciated:					
Building and Improvements	401,036	-	-	-	401,036
Equipment	4,069,447	300,016	1,053,024	-	3,316,439
Total capital assets being depreciated	4,470,483	300,016	1,053,024	-	3,717,475
Less accumulated depreciation for:					
Building and Improvements	212,258	13,222	-	-	225,480
Equipment	3,795,369	124,547	1,053,024	-	2,866,892
Total accumulated depreciation	4,007,627	137,769	1,053,024	-	3,092,372
Total capital assets being depreciated, net	462,856	162,247	-	-	625,103
Capital assets, net	\$ 1,407,664	\$ 162,247	\$ 750,000	\$ (194,808)	\$ 625,103

* The fine arts film library was removed from fixed assets based upon assessment of current condition and value following physical inspection of the collection. The film collection was disposed in fiscal year 2020.

<u>2018-2019</u>	Beginning Balances 07/01/18	Increases	Decreases	Transfers	Ending Balances 06/30/19
Capital assets not being depreciated:					
Construction in progress	-	194,808			194,808
Fine arts (film library)	750,000	-	-	-	750,000
Total capital assets not being depreciated	750,000	194,808	-	-	944,808
Capital assets being depreciated:					
Building and Improvements	401,036	-	-	-	401,036
Equipment	4,264,758	23,195	218,506	-	4,069,447
Total capital assets being depreciated	4,665,794	23,195	218,506	-	4,470,483
Less accumulated depreciation for:					
Building and Improvements	199,039	13,219	-	-	212,258
Equipment	3,902,705	111,170	218,506	-	3,795,369
Total accumulated depreciation	4,101,744	124,389	218,506	-	4,007,627
Total capital assets being depreciated, net	564,050	(101,194)	-	-	462,856
Capital assets, net	\$ 1,314,050	\$ 93,614	\$ -	\$ -	\$ 1,407,664

NOTE 4: Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Operating expenses by functional classification for the years ended June 30, 2020 and 2019, are summarized as follows:

2020							
	PROGRAM SERVICES			SUPPORT SERVICES			
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Total 6/30/2020	Total 6/30/2019
Salaries, Wages & Benefits	\$ 528,507			\$ 98,624		\$ 627,131	\$ 596,685
Professional Services		30,505		16,670	176	47,351	64,747
Supplies	13,238	943		2,038		16,219	56,595
Occupancy		59,887		2,016		61,903	103,049
Postage				573		573	629
Advertising	839		5,129			5,968	19,243
Conferences & Meetings				838	1,623	2,461	9,606
Repairs & Maintenance	60,910	39,037		1,262		101,209	107,264
Programming Costs	255,053					255,053	269,351
Membership & Dues	226,720			1,472		228,192	207,561
Administrative Support				247,842		247,842	294,124
Depreciation				137,769		137,769	124,389
Total	\$ 1,085,267	\$ 130,372	\$ 5,129	\$ 509,104	\$ 1,799	\$ 1,731,671	\$ 1,853,243

2019							
	PROGRAM SERVICES			SUPPORT SERVICES			
	Programming and Production	Broadcasting	Program Information and Promotion	Management and General	Fundraising and Membership Development	Total 6/30/2019	Total 6/30/2018
Salaries, Wages & Benefits	\$ 503,544			\$ 93,141		\$ 596,685	\$ 645,370
Professional Services	3,950	42,905		17,892		64,747	37,957
Supplies	34,881	7,753		13,961		56,595	26,532
Occupancy		101,033		2,016		103,049	77,571
Postage				629		629	217
Advertising			19,243			19,243	8,414
Conferences & Meetings				9,606		9,606	7,873
Repairs & Maintenance	34,796	70,696		1,772		107,264	109,178
Programming Costs	269,351					269,351	270,554
Membership & Dues	206,056			1,505		207,561	217,109
Administrative Support				294,124		294,124	294,782
Depreciation				124,389		124,389	125,627
Total	\$ 1,052,578	\$ 222,387	\$ 19,243	\$ 559,035	\$ -	\$ 1,853,243	\$ 1,821,184

Note 5: Indirect Administrative Support

The Corporation for Public Broadcasting (CPB) implemented a new method for calculating indirect administrative support beginning with fiscal year 2020. The new method utilizes indirect and direct cost information from the licensee's audited financial statements for a more consistent approach in calculating 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.

Included as part of the University's institutional support is Other Postemployment Benefit Cost (OPEB). Because the University funds OPEB cost entirely through the general fund, and the Station is not charged for OPEB related costs, there is not a special allocation of OPEB cost to the Station. There is, however, a portion of OPEB cost that is allocated to the Station as part of the indirect administrative support calculation.

For fiscal year 2019, indirect administrative support was calculated using the University's Negotiated Indirect Cost Rate on modified total direct costs. The rate was modified for rate components not benefiting the Station, in accordance with guidelines established by CPB.

The value of this support for the years ended June 30, 2020 and June 30, 2019 was \$247,842 and \$294,124, 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 contributed professional services and donated materials. The acquisition value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as Contributed Support. As an equal amount of expense is also recognized, there is no impact on net position. In-kind contributed support for the fiscal year ended June 30, 2020 was \$28,000. For the fiscal year ended June 30, 2019, in-kind contributed support was \$61,800.

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 \$280,152 and \$272,898 for the years ended June 30, 2020 and June 30, 2019, respectively.

Note 8: Risk Management

WVUT-TV 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, cyber crime, aviation, worker's compensation, commercial automobile, and medical malpractice are all handled through fully insured commercial policies. During the past three fiscal years, no settled claims have exceeded insurance coverage levels, and there has been no significant reduction in coverage.

For health benefits, the University has an insured self-funded arrangement. The University retains the risk for medical benefits up to a maximum stop loss provision of \$325,000 per member. There is a liability for incurred but unpaid claims. This liability is estimated to be \$1,203,986 for the fiscal year 2019-20 and \$976,802 for the fiscal year 2018-19.

The liability, for medical claims incurred but not reported at June 30, 2020, is based on an average monthly claim multiplied by the plan's provider's average turnaround time from when claims are incurred to when the claims are submitted for payment.

Changes in the total reported self-insured health, dental & drug benefit liability during the years ending June 30, 2020 and 2019 were as follows:

	2020	2019
Balance, beginning of year	\$ 976,802	\$ 870,234
Claims incurred	13,351,971	12,737,647
Claim payments	<u>(13,124,787)</u>	<u>(12,631,079)</u>
Balance, end of year	<u>\$ 1,203,986</u>	<u>\$ 976,802</u>

Note 9: TIAA/CREF Pension Plan

Plan Description

Through Vincennes University, eligible employees at WVUT-TV participate in a tax deferred 403(b) Retirement Annuity Plan (RA) through Teachers Insurance and Annuity Association of America (TIAA). This plan is a defined contribution plan under IRC 403(b). Income during retirement is based on the participant's total account balance. Participants are immediately 100% vested in the funds contributed. An agreement between the University and TIAA is approved by the University Board of Trustees.

Funding Policy

For all full-time faculty and professional staff, the University contributes 10% of earned wages. Faculty and professional staff hired prior to June 30, 2003, and having five or more years of continued employment, participate in a supplemental defined contribution retirement income plan with TIAA. The University contributes 5% of covered wages for this plan, which is included in the contributed support and expense allocation to WVUT-TV.

Additional Details of the plan can be found in the Vincennes University's Annual Financial Report, which can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa>.

OTHER REPORTS

In addition to this report, other reports may have been issued for the University. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.