

Ball State University
Office of University Controller

WIPB Public Television

A Telecommunications Entity Operated by Ball State University

Financial Report

Year Ended June 30, 2017

WIPB Public Television
A Telecommunications Entity Operated by Ball State University
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Year ended June 30, 2017

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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, 2017 and June 30, 2016, 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.

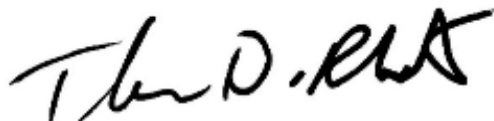
Opinion

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, 2017 and June 30, 2016, 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.

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.



Thomas D. Roberts, CPA
Director of Internal Audit and Advisory Services
Ball State University
January 10, 2018

WIPB Public Television
A Telecommunications Entity Operated by Ball State University

Management's Discussion and Analysis
For the Year Ended June 30, 2017

This discussion and analysis of WIPB's (the Station) financial statements provides an overview of WIPB's financial position for the years ended June 30, 2017 and 2016, along with comparative financial information for the fiscal year ended June 30, 2015. 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 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 two year ends:

- The grant to WIPB from the Corporation for Public Broadcasting (CPB) shows an increase in fiscal year 2016-2017, following a decrease in fiscal year 2015-2016. A portion of the grant revenue received in fiscal year 2015-2016 was used in fiscal year 2016-2017. The CPB grant project dates extend beyond WIPB's fiscal year period. CPB grant revenue used per fiscal year includes portions of 2 separate CPB grants effective with fiscal year 2016-2017 reporting. This impacts both revenue and expense.
- New local programming created in fiscal year 2016-2017 led to an increase in business/industry underwriting and subscriptions and memberships revenue when compared to fiscal year 2015-2016.
- Funding from Ball State University (the University) decreased in fiscal year 2016-2017, after seeing a slight increase in funding from the University in fiscal year 2015-2016. Support fluctuates in relation to University expenses, as well as from equipment purchases and changes in compensated absence liabilities from year to year.

WIPB Public Television
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Management's Discussion and Analysis
For the Year Ended June 30, 2017

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

In order to assess the overall health of the Station, economic factors need to be considered at all levels including national (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:

Net Position			
June 30, 2017, 2016, and 2015			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets:			
Current Assets	\$ 439,764	\$ 395,380	\$ 273,139
Noncurrent Assets - Capital	63,611	78,205	168,649
Total Assets	<u>\$ 503,375</u>	<u>\$ 473,585</u>	<u>\$ 441,788</u>
Liabilities:			
Current Liabilities	\$ 235,769	\$ 238,133	\$ 3,013
Total Liabilities	<u>\$ 235,769</u>	<u>\$ 238,133</u>	<u>\$ 3,013</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ 63,611	\$ 78,205	\$ 168,649
Restricted	59,715	59,715	59,715
Unrestricted	144,280	97,532	210,411
Total Net Position	<u>\$ 267,606</u>	<u>\$ 235,452</u>	<u>\$ 438,775</u>
Total Liabilities and Net Position	<u>\$ 503,375</u>	<u>\$ 473,585</u>	<u>\$ 441,788</u>

Changes in Net Position			
Years Ended June 30, 2017, 2016, and 2015			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues	\$ 3,604,268	\$ 3,613,122	\$ 3,841,642
Operating Expenses	3,572,114	3,816,445	4,011,752
Net Operating Income/(Loss)	\$ 32,154	\$ (203,323)	\$ (170,110)
Net Position - Beginning of Year	235,452	438,775	1,504,134
Prior Period Adjustment	-	-	(895,249)
Net Position - End of Year	<u>\$ 267,606</u>	<u>\$ 235,452</u>	<u>\$ 438,775</u>

WIPB Public Television
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Management's Discussion and Analysis

For the Year Ended June 30, 2017

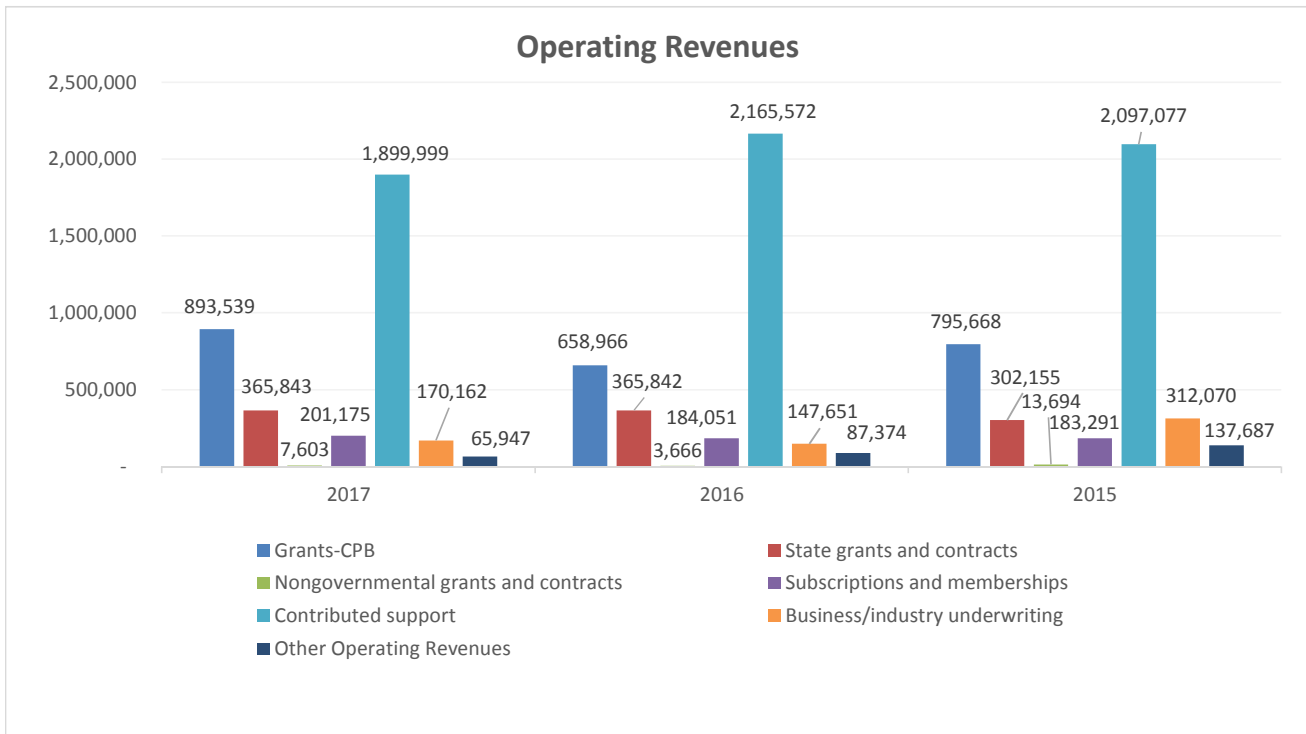
Operating Revenues

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 support WIPB's principal ongoing operations.

The following factors significantly impacted operating revenues:

- The grant to WIPB from CPB shows an increase in fiscal year 2016-2017, following a decrease in fiscal year 2015-2016. A portion of the grant revenue received in fiscal year 2015-2016 was used in fiscal year 2016-2017.
- Contributed support decreased in fiscal year 2016-2017 primarily due to a decrease in equipment purchases by the University and a decrease in compensated absence liabilities covered by the University, when compared to fiscal year 2015-2016.
- In-kind contributions/services decreased in fiscal year 2016-2017 due to decreased special events compared to fiscal year 2015-2016. Contributions are cyclical in nature, and showed a moderate increase in fiscal year 2015-2016 compared to 2014-15.

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



WIPB Public Television
A Telecommunications Entity Operated by Ball State University
 Management's Discussion and Analysis
 For the Year Ended June 30, 2017

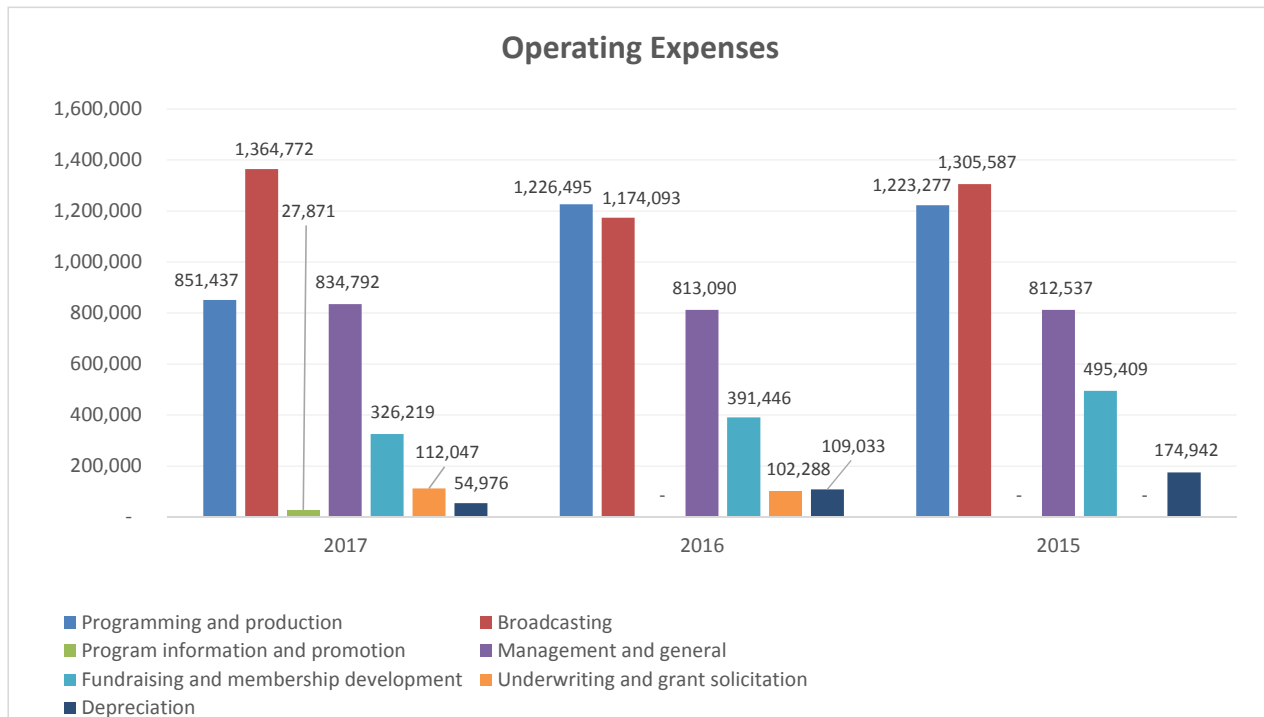
Operating Expenses

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

The following factors significantly impacted operating expenses:

- In fiscal year 2016-2017 programming and production expense decreased while broadcasting expense increased due to a difference in classification of expenses related to unearned revenue.
- The grant to WIPB from CPB shows an increase in fiscal year 2016-2017 following a decrease in fiscal year 2015-2016. A portion of the grant revenue received in fiscal year 2015-2016 was spent in fiscal year 2016-2017, due to a difference in grant period dates from WIPB's fiscal year period. The CPB grant period is over two fiscal years beginning October 1, and WIPB'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 both fiscal years 2016-2017 and 2015-2016 due to several capital assets becoming fully depreciated in the prior years.

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



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Management's Discussion and Analysis
For the Year Ended June 30, 2017

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 Station has zero non-operating revenues or expenses for the last three fiscal years.

Statement of Cash Flows

The Statement of Cash Flows provides relevant information about the cash receipts and cash payments of WIPB 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, 2017, 2016, and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash and Equivalents Provided By/(Used In):			
Operating Activities	\$ 72,619	\$ 366,303	\$ (226,814)
Capital Financing Activities	<u>(40,382)</u>	<u>(18,588)</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	\$ 32,237	\$ 347,715	\$ (226,814)
Cash and Cash Equivalents—Beginning of the Year	<u>384,201</u>	<u>36,486</u>	<u>263,300</u>
Cash and Cash Equivalents—End of the Year	<u>\$ 416,438</u>	<u>\$ 384,201</u>	<u>\$ 36,486</u>

The major components of cash flows provided from operating activities are the University, memberships, underwriting, and 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
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Management's Discussion and Analysis
For the Year Ended June 30, 2017

Economic Factors That Will Affect The Future

The economic position of WIPB-TV is closely tied to the University, the State of Indiana, and the federal funding through the Corporation for Public Broadcasting. The state is currently faced with slow to modest growth which will reflect below the national expected 2-3% growth. This will likely have a negative impact on future funding for higher education and WIPB-TV's licensee, Ball State University. However we do not know what that impact will have on the overall state funding for higher education. We did not see the anticipated impact last fiscal year but the state faces similar growth patterns. Again federal funding could be reduced depending on the final outcome of future budget discussions. The following impacts are already known:

- In fiscal year 2016-2017 Ball State University hired a new president. A new strategic plan will begin in the next fiscal year. As we move through the new administration process during fiscal year 2017-2018, we will have a better sense of the impact that the new strategic plan and administration sees for public media. As with all new administrative changes, budgets are realigned and changes can occur that may impact university contributed, non-budgeted and indirect support of the Station.
- We continue to see new business ventures in east central Indiana. However, the shift in population and the workforce moving to higher paying jobs in automation could have a negative impact on our rural areas within our coverage area.
- Our underwriting and membership revenues did show increases for fiscal year 2016-2017. Underwriting expenses did see a one-time increase and management believes expenses will level out in the upcoming fiscal year.
- Management believes that state funding will remain the same and possibly increase slightly in fiscal year 2017-2018.
- Management still understands that the political environment is unpredictable and the Corporation for Public Broadcasting could see a decrease in federal funding which would directly affect the operating budget for the station. We are still working on alternative revenue streams to anticipate any reduction in federal funding. We are currently working on an internal strategic plan to reduce salaries and staffing if the need arises.

The University's new administration initiative "We are Better Together" makes community engagement the highest priority. While the University is working on a community engagement strategy to assist in all aspects of the surrounding communities, we as a public media station will engage in full support of that effort. We have already engaged many local non-profits with programming support and over the past five months we have assisted in Town Hall meetings with live broadcasts of those discussions. We will continue to promote programming in support of that effort and provide a wide community voice for all surrounding communities to engage in the effort. Management sees that outcome as a direct benefit to increased membership and underwriting support.

WIPB Public Television
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Statement of Net Position
As of June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 416,438	\$ 384,201
Accounts receivable, net	22,742	10,977
Prepaid expenses	584	202
Total Current Assets	\$ 439,764	395,380
Noncurrent Assets:		
Capital assets, net	63,611	78,205
Total Assets	\$ 503,375	\$ 473,585
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 593	\$ 117
Unearned Revenue	235,176	238,016
Total Liabilities	\$ 235,769	\$ 238,133
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 63,611	\$ 78,205
Restricted for external grants	59,715	59,715
Unrestricted	144,280	97,532
Total Net Position	\$ 267,606	\$ 235,452
Total Liabilities and Net Position	\$ 503,375	\$ 473,585

See accompanying 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, 2017 and 2016

	2017	2016
Operating Revenues:		
Grants-CPB	\$ 893,539	\$ 658,966
State grants and contracts	365,843	365,842
Nongovernmental grants and contracts	7,603	3,666
Subscriptions and memberships	201,175	184,051
Contributed support	1,899,999	2,165,572
Telesale proceeds	42,876	39,297
Business/industry underwriting	170,162	147,651
In-kind contributions/services	20,896	42,856
Other operating revenues	2,175	5,221
Total Operating Revenues	\$ 3,604,268	\$ 3,613,122
Operating Expenses:		
Program Services:		
Programming and production	\$ 851,437	\$ 1,226,495
Broadcasting	1,364,772	1,174,093
Program information and promotion	27,871	-
Total Program Services	\$ 2,244,080	\$ 2,400,588
Supporting Services:		
Management and general	\$ 834,792	\$ 813,090
Fundraising and membership development	326,219	391,446
Underwriting and grant solicitation	112,047	102,288
Depreciation	54,976	109,033
Total Supporting Services	\$ 1,328,034	\$ 1,415,857
Total Operating Expenses	\$ 3,572,114	\$ 3,816,445
Operating Income/(Loss)	\$ 32,154	\$ (203,323)
Net Position, Beginning of the Year	\$ 235,452	\$ 438,775
Net Position, End of the Year	\$ 267,606	\$ 235,452

See accompanying Notes to Financial Statements

WIPB Public Television
A Telecommunications Entity Operated by Ball State University
Statement of Cash Flows
Years ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities:		
Grants and contracts	\$ 1,255,218	\$ 1,253,951
Subscriptions and memberships	201,175	184,051
Ball State University support	1,899,999	2,165,572
Payments to suppliers	(1,126,078)	(889,335)
Payments for utilities	(13,971)	(4,657)
Payments for personnel services	(299,074)	(285,884)
Payments for benefits	(193,812)	(210,837)
Payments for non-budgeted University support	(1,861,152)	(2,035,643)
Payments for other operating costs	(4,899)	(3,084)
Telesale proceeds	42,876	39,297
Business/industry underwriting	170,162	147,651
Other operating receipts	2,175	5,221
Net Cash Provided (Used) by Operating Activities	\$ 72,619	\$ 366,303
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	\$ (40,382)	\$ (18,588)
Net Cash Provided (Used) by Capital Financing Activities	\$ (40,382)	\$ (18,588)
Net increase (decrease) in cash	\$ 32,237	\$ 347,715
Cash and cash equivalents—beginning of the year	384,201	36,486
Cash and cash equivalents—end of the year	\$ 416,438	\$ 384,201
 Reconciliation of Change in Net Position to Net Cash		
Used by Operating Activities:		
Operating Loss	\$ 32,154	\$ (203,323)
Adjustments to reconcile change in net position to net cash used by operating activities:		
Depreciation	54,976	109,033
Increase (decrease) in Assets and Liabilities		
Accounts receivable, net	(11,765)	225,475
Prepaid expenses	(382)	(1)
Accounts payable and accrued liabilities	476	(908)
Unearned Revenue	(2,840)	236,027
Net cash provided (used) by operating activities	\$ 72,619	\$ 366,303

See accompanying Notes to Financial Statements

WIPB Public Television
A Telecommunications Entity Operated by Ball State University
Notes to Financial Statements
June 30, 2017 and 2016

A. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

WIPB Public Television (the Station) is operated by Ball State University (the University), Muncie, Indiana.

The financial statements reflect only the activity of the Station and are not intended to present fairly the position of the University, and the results of its operations and cash flows.

Portions of both contribution and membership income and expenditures are deposited in and disbursed by the Ball State University Foundation.

BASIS OF PRESENTATION

The financial statements of 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.

CASH, CASH EQUIVALENTS, AND CREDIT RISKS

Cash and cash equivalents include all highly liquid investments with maturities of ninety days or less as of June 30 for each fiscal year end, that bear little or no market risk. The Station's funds are held and managed by Ball State University and the Ball State University Foundation. Each institution has an Investment Policy 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,	
	2017	2016
Ball State University Foundation	\$ 283,709	\$ 387,800
Ball State University	132,729	(3,599)
Total cash and cash equivalents	\$ 416,438	\$ 384,201

ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from grants and contracts.

WIPB Public Television
A Telecommunications Entity Operated by Ball State University
Notes to Financial Statements
June 30, 2017 and 2016

PREPAID EXPENSES

Prepaid expenses are expenses paid in one fiscal year for expenses related to the next fiscal year. The expense will be recorded in a future period.

CAPITAL ASSETS

Capital assets consist of equipment with a cost of \$5,000 or more and a useful life in excess of one year. Expenditures for equipment valued at \$5,000 and less are expensed rather than capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally between three and ten years for equipment. Capital assets are recorded at cost or, for contributed assets, at fair value at the date of acquisition. Non-capital equipment, routine repairs, and maintenance are charged to operating expenses in the year the expense was incurred.

ACCOUNTS PAYABLE

Accounts payable consists primarily of amounts due for accrued operating expenses.

UNEARNED REVENUE

Unearned revenue is recorded for current cash receipts for certain contract and grant sponsors that have not yet been earned. The revenue will be recorded in a future period.

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.

OPERATING REVENUES AND EXPENSES

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

Operating expenses encompass all expenses paid to acquire goods and services provided in return for operating revenues and to carry out the mission of the Station. This includes programming and production, broadcasting, program information and promotion, management and general, fundraising and membership development, and underwriting and grant solicitation expenses. Expenses are reported using functional classifications in the Statement of Revenues, Expenses and Changes in Net Position.

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.

WIPB Public Television
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Notes to Financial Statements

June 30, 2017 and 2016

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 \$2,662,266 and \$2,899,419 for 2017 and 2016, respectively.

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, 2017, and 2016, 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.

WIPB Public Television
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Notes to Financial Statements
June 30, 2017 and 2016

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, 2017, or 2016, respectively.

STATEMENT RECLASSIFICATIONS

Effective with the fiscal year 2016-2017 financial report, telesale underwriting operating revenue was reported as business/industry underwriting. Telesale underwriting was reported as a separate line item under operating revenues on the Statement of Revenues, Expenses, and Changes in Net Position, and under cash flows from operating activities on the Statement of Cash Flows in 2015-2016. A reclassification was made to the 2016-2017 statements for the prior period amounts for comparative purposes only. It does not constitute a restatement of the prior period. See reclassification details on the following tables:

WIPB Public Television
Statement of Revenues, Expenses, and Changes in Net Position
For June 30, 2016

	Reclassified 2016	Original 2016
Operating Revenues:		
Business/industry underwriting	\$ 147,651	\$ 122,276
Telesale underwriting	-	25,375
Totals	\$ 147,651	\$ 147,651

WIPB Public Television
Statement of Cash Flows
For June 30, 2016

	Reclassified 2016	Original 2016
Cash Flows from Operating Activities:		
Business/industry underwriting	\$ 147,651	\$ 122,276
Telesale underwriting	-	25,375
Totals	\$ 147,651	\$ 147,651

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 \$222,176 in unexpended CPB funds on hand as of June 30, 2017, and \$217,115 unexpended CPB funds on hand as of June 30, 2016.

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.

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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. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Station employees are covered by the same retirement plans as other employees of the University. Complete details of these plans can be found in the Ball State University Annual Financial Report.

PENSION PLANS

The University employees participate in one of three non-contributory pension 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 pension plans are for the University as a whole, with the understanding that qualified Station 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, 2017 and 2016, there were 1,473 and 1,453 University employees participating in PERF with an annual pay equal to \$51,878,741 and \$50,958,452, respectively.

TEACHERS' RETIREMENT FUND

The Indiana State Teachers' Retirement Fund (TRF) was established by the Indiana General Assembly in 1921. In 1955, TRF was designed as a pay-as-you-go defined benefit retirement plan. In 1995, legislation was passed that closed the pay-as-you-go plan (renamed the TRF Pre-1996 Account) to newly hired members and created a new account (named the TRF 1996 Account) for all members hired after June 30, 1995. TRF is two (2) cost-sharing, multiple employer defined benefit plans, TRF Pre-1996 Account and TRF 1996 Account. TRF is governed by the Indiana Public Retirement System (INPRS) Board of Trustees in accordance with IC 5-10.2, IC 5-10.4, and IC 5-10.5.

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TEACHERS' RETIREMENT FUND PRE-1996 ACCOUNT

There are two (2) aspects to the TRF Pre-1996 defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the State of Indiana. The second portion of the TRF Pre-1996 benefit structure is the annuity savings account that supplements the defined benefit at retirement. Generally, all faculty and professional personnel hired prior to 1996 were eligible to participate in the TRF Pre-1996 Account. The State of Indiana makes contributions as the sole non-employer contributing entity. State appropriations are made in accordance with IC 5-10.4-2-4 for each fiscal year. TRF Pre-1996 Account members contribute three percent of covered payroll to their annuity savings account. The University has elected to make the contributions on behalf of their participating employees. For the fiscal year ended June 30, 2016, the University showed 39 University employees participating in TRF Pre-1996 with annual payroll equal to \$3,275,322. The University's contributions to the TRF Pre-1996 for fiscal year ended June 30, 2016, was \$323,002. For the fiscal year ended June 30, 2017, the University shows 39 employees participating in the TRF Pre-1996 Account with annual payroll equal to \$3,097,385. The University made contributions of \$311,060 which included payments for the annuity on behalf of the members.

TEACHERS' RETIREMENT FUND 1996 ACCOUNT

Generally, all faculty and professional personnel hired after 1996 are eligible to participate in the TRF 1996 Account. State statute (IC 5-10.2) gives the University authority to contribute and governs most requirements of the system. The 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, 2016, there were 383 University employees participating in TRF 1996 Account with annual pay equal to 18,353,483. The University recorded 367 employees participating in the TRF 1996 Account with annual pay equal to \$20,822,068 for fiscal year June 30, 2017. 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, 2015 was \$1,697,009. The University contributed 100.0 percent of required contributions for each of the fiscal years. For fiscal years ended June 30, 2017 and 2016, the University contributed \$2,173,276, and \$1,922,027, 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
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.

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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.

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, 2017, the University contributed \$12,894,655 to this plan for 1,694 participating employees with annual payroll totaling \$120,522,440, and for fiscal year ended June 30, 2016, the University contributed \$12,755,862 for 1,720 employees with payroll totaling \$122,759,453.

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, Ball State University, as authorized by the University's Board of Trustees, provides certain health care and life insurance benefits for retired employees. Substantially all of the University's regular employees may become eligible for those benefits if they retire from the university after accruing the required years of service (15 years at age 62 with 15 years in the plan; 15 years at age 50 and 15 years in the plan for those hired before July 1, 2009; and for those employees who were hired August 31, 1999 and prior may also retire with health and life insurance benefits at the earlier of age 50 with 15 years of service or age 60 with 10 years of service and only 12 months participation in the plans). The University's Retiree Health and Life Insurance Plans (Plans) are single-employer defined benefit health and life insurance plans administered by the University. The Plans provide medical, dental, and prescription drug insurance benefits to eligible retirees and spouses and life insurance benefits to eligible retirees. IC 21-38-3-3 assigns authority to the University's Board of Trustees to establish and amend benefit provisions for the University. The Plans issue a publicly available financial report that includes financial statements and required supplementary information for the Plans as a whole and for the participants. That report may be obtained by contacting: Ball State University, Office of University Controller, AD 301, Muncie, IN 47306.

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.

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E. CAPITAL ASSETS

	Book Value July 1, 2016	Additions	Retirements	Book Value June 30, 2017
Property and equipment:				
Furniture & Fixtures	\$ 19,149	\$ -	\$ -	\$ 19,149
Studio Equipment	4,256,534	40,382	-	4,296,916
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>\$ 6,928,071</u>	<u>\$ 40,382</u>	<u>\$ -</u>	<u>\$ 6,968,453</u>
Less Accumulated Depreciation:				
Furniture & Fixtures	\$ 19,149	\$ -	\$ -	\$ 19,149
Studio Equipment	4,179,226	54,079	-	4,233,305
Digital Master Control	896,687	897	-	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 Accumulated Depreciation	<u>\$ 6,849,866</u>	<u>\$ 54,976</u>	<u>\$ -</u>	<u>\$ 6,904,842</u>
Capital Assets, Net	<u>\$ 78,205</u>	<u>\$ (14,594)</u>	<u>\$ -</u>	<u>\$ 63,611</u>

	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>

Depreciation expense for the years ended June 30, 2017, and June 30, 2016, was \$54,976 and \$109,033, respectively.

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F. OPERATING LEASES

There were no operating leases in effect for the Station at June 30, 2017 and 2016, respectively.

G. 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.