



**Ball State University**  
**Department of Internal Audit and Advisory Services**

**WIPB Television**  
**A Telecommunications Entity Operated by Ball State University**

**Fiscal Year 2015-2016**

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Table of Contents

	<u>Page</u>
Auditor's Report on the Financial Statements	1
Management's Discussion and Analysis	3
Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

The Corporation for Public Broadcasting  
Washington, D. C.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities of WIPB Television, a public telecommunication entity owned and operated by Ball State University, as of and for the years ended June 30, 2016 and June 30, 2015, and the related notes to the financial statements, which collectively comprise WIPB'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 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 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 the WIPB Television 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 statement.

Internal Auditing is a unit of Ball State University. The Director is a Certified Public Accountant, who is not in any way responsible for the accounting operations of the Station, nor connected with the establishment of the overhead rates and hence is deemed independent per the Corporation for Public Broadcasting's certification requirements. The opinion that follows is issued pursuant to the Corporation for Public Broadcasting's guidelines concerning independence. The undersigned does not purport to meet the independence status requirements specified by generally accepted auditing standards. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Corporation for Public Broadcasting  
Washington, D. C.

***Opinion***

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WIPB Television, a public telecommunication entity owned and operated by Ball State University, as of June 30, 2016 and June 30, 2015, 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.

***Prior Period Adjustment***

As discussed in Note G to the financial statements, a misstatement of previously reported net position as of June 30, 2014, was identified in the current year. Accordingly, retrospective adjustments have been made to net position, property and equipment, and depreciation. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

The Management's Discussion and Analysis (MD&A) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

A handwritten signature in black ink that reads "Thomas D. Roberts". The signature is written in a cursive, slightly slanted style.

Thomas D. Roberts, CPA  
Director of Internal Audit and Advisory Services  
Ball State University  
February 10, 2017

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

This discussion and analysis of WIPB's financial statements provides an overview of WIPB's financial position for the years ended June 30, 2016 and 2015, along with comparative financial information for the fiscal year ended June 30, 2014. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. The discussion and analysis are designed to provide an objective analysis of the station's financial position based on currently known facts, decisions, and conditions. The completeness and fairness of the financial statements, notes to the financial statements, and this discussion are the responsibility of WIPB's management.

**Using this Report**

This financial report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board *Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. These statements focus on the financial condition of the station, the results of operations, and cash flows of the station as a whole.

The three basic financial statements are the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The statements utilize an operating and non-operating basis of reporting whereby revenues that are charges for services and goods, including non-capital grants, are recorded as operating revenues. Essentially, all other types of revenue, including investment income, are non-operating or other revenue.

This annual financial report includes the report of independent auditors, the management's discussion and analysis, the basic financial statements referred to above, and notes to the financial statements.

**Financial Highlights**

The following are some of the overall financial highlights from the past year:

- The grant to WIPB from the Corporation for Public Broadcasting shows a decrease in fiscal year 2015-2016. A portion of the grant revenue will be reported in fiscal year 2016-2017, due to a difference in grant project dates from WIPB's fiscal year period. This decrease is reflected in both revenue and expense in fiscal year 2015-2016.
- Business/Industry Underwriting revenue decreased in fiscal year 2015-2016 due to a shift in oversight of corporate services revenue from WIPB to Ball State University (BSU). BSU now distributes those funds across multiple units at BSU, including WIPB, as needed.
- Funding from BSU increased slightly in fiscal year 2015-2016, after seeing a decrease in funding from BSU in fiscal year 2014-2015 - primarily resulting from decreased indirect administrative support provided by BSU, due to restructuring at BSU which moved administrative departments to the BSU Foundation.
- Telesale and member event revenue decreased in fiscal year 2015-2016.

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position

In order to assess the overall health of WIPB, economic factors need to be considered at all levels including national (Corporation for Public Broadcasting (CPB)), state (Ball State University and Indiana Public Broadcasting Stations), and local (membership and business underwriting). The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report in summary fashion the financial position of WIPB, focusing on the station's net position and whether it increased or decreased during the year.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. The only exceptions are gifts and grants, which are generally recorded only when received. All of the current year's revenues and expenses are taken into account, regardless of when cash was received or paid.

The following is a summary of the major components of the net position and operating results of WIPB as of the end of the previous three fiscal years:

**Statement of Net Position**  
June 30, 2016, 2015, and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>			
Current Assets	\$ 395,380	\$ 273,139	\$ 265,299
Noncurrent Assets - Capital	78,205	168,649	1,238,840
Total Assets	<u>\$ 473,585</u>	<u>\$ 441,788</u>	<u>\$ 1,504,139</u>
<b>Liabilities:</b>			
Current Liabilities	\$ 238,133	\$ 3,013	\$ 5
Total Liabilities	<u>\$ 238,133</u>	<u>\$ 3,013</u>	<u>\$ 5</u>
<b>Net Position:</b>			
Invested in Capital Assets, Net of Related Debt	\$ 78,205	\$ 168,649	\$ 1,238,840
Restricted	59,715	59,715	59,715
Unrestricted	97,532	210,411	205,579
Total Net Position	<u>\$ 235,452</u>	<u>\$ 438,775</u>	<u>\$ 1,504,134</u>
Total Liabilities and Net Position	<u>\$ 473,585</u>	<u>\$ 441,788</u>	<u>\$ 1,504,139</u>

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

**Change in Net Position**

For the Years Ended  
June 30, 2016, 2015, and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Revenues	\$ 3,613,122	\$ 3,841,642	\$ 4,102,055
Operating Expenses	<u>3,816,445</u>	<u>4,011,752</u>	<u>4,632,791</u>
Net Operating Income/(Loss)	\$ (203,323)	\$ (170,110)	\$ (530,736)
Net Position - Beginning of Year	438,775	1,504,134	3,159,161
Prior Period Adjustment	<u>-</u>	<u>(895,249)</u>	<u>(1,124,291)</u>
Net Position - End of Year	<u>\$ 235,452</u>	<u>\$ 438,775</u>	<u>\$ 1,504,134</u>

Operating Revenues

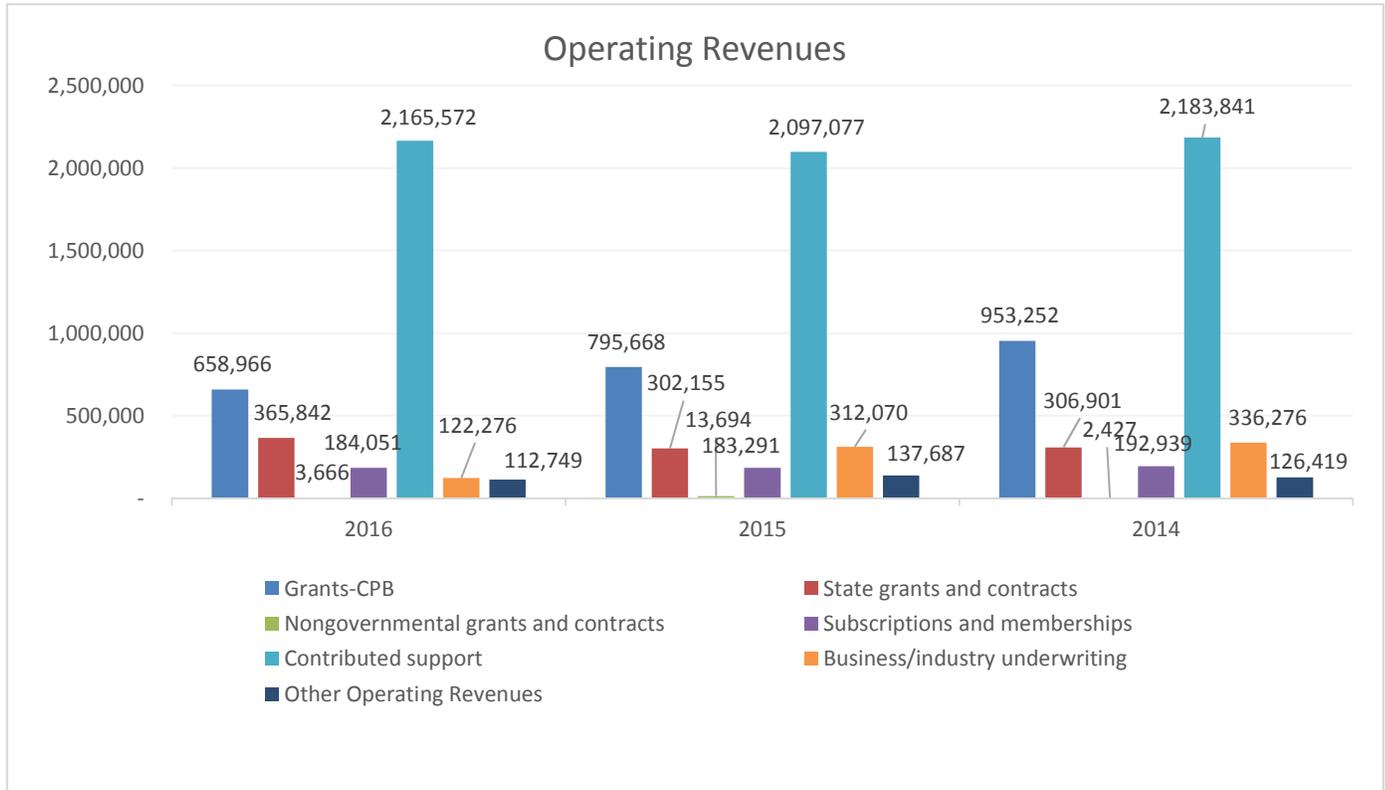
Operating revenues increase net position and include all transactions that result in sales and/or receipts from goods and services such as underwriting and event proceeds. Federal, state, and private grants are considered operating if they are not for capital purposes. In addition, subscriptions and memberships, contributed support, and in-kind contributions are considered operating since they constitute WIPB-TV's principal ongoing operations.

The following factors significantly impacted operating revenues :

- The grant to WIPB-TV from the Corporation for Public Broadcasting shows a decrease in fiscal year 2015-2016. A portion of the grant revenue will be reported in fiscal year 2016-2017, due to a difference in grant period dates from WIPB-TV's fiscal year period. The CPB grant period is over two fiscal years beginning October 1, and WIPB-TV's fiscal year is July - June.
- Telesale and member event revenue decreased in fiscal year 2015-2016 related to a spring online only auction, and decreased member events. In fiscal year 2014-2015 there was a slight increase in telesale proceeds, but a decrease in overall underwriting for the on-air telesale.
- Business/Industry Underwriting revenue decreased in fiscal year 2015-2016 due to a shift in oversight of corporate services revenue from WIPB to BSU. BSU now distributes those funds across multiple units at BSU, including WIPB, as needed.

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

The following is a graphic illustration of operating revenues by source:



Operating Expenses

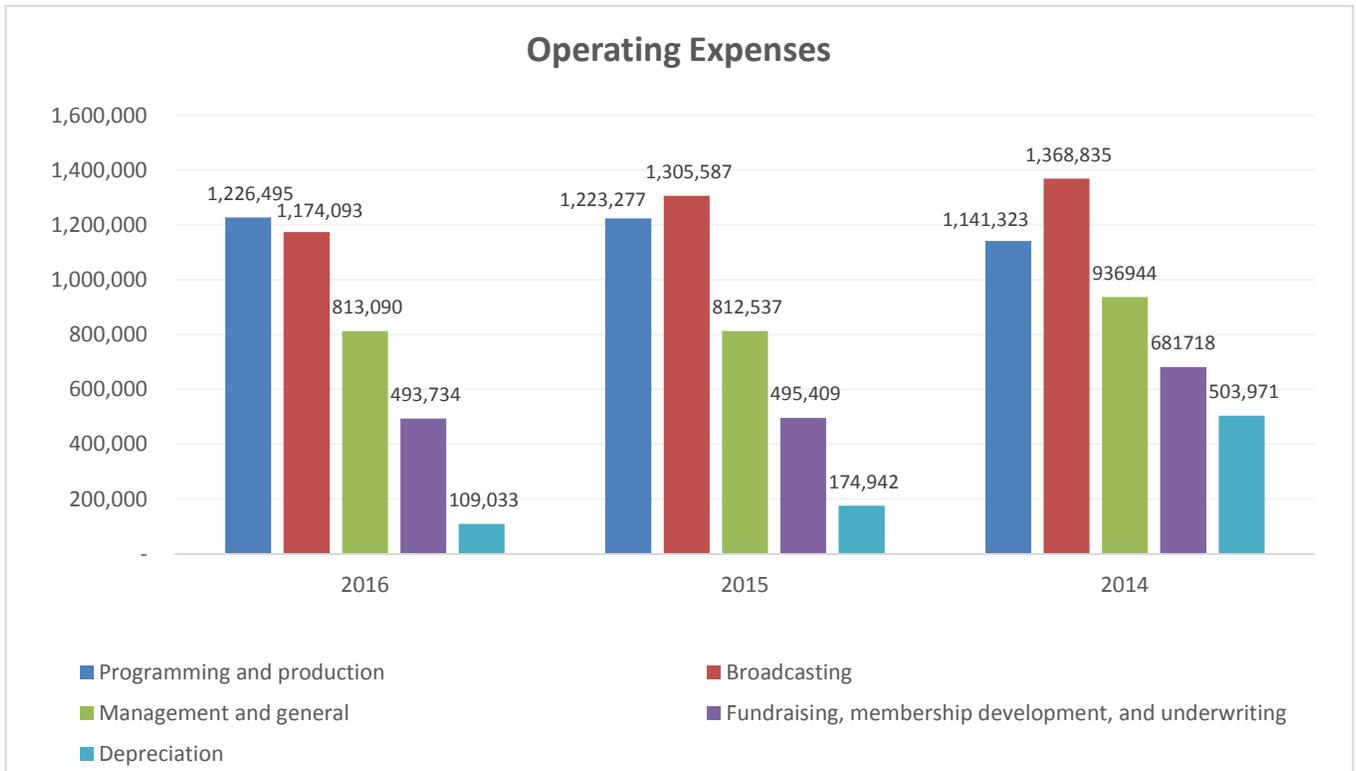
Operating expenses reduce net position and comprise all the costs necessary to perform and conduct the programs and primary purposes of WIPB-TV.

The following factors significantly impacted operating expenses:

- The grant to WIPB-TV from the Corporation for Public Broadcasting shows a decrease in fiscal year 2015-2016. A portion of the grant revenue will be reported in fiscal year 2016-2017, due to a difference in grant period dates from WIPB-TV's fiscal year period. The CPB grant period is over two fiscal years beginning October 1, and WIPB-TV's fiscal year is July - June. Much of the CPB grant revenue is spent for dues to Public Broadcast Service. The dues previously paid in one fiscal year were only partially paid in fiscal year 2015-2016. This led to a decrease in broadcasting expense in fiscal year 2015-2016, compared to fiscal year 2014-2015.
- Depreciation expense decreased in fiscal year 2015-2016 due to several capital assets becoming fully depreciated in the prior year, and several capital assets fully depreciated in fiscal year 2015-16 with only half year depreciation remaining and expensed in fiscal year 2015-2016.

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

The following is a graphic illustration of operating expenses by source:



Non-operating Revenue and Expenses

Non-operating revenues increase net position while non-operating expenses reduce net position. Non-operating revenues and expenses are generated from transactions that are primarily non-exchange in nature, consisting mainly of interest expense, and investment income (interest and dividend income and realized and unrealized gains and losses).

The following factors significantly impacted non-operating revenues:

- Interest on our investments with our parent institution’s foundation continued to be zeroed out for last year as the economic recovery languishes.

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

Statement of Cash Flows

The Statement of Cash Flows provides relevant information about the cash receipts and cash payments of WIPB-TV during the period. Unlike the Statement of Revenues, Expenses and Changes in Net Position, which reports revenues when they are earned and expenses when they are incurred, regardless of when cash is received or disbursed, the Statement of Cash Flows reports actual cash received and disbursed. The focus of the Statement of Cash Flows is on the increase or decrease in cash and cash equivalents. The Statement of Cash Flows helps the user assess WIPB's:

1. Ability to generate future net cash flows.
2. Ability to meet obligations as they come due.
3. Need for external financing.

**Cash Flows**  
For the Years Ended June 30, 2016, 2015, and 2014

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash and Equivalents Provided By/(Used In):			
Operating Activities	\$ 366,303	\$ (226,814)	\$ (21,989)
Capital Financing Activities	<u>(18,588)</u>	<u>-</u>	<u>(38,400)</u>
Net Change in Cash and Cash Equivalents	\$ 347,715	\$ (226,814)	\$ (60,389)
Cash and Cash Equivalents—Beginning of the Year	<u>36,486</u>	<u>263,300</u>	<u>323,689</u>
Cash and Cash Equivalents—End of the Year	<u>\$ 384,201</u>	<u>\$ 36,486</u>	<u>\$ 263,300</u>

The major components of cash flows provided from operating activities are Ball State University, memberships, and the Corporation for Public Broadcasting (CPB). The major components of cash flows used in operating activities are payments for employees (including benefits) and payments for national programming.

WIPB Public Television  
A Telecommunications Entity Operated by Ball State University  
Management's Discussion and Analysis  
For the Year Ended June 30, 2016

**Economic Factors That Will Affect The Future**

The economic position of WIPB-TV is closely tied to the University and the State of Indiana. The state is currently faced with slow to modest growth which will reflect below the national expected 2.1% growth. This will likely have a negative impact on future funding for higher education and WIPB-TV's licensee, Ball State University. The following impacts are already known:

- As the University implements and evaluates its strategic plan, the focus is to reduce duplication of efforts and to streamline expenses to balance revenues in all areas. That balance does have an impact on the station's contributed support from the university. As we have seen in the past three years contributed support continues to decrease and we expect similar results in the future.
- Once again we are continuing the online Telesale for spring 2017. We are providing a better underwriting packet for our corporate sponsors and doing daily online sponsors that will allow more underwriting opportunities. We hope these added incentives and offerings will produce more excitement of the online auction and increase revenue in sponsorships and underwriting for spring 2017. If the marketing packages prove to be successful we may revert fall 2017 Telesale to an online version as well.
- Overall, management sees potential for underwriting and membership growth as we survey the local economies and new business ventures that have started in east central Indiana. There is a shift in population and the workforce moving to higher paying jobs in automation. However the slow growth in manufacturing could prove to offset any increase in revenue that we may anticipate. We will continue to promote the special events.
- We believe even with the expected slow to modest growth that is projected for Indiana that state funding for public broadcasting will remain flat.
- An added concern for management is the political environment that we will see in the upcoming four years. There has always been a grass roots effort to reduce federal support of public broadcasting when a conservative congress is in office. We as a station must be aware that reduced federal funding could be a reality and we must focus our efforts to make up a possible shortfall. This could have an impact on staffing and direction of existing revenue avenues.

All public media broadcasting continues to receive a large portion of support from our listeners. With that premise in mind, WIPB-TV will continue efforts to engage our communities to address significant public issues and to bring educational value to east central Indiana. With the increase in our local programs, we will see an increase in community engagement opportunities which in turn allows us to expose more potential underwriting clients for those programs.

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Statement of Net Position  
Years ended June 30, 2016 and 2015

	2016	2015
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 384,201	\$ 36,486
Accounts receivable, net	10,977	236,452
Prepaid expenses	202	201
Total Current Assets	395,380	273,139
Noncurrent Assets:		
Capital assets, net	78,205	168,649
Total Assets	\$ 473,585	\$ 441,788
<b>LIABILITIES AND NET POSITION</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 117	\$ 1,024
Unearned Revenue	238,016	1,989
Total Liabilities	238,133	3,013
Net Position		
Invested in Capital Assets, Net of Related Debt	78,205	168,649
Restricted for external grants	59,715	59,715
Unrestricted	97,532	210,411
Total Net Position	235,452	438,775
Total Liabilities and Net Position	\$ 473,585	\$ 441,788

See notes to financial statements

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Statement of Revenues, Expenses, and Changes in Net Position  
Years ended June 30, 2016 and 2015

	2016	2015
Operating Revenues:		
Grants-CPB	\$ 658,966	\$ 795,668
State grants and contracts	365,842	302,155
Nongovernmental grants and contracts	3,666	13,694
Subscriptions and memberships	184,051	183,291
Contributed support	2,165,572	2,097,077
Telesale proceeds	39,297	57,162
Business/industry underwriting	122,276	312,070
Telesale underwriting	25,375	27,776
In-kind contributions/services	42,856	36,330
Other operating revenues	5,221	16,419
Total Operating Revenues	3,613,122	3,841,642
Operating Expenses:		
Program Services:		
Programming and production	1,226,495	1,223,277
Broadcasting	1,174,093	1,305,587
Total Program Services	2,400,588	2,528,864
Supporting Services:		
Management and general	813,090	812,537
Fundraising, membership development, and underwriting	493,734	495,409
Depreciation	109,033	174,942
Total Supporting Services	1,415,857	1,482,888
Total Operating Expenses	3,816,445	4,011,752
Operating Income/(Loss)	(203,323)	(170,110)
Net Position, Beginning of the Year—as previously stated	438,775	1,504,134
Prior period adjustment (see Note G)	-	(895,249)
Net Position, Beginning of the Year—as restated	438,775	608,885
Net Position, End of the Year	\$ 235,452	\$ 438,775

See notes to financial statements

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Statement of Cash Flows  
Years ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Grants and contracts	\$ 1,253,951	\$ 876,865
Subscriptions and memberships	184,051	183,291
Ball State University support	2,165,572	2,097,079
Payments to suppliers	(889,335)	(1,251,307)
Payments for utilities	(4,657)	(8,150)
Payments for personnel services	(285,884)	(371,838)
Payments for benefits	(210,837)	(212,736)
Payments for non-budgeted University support	(2,035,643)	(1,939,823)
Payments for other operating costs	(3,084)	(13,621)
Telesale proceeds	39,297	57,162
Business/industry underwriting	122,276	312,070
Telesale underwriting	25,375	27,776
Other operating receipts	5,221	16,418
Net Cash Provided (Used) by Operating Activities	366,303	(226,814)
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	(18,588)	-
Net Cash Provided (Used) by Capital Financing Activities	(18,588)	-
Net increase (decrease) in cash	347,715	(226,814)
Cash and cash equivalents—beginning of the year	36,486	263,300
Cash and cash equivalents—end of the year	\$ 384,201	\$ 36,486
<b>Reconciliation of Change in Net Position to Net Cash</b>		
<b>Used by Operating Activities:</b>		
Operating Loss	\$ (203,323)	\$ (170,110)
Adjustments to reconcile change in net position to net cash used by operating activities:		
Depreciation	109,033	174,942
Increase (decrease) in Assets and Liabilities		
Accounts receivable, net	225,475	(234,652)
Prepaid expenses	(1)	(2)
Accounts payable and accrued liabilities	(908)	3,008
Unearned Revenue	236,027	-
Net cash provided (used) by operating activities	\$ 366,303	\$ (226,814)

See notes to financial statements

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

A. SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PRESENTATION**

The financial statements of the WIPB Public Television (the Station) have been prepared in accordance with the principles outlined in Statement No. 35 of the Governmental Accounting Standards Board (GASB), and all other applicable GASB pronouncements. The Station has elected to report its financial results as a special-purpose government entity engaged in business-type activities, using proprietary fund accounting and financial reporting. Required financial statements consist of: Management's Discussion and Analysis; Statement of Net Position; Statement of Revenue, Expenses and Changes in Net Position; Statement of Cash Flows; Notes to Financial Statements.

The financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations have been made to minimize "double-counting" of internal activities. Interfund receivables and payables have been eliminated in the Statement of Net Position. Eliminations have been made in the Statement of Revenues, Expenses and Changes in Net Position to remove the "doubling-up" effect of internal service fund activity.

**REPORTING ENTITY**

The Station is operated by Ball State University, Muncie, Indiana. The financial statements include monies collected by the Ball State University Foundation for memberships. The timing and the purpose of distributions of the Foundation's funds are controlled by the Station.

**OPERATING REVENUES**

Operating revenues encompass all revenues arising from the activities described in the WIPB Public Television mission statement. This includes revenues from grants and contracts, subscriptions and memberships, royalties, auction revenues, special event revenues, miscellaneous grants for operating activities, and contributed support for operating activities. Revenues from investing activities and capital grants are considered to be non-operating revenue.

**CASH, CASH EQUIVALENTS, AND CREDIT RISKS**

Cash and cash equivalents include cash on hand and bank accounts. Investments which were purchased with a maturity date of three months or less are considered to be cash equivalents. The Station's funds are held and managed by Ball State University and the Ball State University Foundation. Each institution has an Investment Policy Statement which ultimately determines the credit risk for the Station. The Station believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Station's "demand deposits" with each institution were as follows:

	June 30,	
	2016	2015
Ball State University Foundation	\$ 387,800	\$ 374,582
Ball State University	(3,599)	(338,096)
Total cash and cash equivalents	\$ 384,201	\$ 36,486

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

A. SIGNIFICANT ACCOUNTING POLICIES, continued

CAPITAL ASSETS

Capital assets consist of equipment with an expected life in excess of one year. Expenditures for personal property of less than \$5,000 are expensed rather than capitalized. Equipment is depreciated on a straight-line basis over its expected useful life, which varies between 3 years and 10 years. Capital assets are recorded at cost or, in the case of donated property, at estimated fair market value at date of receipt. Expenditures for repairs and maintenance are charged to operating funds and expensed as incurred.

COMPENSATED ABSENCES

Employees of the Station are considered employees of Ball State University for purposes of determining employee benefits, and the ultimate liability for payment of these benefits remains with Ball State University. Accordingly, no accruals for employee benefits have been included in these financial statements.

NON-FEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

The assets, liabilities and net position of the Station are accounted for using the following funds for CPB purposes. Reported NFFS for the Station was \$2,768,797 and \$2,816,754 for 2016 and 2015, respectively.

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

A. SIGNIFICANT ACCOUNTING POLICIES, continued

REVENUE RECOGNITION

Membership pledges and grants that are unrestricted are recorded as revenue in the Statement of Revenues, Expenses, and Changes in Net Position when received and are available for current operations of the Station.

INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from Ball State University is based on operating expenses of areas which provide indirect support to the Station and WIPB's pro rata use of the Ball Communication Building and David Letterman Communication and Media Building. Support is recognized as revenue and expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

In-kind contributions are non-cash contributions received by the Station from outside the licensee. In-kind contributions are recorded as revenue and expense in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. These donations are recorded at their estimated fair market value at date of receipt.

PLEDGES

There were no outstanding pledges at June 30, 2016, and 2015, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis on the Statement of Revenue, Expenses, and Changes in Net Position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic basis.

FEDERAL INCOME TAXES

Under Internal Revenue Code Section 115, Ball State University is exempt from income taxes on related business income. Ball State University is subject to tax on unrelated business income under the Internal Revenue Code. The Station's unrelated business income, when applicable, is included in the University's tax return. The Station had no tax liability as of June 30, 2016, or 2015, respectively.

B. 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. There was \$217,115 in unexpended CPB funds on hand as of June 30, 2016, and \$0 unexpended CPB funds on hand as of June 30, 2015.

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

**B. CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS, continued**

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of the grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

**C. RETIREMENT PLANS AND POST RETIREMENT BENEFITS**

**RETIREMENT PLANS**

As employees of Ball State University, qualified WIPB employees participate in one of three non-contributory retirement plans. The Public Employees' Retirement Fund (PERF) and Teachers' Retirement Fund (TRF) are administered by an agency of the State of Indiana - the Indiana Public Retirement System (INPRS). Certain employees who participate in TRF are also eligible for supplementary retirement benefits under a noncontributory plan wherein the employee may designate one or more of four independent companies to administer the funds. The same companies administer the funds in the Alternate Pension Plan (APP) which is designed to provide benefits comparable to those under TRF and the supplementary plan. The following descriptions of the retirement plans are for the University as a whole, with the understanding that qualified WIPB employees are part of these plans.

**PUBLIC EMPLOYEES' RETIREMENT FUND**

The Public Employees' Retirement Fund (PERF) is a cost-sharing, multiple-employer defined benefit plan, established to provide retirement, disability, and survivor benefits to full-time employees of the State of Indiana not covered by another plan. As an instrumentality of the State of Indiana, Ball State University is allowed to participate in this plan. All full-time staff and service personnel are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) give the University authority to contribute to the plan and govern most requirements of the system. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of the member's contributions, set by state statute at three percent of compensation, plus the investment earnings credited to the member's account. Ball State University has elected to make the contributions on behalf of the member. For the fiscal years ended June 30, 2016 and 2015, there were 1,453 and 1,416 employees participating in PERF with an annual pay equal to \$50,958,452 and \$49,414,500, respectively.

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

C. RETIREMENT PLANS AND POST RETIREMENT BENEFITS, continued

TEACHERS' RETIREMENT FUND

The Teachers' Retirement Fund (TRF) is a cost-sharing, multiple employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All faculty and professional personnel are eligible to participate in the defined benefit plan. State statute (IC 5-10.2) gives the University authority to contribute and governs most requirements of the system. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of the member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. Ball State University has elected to make the contributions on behalf of the member. For the fiscal year ended June 30, 2015, there were 310 employees participating in TRF with annual pay equal to \$16,192,571. The University recorded 383 employees participating in the TRF 1996 Account with annual pay equal to \$18,353,483 for fiscal year June 30, 2016. The University contributes at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.5 percent of covered payroll. The University's contributions to both Teachers' Retirement Plans combined, including those made to the annuities on behalf of the members, for the fiscal year ended June 30, 2014 was \$2,436,635. The University contributed 100.0 percent of required contributions for each of the fiscal years. For fiscal years ended June 30, 2016 and 2015, the University contributed \$1,922,027, and \$1,697,009, respectively, for employees participating in the Teachers' Retirement Fund 1996 Account.

Certain employees who participate in TRF are also eligible for supplementary retirement benefits under a noncontributory plan wherein the employee may designate one or more of the following companies to administer the funds:

Voya Financial (formally ING Financial Advisors, LLC)  
Fidelity Investments Institutional Services Company, Inc.  
Lincoln Financial Group  
Teachers Insurance and Annuity Association—College Retirement Equities Fund (TIAA-CREF)

The same companies administer the funds in the Alternate Pension Plan which is designed to provide benefits comparable to those under TRF and the supplementary plan.

The Indiana Public Retirement System (INPRS) administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants and may be obtained at [www.in.gov/inprs/annualreports.htm](http://www.in.gov/inprs/annualreports.htm).

## WIPB Public Television

### A Telecommunications Entity Operated by Ball State University

#### Notes to Financial Statements

June 30, 2016 and 2015

#### C. RETIREMENT PLANS AND POST RETIREMENT BENEFITS, continued

##### ALTERNATE PENSION PLAN

Faculty and professional personnel of the University have the option, in accordance with IC 21-38-3-3 and IC 21-38-7-3, to participate in a defined contribution plan administered by the same companies as the TRF supplementary retirement contribution. Benefit provisions are established and/or amended by Ball State University's Board of Trustees. The plan purchases individual annuity contracts for members and provides for immediate vesting. The University contributes 12.27 percent of each participating employee's base salary. For employees hired on or after October 1, 2010, the University contributes 5 percent of each employee's base salary for the first three years and 10.5 percent for each year thereafter. For the fiscal year ended June 30, 2016, the University contributed \$12,755,862 to this plan for 1,720 participating employees with annual payroll totaling \$122,759,453, and for fiscal year ended June 30, 2015, the University contributed \$12,640,748 for 1,799 employees with payroll totaling \$119,577,455.

#### D. INDIRECT ADMINISTRATIVE SUPPORT

Indirect support consists of allocated University support and physical plant costs for which the Station receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses, and Changes in Net Position as part of Contributed Support and also as part of expense in the management and general functional expense category.

#### E. CAPITAL ASSETS

	Book Value July 1, 2015	Additions	Retirements	Book Value June 30, 2016
Property and equipment:				
Furniture & Fixtures	\$ 19,149	\$ -	\$ -	\$ 19,149
Studio Equipment	5,024,853	18,589	786,908	4,256,534
Digital Master Control	897,584	-	-	897,584
Transmitter	125,912	-	-	125,912
Earth Station	157,725	-	-	157,725
Tower Building	1,294,524	-	-	1,294,524
HD Transmitter	112,683	-	-	112,683
Vehicle	63,960	-	-	63,960
Total property and equipment	<u>\$ 7,696,390</u>	<u>\$ 18,589</u>	<u>\$ 786,908</u>	<u>\$ 6,928,071</u>
Less Accumulated Depreciation:				
Furniture & Fixtures	\$ 19,149	\$ -	\$ -	\$ 19,149
Studio Equipment	4,858,895	107,239	786,908	4,179,226
Digital Master Control	894,893	1,794	-	896,687
Transmitter	125,912	-	-	125,912
Earth Station	157,725	-	-	157,725
Tower Building	1,294,524	-	-	1,294,524
HD Transmitter	112,683	-	-	112,683
Vehicle	63,960	-	-	63,960
Total Accumulated Depreciation	<u>\$ 7,527,741</u>	<u>\$ 109,033</u>	<u>\$ 786,908</u>	<u>\$ 6,849,866</u>
Capital Assets, Net	<u>\$ 168,649</u>	<u>\$ (90,444)</u>	<u>\$ -</u>	<u>\$ 78,205</u>

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

E. CAPITAL ASSETS, continued

	Book Value July 1, 2014	Additions	Retirements	Book Value June 30, 2015
Property and equipment:				
Furniture & Fixtures	\$ 19,149	\$ -	\$ -	\$ 19,149
Studio Equipment	5,024,853	-	-	5,024,853
Digital Master Control	897,584	-	-	897,584
Transmitter	125,912	-	-	125,912
Earth Station	157,725	-	-	157,725
Tower Building	1,294,524	-	-	1,294,524
HD Transmitter	112,683	-	-	112,683
Vehicle	63,960	-	-	63,960
Total property and equipment	<u>\$ 7,696,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,696,390</u>
Less Accumulated Depreciation:				
Furniture & Fixtures	\$ 19,149	\$ -	\$ -	\$ 19,149
Studio Equipment	4,685,748	173,147	-	4,858,895
Digital Master Control	893,098	1,795	-	894,893
Transmitter	125,912	-	-	125,912
Earth Station	157,725	-	-	157,725
Tower Building	1,294,524	-	-	1,294,524
HD Transmitter	112,683	-	-	112,683
Vehicle	63,960	-	-	63,960
Total Accumulated Depreciation	<u>\$ 7,352,799</u>	<u>\$ 174,942</u>	<u>\$ -</u>	<u>\$ 7,527,741</u>
Capital Assets, Net	<u>\$ 343,591</u>	<u>\$ (174,942)</u>	<u>\$ -</u>	<u>\$ 168,649</u>

Depreciation expense for the years ended June 30, 2016, and June 30, 2015, was \$109,033 and \$174,942, respectively.

F. OPERATING LEASES

There were no operating leases in effect for the Station at June 30, 2016 and 2015, respectively.

**WIPB Public Television**  
**A Telecommunications Entity Operated by Ball State University**  
Notes to Financial Statements

June 30, 2016 and 2015

**G. PRIOR PERIOD ADJUSTMENT**

In 2016, the Station corrected an accounting error relating to a previously undepreciated fixed asset which overstated the Station's prior years' property and equipment and understated the Station's prior year's depreciation expense. The restatement of beginning net position is reported on the statement of revenues, expenses, and changes in net position. The following summarizes the impact of the adjustment on the June 30, 2015 statements:

	June 30, 2015		
	As previously reported	Adjustment	Restated
Statement of Net Position			
Property and equipment, net	\$ 889,522	\$ (720,873)	\$ 168,649
Net Investment in Capital Assets	\$ 889,522	\$ (720,873)	\$ 168,649
Statement of Revenues, Expenses, and Changes in Net Position			
Depreciation	\$ 349,318	\$ (174,376)	\$ 174,942
Net Position, Beginning of the Year	\$ 1,504,134	\$ (895,249)	\$ 608,885

**H. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.