

**AUDIT REPORT
OF
WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
PURDUE UNIVERSITY
TIPPECANOE COUNTY, INDIANA**

July 1, 2012 to June 30, 2013

**WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
PURDUE UNIVERSITY**

Table of Contents

	Page
Schedule of Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis (Unaudited)	4-10
Basic Financial Statements	
Statement of Net Position	11
Statement of Revenue, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to the Financial Statements	14-20

**WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
PURDUE UNIVERSITY**

SCHEDULE OF OFFICIALS

As of June 30, 2013

Thomas E. Spurgeon, Chairman Board of Trustees

Mitchell E. Daniels, Jr., President

Alphonso V. Diaz, Executive Vice-President for Business and Finance, Treasurer

James S. Almond, Senior Vice-President for Business Services and Assistant Treasurer

Julie K. Griffith, Vice President for Public Affairs

Gregory C. Kostraba, Interim Station Manager - WBAA-AM/FM Radio Station

Independent Auditor's Report

To the Officials
WBAA-AM/FM Radio Station
A Public Telecommunications Entity
Operated by Purdue University

We have audited the accompanying financial statements of WBAA-AM/FM Radio Station (the "Station"), a department of Purdue University, as of and for the years ended June 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise the WBAA-AM/FM Radio Station'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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Officials
WBAA-AM/FM Radio Station
A Public Telecommunications Entity
Operated by Purdue University

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the WBAA-AM/FM Radio Station as of June 30, 2013 and 2012 and the respective changes in financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1, which explains that these financial statements present only WBAA-AM/FM Radio Station, a department of Purdue University, and do not purport to, and do not, present fairly the financial position of Purdue University as of June 30, 2013, the changes in its financial position, and the changes in its cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the basic financial statements, effective July 1, 2012, WBAA-AM/FM Radio Station adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The standard incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Plante & Moran, PLLC

November 21, 2013

WBAA-AM/FM RADIO STATION

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY

Management's Discussion and Analysis For the years ended June 30, 2013 and 2012

Introduction

The following discussion and analysis provides an overview of the financial position of WBAA-AM/FM Radio Station (the "Station") of Purdue University (the "University"), the financial activities of the past year and a brief description of the financial statements produced herein. This discussion should be read in conjunction with the financial statements and the notes to the statements, which immediately follow this section.

The financial information presented in this report is designed to enable the user to review how the Station managed its resources to meet its primary missions of providing students with opportunities for hands-on training in radio broadcasting and providing listeners public radio programming in central Indiana and Illinois.

Financial Highlights

The Station's net position decreased by \$24,797, \$150,988, and \$156,602 for the fiscal years ended June 30, 2013, 2012, and 2011, respectively.

Station Financial Statements

Use of the Financial Statements

The primary purpose of financial reporting, whether for a commercial enterprise or for a college or university, is to provide information that will assist (1) management in the effective allocation and use of the organization's resources and (2) the general public, investors, creditors, and others in evaluating the effectiveness of management in achieving organizational objectives. The nature of the organization, its resources, and objectives all serve to influence the form and process by which the accounting is accomplished and information reported.

The Station is a department of the University representing an identifiable activity for which the Corporation for Public Broadcasting requires separate financial statements. Accordingly, the Station's financial statements and notes to the financial statements reflect the financial position as of June 30, 2013 and the results of operations and statement of cash flows for the year then ended.

The Statement of Net Position provides a summary view of the assets, liabilities, and net position of the Station. Assets and liabilities are classified as either current or noncurrent. Current assets are available to meet the needs of the Station in the short term. Similarly, current liabilities are due and payable within the next fiscal year. The Statement of Revenue, Expenses, and Changes in Net Position on the other hand, summarizes the year-long financial process that caused the changes in year-end net position on the Statement of Net Position. Likewise, the Statement of Cash Flows provides reconciliation to beginning and ending balances of cash.

WBAA-AM/FM RADIO STATION

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY

Management's Discussion and Analysis For the years ended June 30, 2013 and 2012

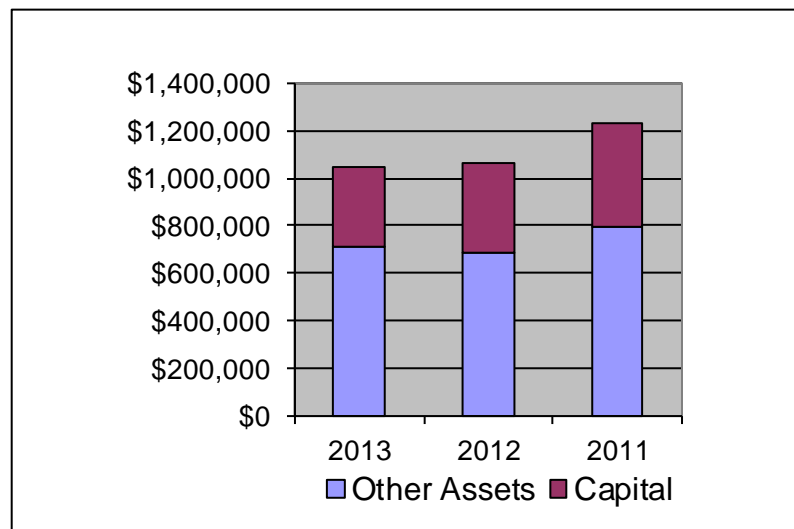
Statement of Net Position

Current assets include those that may be used to support current operations including cash and accounts receivable.

Noncurrent assets include capital assets and pledges due after June 30, 2013. Total assets were \$1,045,633 as of June 30, 2013, \$1,065,776 as of June 30, 2012, and \$1,229,212 as of June 30, 2011, a decrease of \$20,143 for fiscal year 2013 and a decrease of \$163,436 for fiscal year 2012.

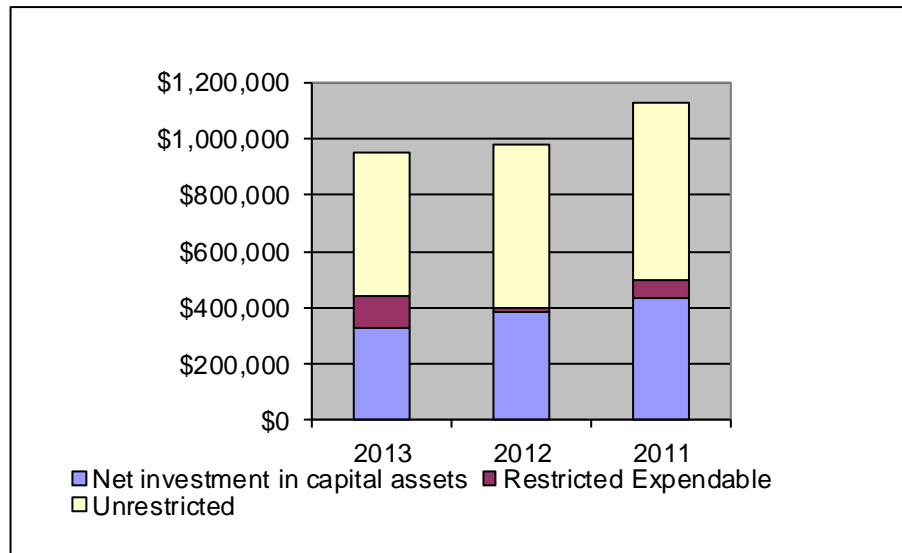
Figure 1 depicts the portion of total assets that were capital.

Figure 1



Current liabilities are expected to become due and payable over the course of the following fiscal year. These primarily include accrued compensated absences, accounts payable and accrued salaries and wages. Total liabilities were \$90,704 as of June 30, 2013, \$86,050 as of June 30, 2012, and \$98,498 as of June 30, 2011.

Net position of the Station represents the excess of assets over liabilities. Net position is classified into three categories: net investment in capital assets, restricted expendable, and unrestricted. Net investment in capital assets represents the Station's investment in capital assets such as movable equipment subject to the University's policies on capitalization, net of accumulated depreciation. Restricted expendable represents net position which has purpose restrictions imposed by third parties. Examples include contract and grant funds. Unrestricted net position of the Station does not have third-party restrictions, although management has designated these funds for a particular purpose. Total net position for the Station was \$954,929, \$979,726, and \$1,130,714 as of June 30, 2013, 2012, and 2011, respectively. Figure 2 shows the composition of net position.

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Management's Discussion and Analysis
For the years ended June 30, 2013 and 2012****Figure 2**

A summarization of the Station's assets, liabilities, and net position appears in Table 1.

Table 1**Summary Statement of Net Position**

	2012-13	2011-12	2010-11
Current assets	\$ 703,356	\$ 674,640	\$ 791,268
Capital assets	330,663	383,120	431,792
Other noncurrent assets	11,614	8,016	6,152
Total assets	1,045,633	1,065,776	1,229,212
Current liabilities	65,165	58,914	75,513
Noncurrent liabilities	25,539	27,136	22,985
Total liabilities	90,704	86,050	98,498
Net investment in capital assets	330,663	383,120	431,792
Restricted - expendable	108,016	15,371	63,989
Unrestricted	516,250	581,235	634,933
Total Net Position	\$ 954,929	\$ 979,726	\$ 1,130,714

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Management's Discussion and Analysis
For the years ended June 30, 2013 and 2012**Statement of Revenue, Expenses, and Changes in Net Position

A review of the Statement of Revenue, Expenses, and Changes in Net Position provides information regarding the extent to which the results of operations and nonoperating revenue over the course of the fiscal year affect the net position of the Station.

Revenue is classified as either operating or nonoperating. Operating revenue includes sales and services, rental income, and grant income.

A summary of the Statement of Revenue, Expenses, and Changes in Net Position follows:

Table 2**Summary of Revenue, Expenses, and Changes in Net Position**

	2012-13	2011-12	2010-11
Operating Revenue			
Grants	\$ 145,597	\$ 155,650	\$ 161,571
Other operating revenue	283,914	282,711	265,898
Total operating revenue	429,511	438,361	427,469
Operating Expenses			
Compensation and benefits	799,795	941,245	914,644
Supplies and services	970,310	857,212	866,218
Depreciation	52,457	48,672	52,186
Total operating expenses	1,822,562	1,847,129	1,833,048
Operating Loss	(1,393,051)	(1,408,768)	(1,405,579)
Nonoperating Revenue			
University support	922,413	899,413	880,869
Other nonoperating revenue	445,841	358,367	368,108
Total nonoperating revenue	1,368,254	1,257,780	1,248,977
Decrease in Net Position	(24,797)	(150,988)	(156,602)
Net Position beginning of year	979,726	1,130,714	1,287,316
Net Position, End of Year	\$ 954,929	\$ 979,726	\$ 1,130,714

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY

Management's Discussion and Analysis
For the years ended June 30, 2013 and 2012

Revenue from all sources for the year ended June 30, 2013 and 2012 are shown in Figure 3 and Figure 4, respectively.

Figure 3

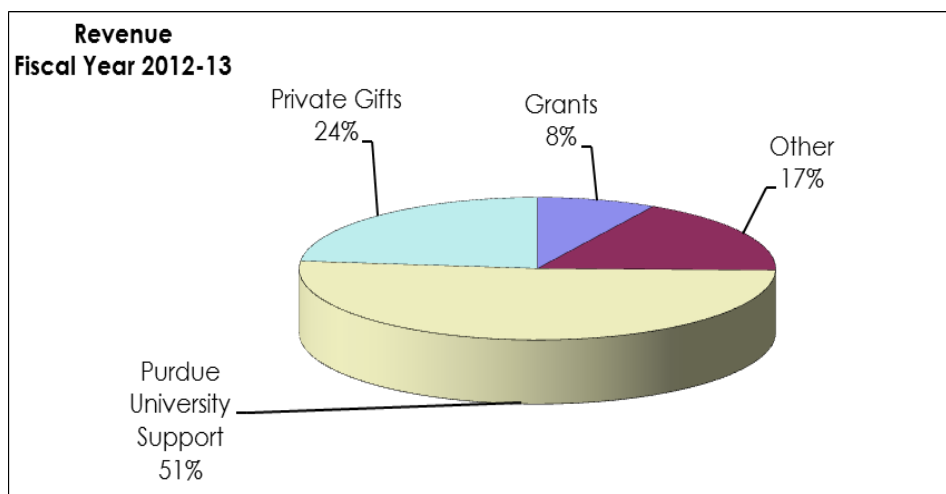
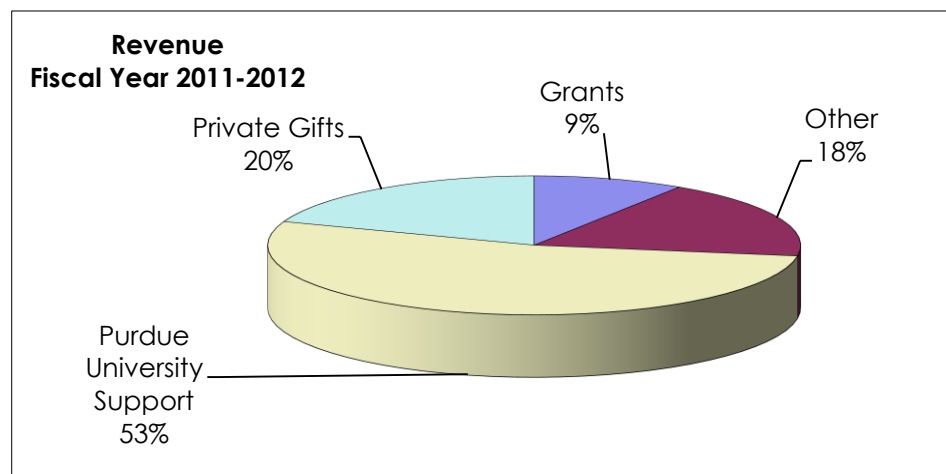


Figure 4



WBAA-AM/FM RADIO STATION

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY

Management's Discussion and Analysis For the years ended June 30, 2013 and 2012

Station operating expenses totaled \$1,822,562, \$1,847,129, and \$1,833,048 for the years ended June 30, 2013, 2012, and 2011, respectively. Operating expenses include compensation and benefits, supplies and services, and depreciation. Figure 5 and Figure 6 depicts the composition of total expenses for the fiscal years ended June 30, 2013 and 2012, respectively.

Figure 5

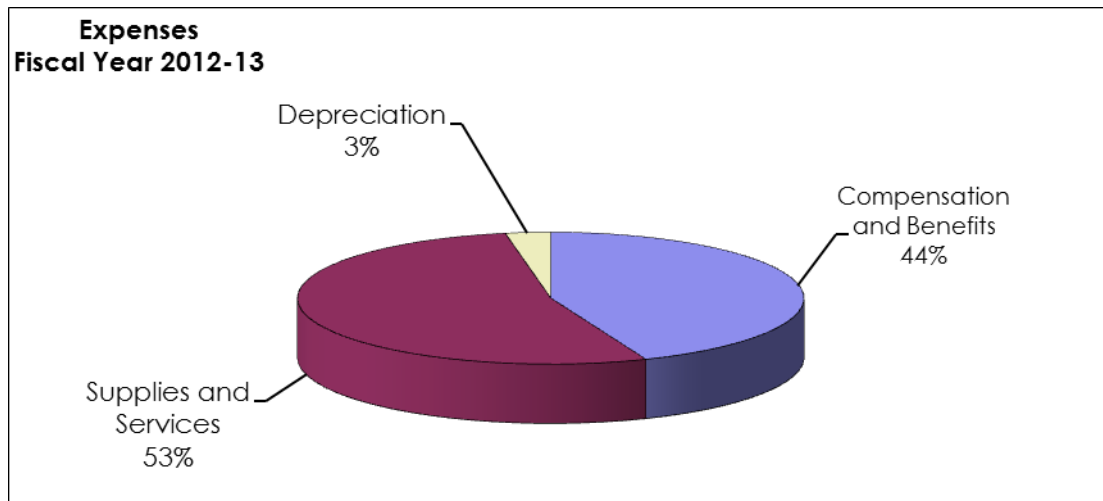
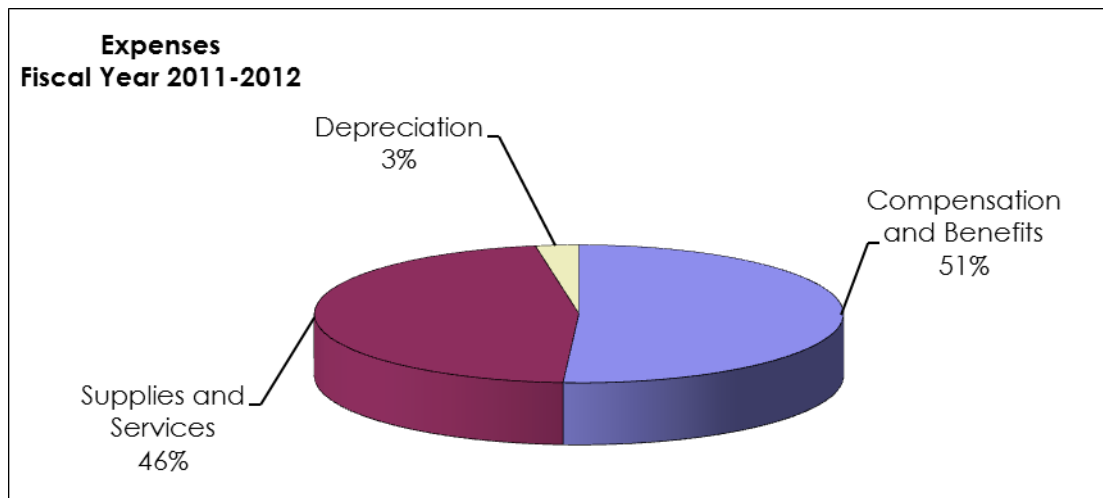


Figure 6



WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Management's Discussion and Analysis
For the years ended June 30, 2013 and 2012***Statement of Cash Flows*

The Statement of Cash Flows presents sources and uses of cash throughout the fiscal year. These activities are presented in two categories: operating and noncapital financing. Net increases or decreases in cash provide reconciliation to beginning and ending balances as presented in the Statement of Net Position. This statement also provides an indication of the extent to which operating activities provided or used cash. Table 3 provides a summary of the Station's sources, uses, and changes in cash:

Table 3***Summarized Comparison of Changes in Cash***

	2012-13	2011-12	2010-11
Cash Used by Operating Activities	\$ (335,731)	\$ (374,011)	\$ (368,595)
Cash Provided by Noncapital Financing Activities	475,013	180,092	268,374
Net Increase (Decrease) in Cash	139,282	(193,919)	(100,221)
Cash, Beginning of Year	7,786	201,705	301,926
Cash, End of Year	\$ 147,068	\$ 7,786	\$ 201,705

Economic Factors that Will Affect the Future of the Station

Funding for the Station comes from three major sources: the University, private gifts, and grants and contracts. Of these funding sources, private gifts and grants represent the largest potential for future growth.

The Station engages in ongoing efforts to raise funds from both listener donations and underwriting. Donations from listeners have increased this fiscal year.

Particular attention should be given to the Notes to the Financial Statements that are an integral part of the financial statements.

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Statement of Net Position**

	As of June 30	
	2013	2012
Assets		
Current Assets		
Cash	\$ 147,068	\$ 7,786
Accounts receivable - Net	26,371	19,523
Pledges - Net	5,813	5,915
Prepaid expenses	39,708	33,626
Funds held in trust by others	484,396	607,790
Total Current Assets	703,356	674,640
Noncurrent Assets		
Pledges receivable - Net	11,614	8,016
Capital assets - Net	330,663	383,120
Net Noncurrent Assets	342,277	391,136
Total Assets	1,045,633	1,065,776
Liabilities		
Current Liabilities		
Accounts payable	27,741	22,413
Deferred revenue	6,425	-
Accrued salaries and wages	2,635	2,185
Accrued compensated absences	28,364	34,316
Total Current Liabilities	65,165	58,914
Noncurrent Liabilities		
Accrued compensated absences	25,539	27,136
Total Liabilities	90,704	86,050
Net Position		
Net investment in capital assets	330,663	383,120
Restricted - expendable	108,016	15,371
Unrestricted	516,250	581,235
Total Net Position	\$ 954,929	\$ 979,726

See Accompanying Notes to the Financial Statements

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Statement of Revenue, Expenses, and Changes in Net Position**

	For the Years Ended June 30	
	2013	2012
Operating Revenue		
Grants	\$ 145,597	\$ 155,650
Rental income	17,352	16,920
Sales and services	<u>266,562</u>	<u>265,791</u>
Total Operating Revenues	429,511	438,361
Operating Expenses		
Compensation and benefits	799,795	941,245
Supplies and services	970,310	857,212
Depreciation	<u>52,457</u>	<u>48,672</u>
Total Operating Expenses	1,822,562	1,847,129
Total Operating Loss	(1,393,051)	(1,408,768)
Nonoperating Revenue		
State appropriations	26,338	27,887
Purdue University allocation	656,461	642,675
Indirect support	265,952	256,738
Private gifts	<u>419,503</u>	<u>330,480</u>
Total Nonoperating Revenue	1,368,254	1,257,780
Decrease in Net Position	(24,797)	(150,988)
Net Position, Beginning of Year	<u>979,726</u>	<u>1,130,714</u>
Net Position, End of Year	<u>\$ 954,929</u>	<u>\$ 979,726</u>

See Accompanying Notes to the Financial Statements

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Statement of Cash Flows**

	For the Years Ended June 30	
	2013	2012
Cash Flows by Operating Activities		
Grants	\$ 145,597	\$ 155,650
Rental income	15,798	16,920
Sales and services	267,693	270,274
Compensation and benefits	(189,250)	(328,592)
Supplies and services	(575,569)	(488,263)
Cash Used by Operating Activities	(335,731)	(374,011)
Cash Flows by Noncapital Financing Activities		
State appropriations	26,338	27,887
Gifts for other than capital purposes	448,675	152,205
Cash Provided by Noncapital Financing Activities	475,013	180,092
Net Increase (Decrease) in Cash	139,282	(193,919)
Cash - Beginning of Year	7,786	201,705
Cash - End of Year	\$ 147,068	\$ 7,786
Reconciliation of Total Operating Loss to Cash Used by Operating Activities		
Total Operating Loss	\$ (1,393,051)	\$ (1,408,768)
Depreciation expense	52,457	48,672
University allocation for operating expenses	656,461	642,675
Indirect costs	265,952	256,738
Changes in Assets and Liabilities		
Accounts receivable	(6,848)	4,483
Prepaid expenses	(6,082)	37,737
Funds held in trust by others	90,726	56,900
Accounts payable	5,328	(16,094)
Deferred revenue	6,425	-
Accrued salaries and wages	450	(43)
Accrued compensated absences	(7,549)	3,689
Cash Used by Operating Activities	\$ (335,731)	\$ (374,011)

See Accompanying Notes to the Financial Statements

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization. WBAA-AM/FM Radio Station (the “Station”) is a department of Purdue University (the “University”) providing students with opportunities for hands-on training in radio broadcasting and providing public radio programming to listeners in central Indiana and Illinois. The Station does not have legal status or existence. The financial position, revenues, and expenses of the Station are included in the financial statements of Purdue University.

Basis of Presentation. The financial statements of the Station have been prepared in accordance with the principles contained in Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis – for Public Colleges and Universities*, and with other accounting principles generally accepted in the United States of America, as prescribed by the GASB and in accordance with financial reporting policies established by the University. For financial reporting purposes, the Station reports as a Business-type Activity (BTA). Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

Basis of Accounting. The financial statements of the Station have been prepared on the accrual basis of accounting and using the economic resources measurement focus.

Change in Accounting Policy. Effective with the fiscal year ended June 30, 2013, the Station has adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement introduces and defines deferred outflows of resources and deferred inflows of resources as elements of the annual financial report and incorporates these elements into the computation of the Station's net position, previously referred to as net assets. These elements represent the consumption (deferred outflows) or acquisition (deferred inflows) of resources that are applicable to a future reporting period, but do not require any further exchange of goods or services. In accordance with the statements, the Station has modified the presentation of the Statement of Net Position as of June 30, 2013.

Accounts Receivable. Accounts receivable are shown net of an allowance for doubtful accounts. The amount of the allowance was \$538 and \$398 as of June 30, 2013 and 2012, respectively.

Pledges Receivable. Pledges receivable are accrued as of the end of the fiscal year, provided the pledge is verifiable, measurable, and probable of collection. Pledges receivable do not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. Pledges, net of an allowance of \$4,357 and \$3,483, total \$17,427 and \$13,931 as of June 30, 2013 and 2012, respectively. Of this balance, \$17,223 and \$13,726 as of June 30, 2013 and 2012, respectively, were made to an affiliated organization for the benefit of the Station. The allowance for uncollectible pledges is calculated based on the University's experience.

**NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Prepaid Expenses. Prepaid expenses are payments that have been made for a service as of the end of the fiscal year, but the benefit derived from those services will not be received until a later accounting period. These include leases, maintenance agreements, dues, and fees.

Capital Assets. Capital assets include property and equipment stated at cost or fair market value at date of gift, less accumulated depreciation computed on the straight-line basis over the estimated useful lives of 5-20 years. The capitalization threshold for equipment is \$5,000. Assets are removed from the records at the time of disposal.

Net Position. Station resources are classified for accounting and financial reporting purposes into the following net position categories:

- *Net Investment in Capital Assets* – resources resulting from capital acquisition or construction, net of accumulated depreciation.
- *Restricted Expendable* – net position subject to externally imposed stipulations as to use. These are restricted to use for the benefit of the Station according to grant and donor restrictions.
- *Unrestricted* – net position which is available for use of the Station.

Operating and Nonoperating Revenue. Revenue is classified as either operating or nonoperating according to standards issued by the GASB. Operating revenue includes grants, rent, and underwriting. Nonoperating revenue includes gifts and University allocations.

Restricted and Unrestricted Resources. When both restricted and unrestricted resources are available for a particular expenditure, the Station may select the most appropriate fund source based on individual facts and circumstances. The University, as a matter of policy, does not require funds to be spent in a particular order, only that the expenditure be allowable, allocable, and reasonable to the fund source selected.

Taxes. The Internal Revenue Service has ruled that the units of Purdue University, which include the Station, are exempt under Code Sections 115(a) and 501(c)(3), and are not "private foundations" under the Tax Reform Act of 1969.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amount of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012****NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Noncash Support. Occasionally, the Station receives in-kind contributions of donated programs or promotional items. In-kind gifts of tangible or intangible property are recognized at fair value on the date of gift and are capitalized, if appropriate, subject to the University's policies on capitalization. In 2012-2013 and 2011-2012, noncash support was not received by the Station.

Trade Underwriting Agreements. Occasionally, the Station receives goods and/or services "in trade" for on-air underwriting credits. The Corporation for Public Broadcasting considers these transactions to be contributions. These agreements are recognized in the Statement of Revenue, Expenses, and Changes in Net Position as increases of \$69,119 and \$68,489 to both Sales and Services revenue and Supplies and Services expense as of June 30, 2013 and 2012, respectively.

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 is summarized below:

Capital Assets Activity	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital Assets, Being Depreciated:				
Buildings	\$ 410,483	\$ -	\$ -	\$ 410,483
Furniture	33,548	-	27,073	6,475
Office Machines	6,100	-	-	6,100
Scientific/Lab Equipment	346,118	-	-	346,118
Computer Equipment	149,225	-	-	149,225
AV/Photo Equipment	150,610	-	-	150,610
Other Equipment	137,915	-	-	137,915
Total, Capital Assets, Being Depreciated	1,233,999	-	27,073	1,206,926
Less Accumulated Depreciation:				
Buildings	208,653	20,879	-	229,532
Furniture	32,144	-	27,073	5,071
Office Machines	2,440	1,220	-	3,660
Scientific/Lab Equipment	203,296	22,700	-	225,996
Computer Equipment	149,224	-	-	149,224
AV/Photo Equipment	122,694	7,081	-	129,775
Other Equipment	132,428	577	-	133,005
Total Accumulated Depreciation	\$ 850,879	\$ 52,457	\$ 27,073	\$ 876,263
Total Capital Assets, Net of Accumulated Depreciation	\$ 383,120	\$ (52,457)	\$ -	\$ 330,663

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012****NOTE 2 – CAPITAL ASSETS (CONTINUED)**

Capital asset activity for the year ended June 30, 2012 is summarized below:

Capital Assets Activity	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital Assets, Being Depreciated:				
Buildings	\$ 410,483	\$ -	\$ -	\$ 410,483
Furniture	33,548	-	-	33,548
Office Machines	6,100	-	-	6,100
Scientific/Lab Equipment	346,118	-	-	346,118
Computer Equipment	149,225	-	-	149,225
AV/Photo Equipment	150,610	-	-	150,610
Other Equipment	137,915	-	-	137,915
Total, Capital Assets, Being Depreciated	1,233,999	-	-	1,233,999
Less Accumulated Depreciation:				
Buildings	191,559	17,094	-	208,653
Furniture	32,144	-	-	32,144
Office Machines	1,220	1,220	-	2,440
Scientific/Lab Equipment	180,596	22,700	-	203,296
Computer Equipment	149,224	-	-	149,224
AV/Photo Equipment	115,613	7,081	-	122,694
Other Equipment	131,851	577	-	132,428
Total Accumulated Depreciation	\$ 802,207	\$ 48,672	\$ -	\$ 850,879
Total Capital Assets, Net of Accumulated Depreciation	\$ 431,792	\$ (48,672)	\$ -	\$ 383,120

NOTE 3 – FUNDS HELD IN TRUST BY OTHERS

Listener donations are made to an affiliated organization on behalf of the Station. These funds are then held in trust for the Station to use at its discretion or according to the donor's wishes.

WBAA-AM/FM RADIO STATION**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY****Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012****NOTE 4 – RETIREMENT PLANS**

Faculty and Administrative/Professional Staff. Faculty, professional and certain administrative employees of the University participate in defined contribution plans. Benefit provisions are established and/or amended by the trustees. Funds in all defined contribution plans are immediately vested. Faculty and management personnel participate immediately upon employment; all others must satisfy a three-year waiting period. Effective January 1, 2011, the University contributes 10% of each participating employee's salary to the Purdue University 403(b) defined contribution retirement plan administered through Fidelity Investments. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan and/or the Purdue University 457(b) deferred compensation plan. Those eligible to participate in the defined contribution plan also participate in the Purdue University 401(a) Profit Sharing Plan administered through Fidelity Investments. This plan requires a mandatory employee contribution of 4% of their salary. Prior to January 1, 2011, faculty, professional, and certain administrative employees of the University participated in the Purdue University 403(b) defined contribution plan administered through the Teachers Insurance and Annuity Association (TIAA). Under the TIAA plan, the University contributed 11% of each participating employee's salary up to \$9,000 and 15% of the salary above \$9,000.

PERF. Regular clerical and service staff employed at least half-time participate in the Public Employees Retirement Fund (PERF), a retirement program administered by an agency of the State of Indiana. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. There are two parts to this plan: an annuity savings plan to which the University contributes 3% of the employee's salary and a defined benefit agent multi-employer plan to which the University currently contributes 9.7% of the employee's salary. Employee contributions are not required but may be made on a voluntary basis. Employees are eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment.

NOTE 5 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the fiscal years ended June 30, 2013 and June 30, 2012 are summarized below:

Operating Expenses by Function for the Year Ended June 30, 2013

	Compensation and Benefits	Supplies and Services	Depreciation	Total
Extension and public service	\$ 89,909	\$ 824,813	\$ -	\$ 914,722
General institutional services	464,772	59,727	-	524,499
Auxiliary enterprises	245,114	85,770	-	330,884
Depreciation	-	-	52,457	52,457
Total	\$ 799,795	\$ 970,310	\$ 52,457	\$ 1,822,562

WBAA-AM/FM RADIO STATION
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY PURDUE UNIVERSITY

Notes to the Financial Statements
For the Years Ended June 30, 2013 and 2012

NOTE 5 – OPERATING EXPENSES BY FUNCTION (Continued)

Operating Expenses by Function for the Year Ended June 30, 2012

	Compensation and Benefits	Supplies and Services	Depreciation	Total
Extension and public service	\$ 60,512	\$ 735,455	\$ -	\$ 795,967
General institutional services	619,940	9,215	-	629,155
Auxiliary enterprises	260,793	112,542	-	373,335
Depreciation	-	-	48,672	48,672
Total	\$ 941,245	\$ 857,212	\$ 48,672	\$ 1,847,129

NOTE 6 – COMPENSATED ABSENCES

University faculty, administrative and professional (exempt) employees earn vacation and sick leave on a monthly basis. Clerical and service employees earn vacation and sick leave on a bi-weekly basis.

Exempt employees may accrue vacation benefits up to a maximum of 44 days. Clerical and service staff may earn vacation up to 320 hours. For all classes of employees, vacation is payable upon termination.

Exempt staff sick leave is awarded to a maximum of three months at full pay and three months at three-quarters pay each year (and not carried forward to the next year) and any unused sick leave is not payable upon termination. Clerical and service staff may accumulate sick leave hours with no limit. Upon termination and if the employee qualifies as an official retiree, 25% of all accrued, unused sick leave up to and including 520 hours and 100% of all accrued, unused sick leave that exceeds 520 hours are paid.

The compensated absences liability is calculated based on the pay rates in effect as of the balance sheet date. For clerical and service staff, the liability is calculated using actual vacation hours earned as of the balance sheet date. For exempt staff, the liability is calculated using actual vacation hours earned as of the balance sheet date.

NOTE 7 – UPCOMING PRONOUNCEMENTS

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. The

NOTE 7 – UPCOMING PRONOUNCEMENTS (Continued)

provisions of this statement are effective for financial statements for periods beginning after December 15, 2012. The Station is currently assessing the impact of this standard.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligations as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Station is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015. The Station is currently assessing the impact of this standard.