

WVPE-FM Radio

(A Public Telecommunications Entity Operated
By The Elkhart Community Schools)

Financial Report
12.31.2008

McGladrey & Pullen
Certified Public Accountants

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors

WVPE-FM Radio

Elkhart, Indiana

We have audited the accompanying statements of financial position of **WVPE-FM Radio**, a public telecommunications entity operated by the Elkhart Community Schools, as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **WVPE-FM Radio** as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Elkhart, Indiana

July 6, 2009

WVPE-FM Radio
(A Public Telecommunications Entity Operated by the Elkhart Community Schools)

Statements Of Financial Position
December 31, 2008 and 2007

	2008	2007
ASSETS		
Receivables, less allowance for doubtful accounts	\$ 127,632	\$ 100,976
Receivable from ECS	78,955	-
Grant Receivable	141,036	-
Prepaid expense	68,096	73,072
Total current assets	415,719	174,048
Equipment		
Master control studio equipment	276,408	275,382
Production studio equipment	332,746	7,891
Studio and other broadcast equipment	368,358	365,704
	977,512	648,977
Less accumulated depreciation	493,699	465,010
	483,813	183,967
Total assets	\$ 899,532	\$ 358,015
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 290,912	\$ 61,254
Payable to ECS	157,084	72,829
Deferred revenue - underwriting	106,788	82,627
Total liabilities	554,784	216,710
Net Assets		
Unrestricted	344,748	141,305
Total net assets	344,748	141,305
Total liabilities and net assets	\$ 899,532	\$ 358,015

See Notes to Financial Statements.

WVPE-FM Radio
(A Public Telecommunications Entity Operated by the Elkhart Community Schools)

Statements Of Activities
Years Ended December 31, 2008 and 2007

	2008	2007
Unrestricted net assets:		
Support and revenue:		
Elkhart Community Schools, donated facilities and services	\$ 33,486	\$ 41,561
Other in-kind contributions	17,098	22,914
Grants from state and local agencies	34,107	76,429
Public broadcasting revenue	117,578	120,120
Special projects	10,576	21,272
Foundations and nonprofit associations	108,389	169,493
Grants for purchase of equipment	322,199	-
Membership contributions	534,750	508,883
Corporate underwriting contributions	315,020	255,574
Miscellaneous income	410	896
Total support and revenue	1,493,613	1,217,142
Expenses:		
Program services:		
Local programming and production	505,475	578,846
Program information	90,998	74,013
Broadcasting	40,127	44,606
Total program services expenses	636,600	697,465
Supporting services:		
Fund raising	432,384	346,865
Management and general	221,186	233,567
Total supporting services expenses	653,570	580,432
Total expenses	1,290,170	1,277,897
Change in net assets	203,443	(60,755)
Net assets, beginning of year	141,305	202,060
Net assets, end of year	\$ 344,748	\$ 141,305

See Notes to Financial Statements.

WVPE-FM Radio
(A Public Telecommunications Entity Operated by the Elkhart Community Schools)

Statement Of Functional Expenses
Year Ended December 31, 2008

	2008						Total
	Program Services			Supporting Services			
	Local Programming and Production	Program Information	Broadcasting	Fund Raising	Management and General		
Salaries, payroll taxes, and employee benefits	\$ 182,354	\$ 50,193	\$ -	\$ 330,782	\$ 142,493	\$ 705,822	
Programming acquisitions	292,348	-	-	-	-	292,348	
Professional technical services	2,525	20,150	6,051	29,945	25,718	84,389	
Donated facilities and administrative support from Elkhart Community Schools	4,878	610	610	-	27,388	33,486	
Travel	(442)	1,048	283	7,757	5,573	14,219	
Telephone	-	-	-	-	4,722	4,722	
Advertising	-	595	-	801	-	1,396	
Printing/binding	-	15,279	93	30,203	-	45,575	
Supplies	9,263	1,468	1,142	25,440	5,420	42,733	
Dues and subscriptions	-	1,500	3,806	6,644	3,174	15,124	
Depreciation	2,194	-	20,829	812	4,854	28,689	
Miscellaneous	-	155	7,313	-	1,844	9,312	
Donated use of transmitter	12,355	-	-	-	-	12,355	
	<u>\$ 505,475</u>	<u>\$ 90,998</u>	<u>\$ 40,127</u>	<u>\$ 432,384</u>	<u>\$ 221,186</u>	<u>\$ 1,290,170</u>	

See Notes to Financial Statements.

WVPE-FM Radio
(A Public Telecommunications Entity Operated by the Elkhart Community Schools)

Statement Of Functional Expenses
Year Ended December 31, 2007

	2007						Total
	Program Services			Supporting Services			
	Local Programming and Production	Program Information	Broadcasting	Fund Raising	Management and General		
Salaries, payroll taxes, and employee benefits	\$ 164,125	\$ 51,680	\$ -	\$ 253,040	\$ 129,808	\$ 598,653	
Programming acquisitions	317,903	-	-	-	-	317,903	
Professional technical services	72,862	10,371	9,077	4,007	16,783	113,100	
Donated facilities and administrative support from Elkhart Community Schools	4,940	618	618	-	35,385	41,561	
Travel	1,967	1,296	695	8,500	5,817	18,275	
Telephone	864	84	-	3,846	3,846	8,640	
Advertising	-	-	-	-	10,830	10,830	
Printing/binding	-	10,987	-	26,848	8,360	46,195	
Supplies	95	3,717	816	33,381	3,112	41,121	
Dues and subscriptions	554	210	12,501	9,697	14,346	37,308	
Depreciation	3,562	-	18,900	7,218	4,642	34,322	
Miscellaneous	(381)	(4,950)	1,999	328	638	(2,366)	
Donated use of transmitter	12,355	-	-	-	-	12,355	
	<u>\$ 578,846</u>	<u>\$ 74,013</u>	<u>\$ 44,606</u>	<u>\$ 346,865</u>	<u>\$ 233,567</u>	<u>\$ 1,277,897</u>	

See Notes to Financial Statements.

WVPE-FM Radio
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Statements Of Cash Flows
Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities		
Change in net assets	\$ 203,443	\$ (60,755)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	28,689	34,322
Grant funds received for purchase of equipment	(102,208)	-
Change in assets and liabilities:		
(Increase) decrease in:		
Receivables	(26,656)	(6,797)
Receivable from ECS	(78,955)	
Grant Receivable	(141,036)	-
Prepaid expense	4,976	(56,077)
Increase (decrease) in:		
Accounts payable and accrued expenses	7,832	(61,116)
Deferred revenue - underwriting	24,161	115
Net cash (used in) operating activities	(79,754)	(150,308)
Cash Flows From Investing Activities		
Purchase of equipment	(106,709)	(6,796)
Cash Flows From Financing Activities		
Grant funds received for purchase of equipment	102,208	-
Increase in ECS payable	84,255	72,829
Net cash provided by (used in) financing activities	186,463	72,829
Increase (decrease) in cash	-	(84,275)
Cash, beginning	-	84,275
Cash, ending	\$ -	\$ -

See Notes to Financial Statements.

Notes To Financial Statements

Note 1. Nature of Organization, Economic Dependence, and Significant Accounting Policies

Nature of organization:

WVPE-FM Radio is a telecommunications entity operated by the Elkhart Community Schools ("ECS") as a noncommercial public radio station.

Economic dependence:

The Organization is economically dependent on ECS, which provides office and studio space and holds the license to operate the radio station.

Significant accounting policies:

Use of estimates:

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

Cash:

The Organization's cash is held in the ECS general account.

Receivables:

The Organization's accounts receivable consists primarily of amounts due from corporate underwriters. Management periodically reviews the accounts receivable aging and writes off any accounts that appear to be uncollectible. Trade receivables are considered past due after thirty days and are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for doubtful accounts at December 31, 2008 and 2007 was approximately \$3,000.

Equipment:

Equipment is recorded at cost or, in the case of donated equipment, at estimated fair market value at date of receipt. Depreciation of equipment is computed by the straight-line method over the estimated useful lives of the assets, primarily five to twenty-five years.

Donated facilities and services from ECS:

Donated facilities from ECS consist of office and studio space together with related occupancy costs and are recorded in revenue and expense at estimated fair rental values. Donated services consist of allocated financial and department costs and certain other expenses incurred by ECS.

In-kind contributions:

In-kind contributions of equipment are recorded as revenue based upon estimates obtained from appraisers of the fair value of the assets and depreciated over their estimated useful lives. Donated services requiring specific expertise are recorded as revenue and expense in the accompanying statement of activities at estimated fair value.

Notes To Financial Statements

Revenue recognition:

Unrestricted contributions, pledges, and grants are recognized as revenue in the Statement of Activities upon receipt. Other revenues are recognized as earned either upon receipt or accrual. Expenditures of funds are recognized as expenses when expended or upon incurrence of the related liability.

Contributions:

The Organization engages in periodic fundraising campaigns manifested by offering some special radio programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Organization for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. An allowance for uncollectable contributions receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. In management's judgment, an allowance for doubtful accounts at December 31, 2008 and 2007 totaled approximately \$3,000. All member pledges receivable are promises to give within one year of December 31, 2008. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Organization. This usage is consistent with appeals for contributions and pledges.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When the Organization receives a restricted contribution and the restriction is met during the same fiscal year, the contribution is recorded as an unrestricted contribution.

Corporate underwriting:

Revenue for program underwriting is recorded on a prorata basis over the period for which the program is underwritten. Deferred revenue is recorded for underwriting extending beyond the statement of financial position date.

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.

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.

Notes To Financial Statements

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 grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported in the accompanying financial statements as increases in unrestricted net assets as satisfaction of the time and purpose restrictions occurs in the period which received.

Grants from state and local agencies and receivable from ECS:

Grant revenue from governmental agencies is recognized in accordance with the provisions of the grant agreements, primarily when received if there are no restrictions.

In the current year, grants of approximately \$176,000 were obtained from state and local agencies for the purchase of a new transmitter. In order to receive these grants, ECS committed to matching funds of approximately \$146,000. Both amounts have been reflected in grant revenue in the accompanying statements of activities. The transmitter was placed in to service in the current year. The Organization has recorded a receivable of approximately \$141,000 for the amount of the grant revenue not yet received. As the transmitter has been purchased and placed in to service in the current year, the grant revenue has been recorded as unrestricted revenue.

Income tax status:

The Organization is exempt from income taxes under the provisions of the Internal Revenue Code and a similar state statute.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2. Employee Benefits

Employees of the Organization are eligible for the benefits offered by ECS, which include medical, dental, life insurance, and public employee's retirement fund. The Organization pays an amount equal to 3% of employees' compensation toward the retirement plan, which totaled \$50,236 and \$40,106 for the years ended December 31, 2008 and 2007 respectively.

Note 3. Cash Flows Information

Supplemental information relative to the statements of cash flows for the years ended December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Supplemental disclosures of noncash investing and financing activities:		
Equipment financed through accounts payable	\$ 221,826	\$ -