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

June 30, 2017

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

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WBAA-AM/FM RADIO STATION
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SCHEDULE OF OFFICIALS

As of June 30, 2017

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Julie K. Griffith, Vice President for Public Affairs

Richard D. Miles, General Manager – WBAA-AM/FM Radio Station

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Independent Auditor's Report

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

Report on the Financial Statements

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, 2017 and 2016 and the related notes to the financial statements, which collectively comprise 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WBAA-AM/FM Radio Station as of June 30, 2017 and 2016 and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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, 2017, the changes in its financial position, or 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.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of WBAA-AM/FM Radio Station's share of the net pension liability, and schedule of WBAA-AM/FM Radio Station's contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 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.

Plante & Moran, PLLC

November 20, 2017

Introduction

The following discussion and analysis provides an overview of the financial position of WBAA-AM/FM Radio Station (Station) of Purdue University (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 $116,934 and increased $250,529 for the fiscal years ended June 30, 2017 and 2016, respectively. The decrease from fiscal year 2016 to fiscal year 2017 is due to a decrease in the Purdue University allocation for WBAA. The increase from fiscal year 2015 to fiscal year 2016 is due is due to an increase in funds held in trust and the capital project to replace the nonfunctioning generators at both the AM and FM stations.

Station Financial Statements

Use of the Financial Statements

The primary purpose of financial reporting, whether for a commercial enterprise or for a 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 its 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, 2017 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 Revenues, 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.

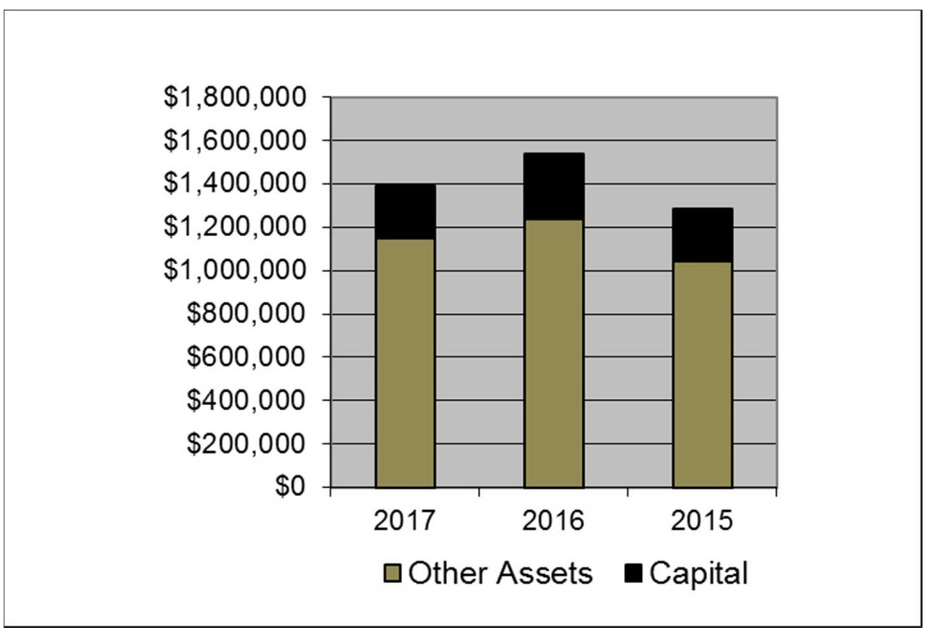
Statement of Net Position

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, 2017. Total assets were $1,391,439 of June 30, 2017, $1,537,262 as of June 30, 2016, and $1,282,217 as of June 30, 2015. The reasons for the decrease in total assets of $145,823 for fiscal year 2017 and the increase of $255,045 for fiscal year 2016 are consistent with the explanations provided earlier regarding net position.

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

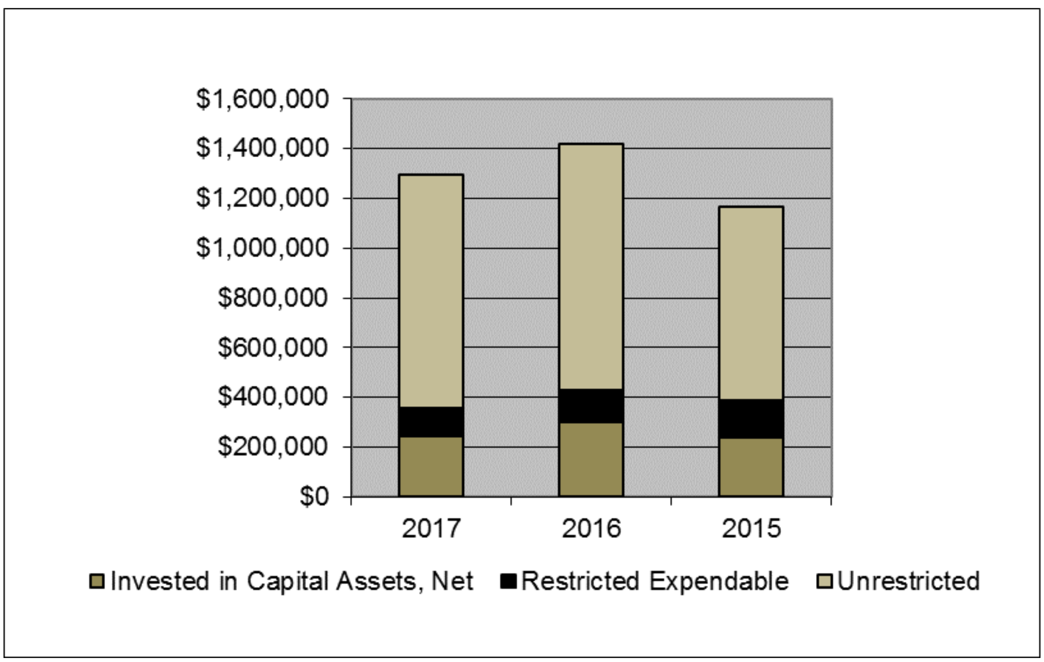
Figure 1



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 for fiscal year 2017 decreased by $27,638 due to a decrease in unearned revenue and accrued compensated absences. The increase of $13,543 in total liabilities for fiscal year 2016 was due to an increase in noncurrent liabilities, including accrued compensated absences and OPEB payable.

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 net 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 positions do not have third-party restrictions, although management has designated these funds for a particular purpose. Figure 2 shows the composition of net position.

Figure 2



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

Table 1

Summary Statement of Net Position

	2016-17	2015-16	2014-15
Current assets	$1,149,645	$1,228,523	$1,022,220
Capital assets	241,554	298,507	241,084
Other noncurrent assets	240	10,232	18,913
Total assets	1,391,439	1,537,262	1,282,217
Deferred outflows of resources	17,284	13,593	3,532
Current liabilities	34,575	40,791	36,191
Noncurrent liabilities	66,608	88,031	79,087
Total liabilities	101,183	128,822	115,278
Deferred inflows of resources	8,422	5,981	4,948
Invested in capital assets - Net	241,554	298,507	241,084
Restricted - Expendable	117,536	129,771	146,183
Unrestricted	940,028	987,774	778,256
Total Net Position	$1,299,118	$1,416,052	$1,165,523

Statement of Revenues, Expenses, and Changes in Net Position

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

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

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

Table 2

Summary of Revenue, Expenses, and Changes in Net Position

	2016-17	2015-16	2014-15
Operating Revenue			
Grants	$ 166,425	$ 154,864	$ 158,456
Other operating revenue	291,229	289,580	246,104
Total operating revenue	457,654	444,444	404,560
Operating Expenses			
Compensation and benefits	747,500	753,230	698,194
Supplies and services	820,477	791,562	659,291
Depreciation	62,284	61,375	51,025
Other operating expense	-	6,458	1,228
Total operating expenses	1,630,261	1,612,625	1,409,738
Operating Loss	(1,172,607)	(1,168,181)	(1,005,178)
Nonoperating Revenue			
University support	586,483	943,838	698,696
Other nonoperating revenue	469,190	474,872	443,452
Total nonoperating revenue	1,055,673	1,418,710	1,142,148
(Decrease) Increase in Net Position	(116,934)	250,529	136,970
Net Position, beginning of year	1,416,052	1,165,523	1,028,553
Net Position, End of Year	$1,299,118	$1,416,052	$1,165,523

Revenues from all sources for the years ended June 30, 2017 and 2016 are shown in Figure 3 and Figure 4, respectively.

Figure 3

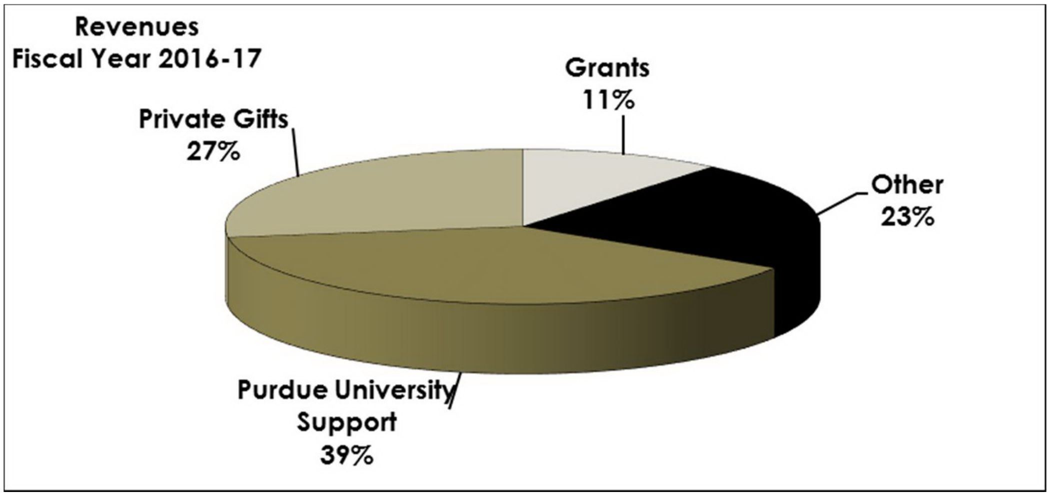
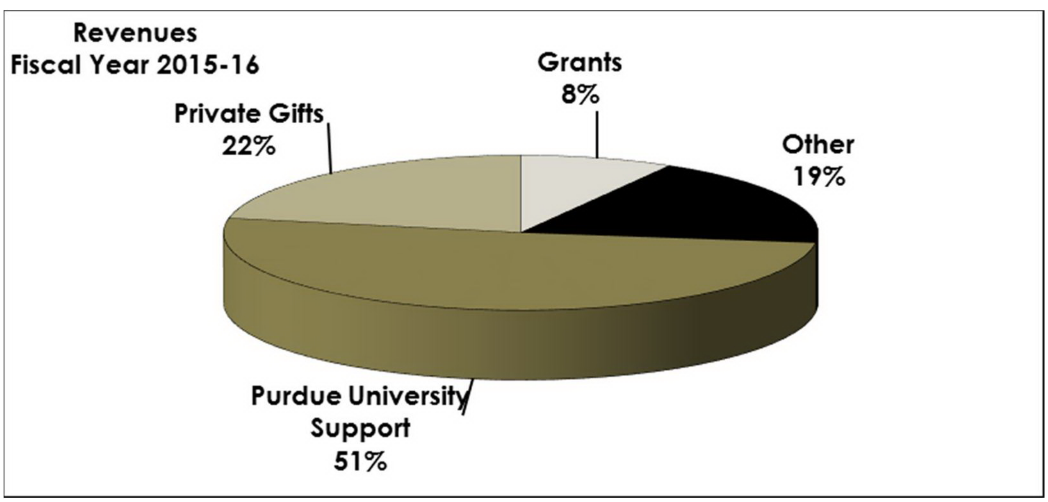


Figure 4



Operating expenses include compensation and benefits, supplies and services, and depreciation. The Station's operating expenses totaled $1,630,261, $1,612,625, and $1,409,738 for the years ended June 30, 2017, 2016, and 2015, respectively. Operating expenses for the fiscal year ended June 30, 2017 increased $17,636 as a result of an increase in spending for supplies and services. From Fiscal Year 2015 to Fiscal Year 2016, the increase in operating expenses was related to updating station equipment, expanding the FM frequency by purchasing a transmitter, and filling staffing vacancies. Figure 5 and Figure 6 depict the composition of total expenses for the fiscal years ended June 30, 2017 and 2016, respectively.

Figure 5

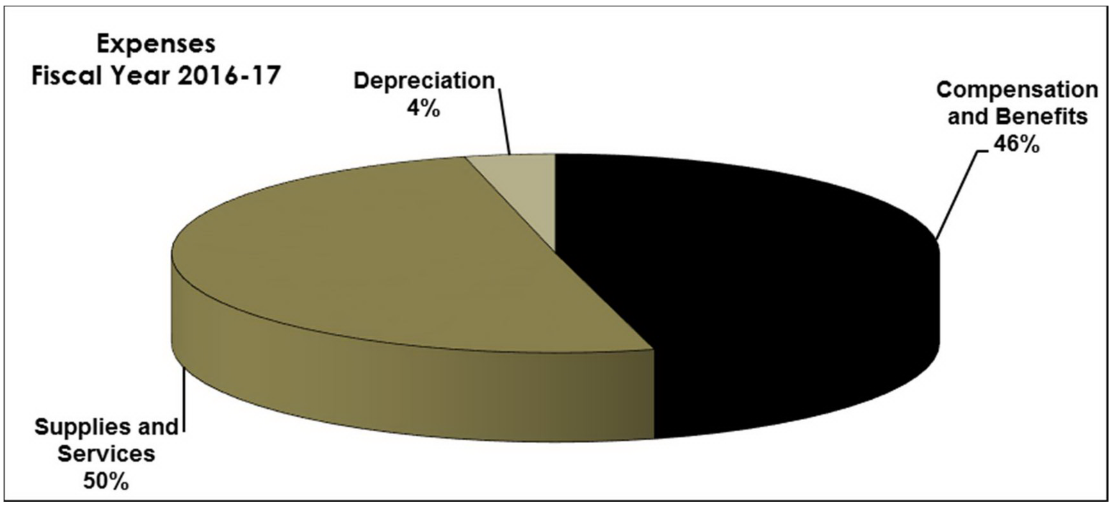
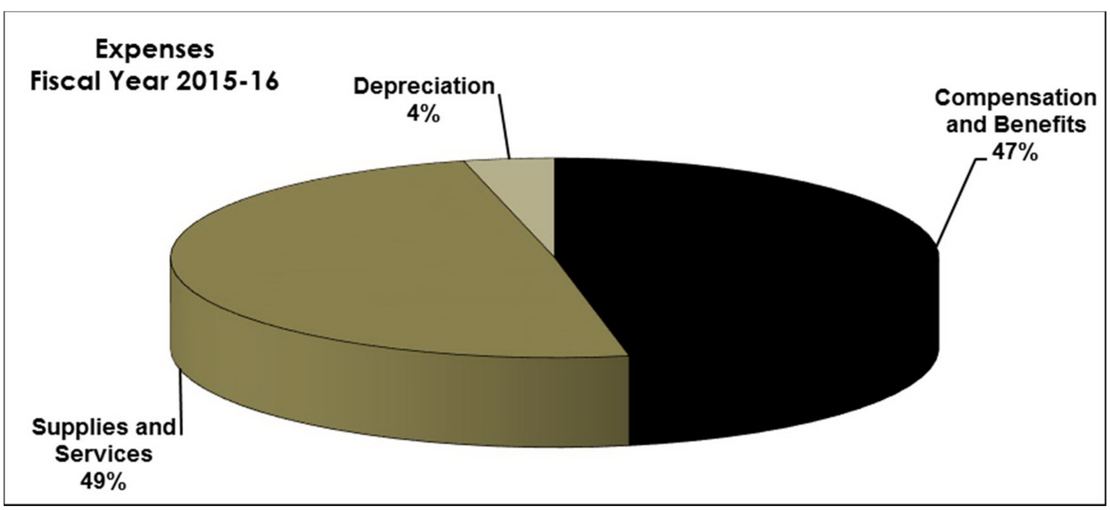


Figure 6



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

	2016-17	2015-16	2014-15
Cash used by operating activities	$ (527,437)	$ (140,755)	$ (188,136)
Cash provided by noncapital financing activities	230,035	277,119	342,357
Cash used by capital activities	(5,331)	(118,798)	(11,713)
Net (decrease) increase in cash	(302,733)	17,566	142,508
Cash, beginning of year	580,476	562,910	420,402
Cash, end of year	$ 277,743	$ 580,476	$ 562,910

Economic Factors That Will Affect the Future of the Station

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

The Station engages in ongoing efforts to raise funds from both listener donations and underwriting.

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 2017	As of June 30 2016
Assets		
Current Assets		
Cash	$ 277,743	$ 580,476
Accounts receivable - Net	35,454	31,016
Pledges receivable - Net	12,643	7,980
Prepaid expenses	11,297	10,397
Funds held in trust by others	812,508	598,654
Total Current Assets	1,149,645	1,228,523
Noncurrent Assets		
Pledges receivable - Net	240	10,232
Capital assets - Net	241,554	298,507
Net Noncurrent Assets	241,794	308,739
Total Assets	1,391,439	1,537,262
Deferred Outflow Related to Defined Benefit Pension	17,284	13,593
Liabilities		
Current Liabilities		
Accounts payable	4,765	4,038
Unearned revenue	6,631	13,502
Accrued salaries and wages	4,756	4,525
Accrued compensated absences	18,423	18,726
Total Current Liabilities	34,575	40,791
Noncurrent Liabilities		
Accrued compensated absences	17,325	33,386
Net pension liability and OPEB payable	49,283	54,645
Total Noncurrent Liabilities	66,608	88,031
Total Liabilities	101,183	128,822
Deferred Inflow Related to Defined Benefit Pension	8,422	5,981
Net Position		
Invested in capital assets - Net	241,554	298,507
Restricted - Expendable	117,536	129,771
Unrestricted	940,028	987,774
Total Net Position	$1,299,118	$ 1,416,052

See Accompanying Notes to the Financial Statements

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

Statement of Revenues, Expenses, and Changes in Net Position

	For the Years Ended June 30	
	2017	2016
Operating Revenue		
Grants	$ 166,425	$ 154,864
Rental income	19,401	19,021
Sales and services	271,828	270,559
Total Operating Revenues	457,654	444,444
Operating Expenses		
Compensation and benefits	747,500	753,230
Supplies and services	820,477	791,562
Depreciation	62,284	61,375
Other operating expense	-	6,458
Total Operating Expenses	1,630,261	1,612,625
Total Operating Loss	(1,172,607)	(1,168,181)
Nonoperating Revenue		
State appropriations	56,583	66,067
Purdue University allocation	386,576	760,717
Indirect support	199,907	183,121
Private gifts	412,607	408,805
Total Nonoperating Revenue	1,055,673	1,418,710
Increase in Net Position	(116,934)	250,529
Net Position, Beginning of Year	1,416,052	1,165,523
Net Position, End of Year	$ 1,299,118	$ 1,416,052

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 2017	2016
Cash Flows by Operating Activities		
Grants	$ 166,425	$ 154,864
Rental income	17,753	17,436
Sales and services	262,166	288,053
Compensation and benefits	(427,274)	(80,287)
Supplies and services	(546,507)	(514,363)
Other operating expenses	-	(6,458)
Cash Used in Operating Activities	(527,437)	(140,755)
Cash Flows by Noncapital Financing Activities		
State appropriations	56,583	66,067
Gifts for other than capital purposes	173,452	211,052
Cash Provided by Noncapital Financing Activities	230,035	277,119
Cash Flows by Capital Activities		
Purchases of capital assets	(5,331)	(118,798)
Cash Used in Capital Activities	(5,331)	(118,798)
Net (Decrease) Increase in Cash	(302,733)	17,566
Cash - Beginning of Year	580,476	562,910
Cash - End of Year	$ 277,743	$ 580,476

Reconciliation of Total Operating Loss to Cash Used by Operating Activities

	2017	2016
Total Operating Loss	$ (1,172,607)	$ (1,168,181)
Depreciation expense	62,284	61,375
University allocation for operating expenses	386,576	760,717
Indirect costs	199,907	183,121
Changes in Assets and Liabilities		
Accounts receivable	(4,438)	2,407
Prepaid expenses	(900)	(2,050)
Funds held in trust by others	30,630	17,342
Accounts payable	727	(2,013)
Unearned revenue	(6,871)	13,502
Accrued salaries and wages	231	711
Net pension liability and OPEB payable	(6,612)	(2,510)
Accrued compensated absences	(16,364)	(5,176)
Cash Used in Operating Activities	$ (527,437)	$ (140,755)

See Accompanying Notes to the Financial Statements

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

Organization. WBAA-AM/FM Radio Station (Station) is a department of Purdue University (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.

Accounts Receivable. Accounts receivable are shown net of an allowance for doubtful accounts. The amount of the allowance was $724 and $633 as of June 30, 2017 and 2016, 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 does not include gifts made in anticipation of estates, telephone solicitations, or promises of endowment funds. Pledges, net of an allowance of $3,221 and $4,553, totaled $12,883 and $18,212 as of June 30, 2017 and 2016, respectively. Of this balance, $12,083 and $17,412 as of June 30, 2017 and 2016, 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.

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.

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets. Capital assets are stated at cost or fair market value at date of gift. Items are capitalized when their value exceeds the threshold shown in the following table and its estimated useful life is greater than one year. Depreciation is computed on a straight-line basis over the estimated useful life, as shown in the following table. Capital assets are removed from the records at the time of disposal.

Property Class	Threshold	Useful Life
Land	$100,000	Not depreciated
Land Improvements	$100,000	5-25 years
Infrastructure	$100,000	5-25 years
Buildings and Related Components	$100,000	10-50 years
Moveable Equipment (including fabricated equipment)	$5,000	More than one year
Intangible Assets (software)	$500,000	7 years

Net Position Liability, and Related Items. The University participates in the Public Employee's Retirement Fund (PERF), an employer cost-sharing plan managed by the Indiana Public Retirement System (INPRS). The Station's net pension liability associated deferred outflows and deferred inflows of resources, and pension expense are reported in conformance with GASB 68, based on its portion of the University's total share, using the information reported by INPRS related to the University's allocated share of these items.

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

- *Invested in Capital Assets - Net* - resources resulting from capital acquisition or construction, net of accumulated depreciation.

- *Restricted Expendable* - funds subject to externally imposed stipulations as to use. These funds 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 Revenues. Revenue is classified as either operating or nonoperating according to standards issued by the GASB. Operating revenues includes grants, rent, and underwriting. Nonoperating revenues 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

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 501c(3), and are not "private foundations" under the Tax Reform Act of 1969.

Use of Estimates. The preparation of the 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.

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 2016-17 and 2015-16, 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 Revenues, Expenses, and Changes in Net Position as increases of $14,505 and $27,796 to both Sales and Services revenue and Supplies and Services expense as of June 30, 2017 and 2016, respectively.

Subsequent Events. Management has performed an analysis of the activities and transactions subsequent to June 30, 2017 to determine the need for any adjustments or disclosures to the consolidated financial statements for the year ended June 30, 2017. Management has determined that no subsequent events have occurred.

NOTE 2 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 is summarized below:

Capital Assets Activity	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Capital Assets, Not Being Depreciated:				
Land	$ -	$ -	$ -	$ -
Construction in Progress	-	-	-	-
Total, Capital Assets, Not Being Depreciated	-	-	-	-
Capital Assets, Being Depreciated:				
Asset Class 154140 - Buildings	530,175	-	-	530,175
Asset Class 154530 - Furniture	6,475	-	-	6,475
Asset Class 154540 - Office Machines	6,100	-	-	6,100
Asset Class 154550 - Scientific/Lab Equipment	356,938	5,331	-	362,269
Asset Class 154560 - Computer Equipment	154,794	-	56,115	98,679
Asset Class 154600 - AV/Photo Equipment	147,788	-	-	147,788
Asset Class 154620 - Other Equipment	137,915	-	-	137,915
Total, Capital Assets, Being Depreciated	1,340,185	5,331	56,115	1,289,401
Less Accumulated Depreciation:				
Asset Class 154140 - Buildings	303,141	32,849	-	335,990
Asset Class 154530 - Furniture	6,476	-	-	6,476
Asset Class 154540 - Office Machines	6,100	-	-	6,100
Asset Class 154550 - Scientific/Lab Equipment	293,006	23,911	-	316,917
Asset Class 154560 - Computer Equipment	152,010	1,113	56,115	97,008
Asset Class 154600 - AV/Photo Equipment	146,208	3,834	-	150,042
Asset Class 154620 - Other Equipment	134,737	577	-	135,314
Total Accumulated Depreciation	1,041,678	62,284	56,115	1,047,847
Total Capital Assets, Net of Accumulated Depreciation	$ 298,507	$ (56,953)	$ -	$ 241,554

NOTE 2 – CAPITAL ASSETS (continued)

Capital asset activity for the year ended June 30, 2016 is summarized below:

Capital Assets Activity	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets, Not Being Depreciated:				
Land	$ -	-	-	$ -
Construction in Progress	11,713	-	11,713	-
Total, Capital Assets, Not Being Depreciated	11,713	-	11,713	-
Capital Assets, Being Depreciated:				
Buildings	410,483	119,692	-	530,175
Furniture	6,475	-	-	6,475
Office Machines	6,100	-	-	6,100
Scientific/Lab Equipment	346,118	10,820	-	356,938
Computer Equipment	154,794	-	-	154,794
AV/Photo Equipment	147,788	-	-	147,788
Other Equipment	137,915	-	-	137,915
Total, Capital Assets, Being Depreciated	1,209,673	130,512	-	1,340,185
Less Accumulated Depreciation:				
Buildings	271,290	31,851	-	303,141
Furniture	6,476	-	-	6,476
Office Machines	6,100		-	6,100
Scientific/Lab Equipment	270,216	22,790	-	293,006
Computer Equipment	150,896	1,114	-	152,010
AV/Photo Equipment	141,164	5,044	-	146,208
Other Equipment	134,161	576	-	134,737
Total Accumulated Depreciation	980,303	61,375	-	1,041,678
Total Capital Assets, Net of Accumulated Depreciation	$ 241,083	$ 69,137	$ 11,713	$ 298,507

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 their discretion or according to the donor’s wishes.

NOTE 4 – RETIREMENT PLANS

Faculty and Administrative/Professional Staff. Faculty, professional, and certain administrative employees of the University participate in the exempt employees' defined

NOTE 4 – RETIREMENT PLANS (continued)

contribution plans. Faculty and management personnel participate immediately upon employment; 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. 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. This plan requires a mandatory employee contribution of 4% of their salary. Funds in all exempt employees defined contribution plans are immediately vested, so no forfeitures exist in these plans. For the years ended June 30, 2017 and 2016, there were 7 and 10 employees, respectively, participating in the plans with annual pay equal to $497,053 and $474,268, respectively. For the years ended June 30, 2017 and 2016, the University made contributions totaling $25,442 and $31,667, respectively, to these plans.

Clerical, Service, and Operations/Technical Assistants. Clerical, service, and operations/technical assistants hired on or after September 9, 2013 and employed at least half-time participate in the nonexempt employees' defined contribution plan. Eligible employees in this category participate immediately upon date of employment. The University provides a base contribution of 4% of the participating employee's salary each pay period to the Purdue University 403(b) defined contribution retirement plan. This plan has a three-year vesting period for this employee group, and there is not a material forfeiture balance at this time. Employee contributions are not required but may be made on a voluntary basis to the Purdue University 403(b) voluntary tax-deferred annuity plan. The University will match voluntary employee pretax contributions up to 4% of earnings each pay period. Employees may also contribute voluntarily to the Purdue University 457(b) Deferred Compensation Plan, but these contributions are not matched. For the years ended June 30, 2017 and 2016, there was just one employee participating in the plan with annual pay equal to $32,792 and $31,754, respectively. For the year ended June 30, 2017 and 2016, the University made base contributions totaling $1,317 and $1,329, respectively, and matching contributions totaling $329 and $326, respectively, to the plan.

Defined Benefit Plans

Certain employees of the University participate in defined benefit plans administered by other agencies.

NOTE 4 – RETIREMENT PLANS (continued)

Public Employees Retirement Fund. Regular clerical and service staff employed at least half-time and hired on or prior to September 8, 2013 participate in the Public Employee's Retirement Fund (PERF), a retirement program administered by Indiana Public Retirement System (INPRS), an agency of the State of Indiana.

As of June 30, 2017, the station had only one employee participating in PERF. The Net Pension Liability, Deferred Outflow, and Deferred Inflow related to Defined Benefit Pension are all presented in the Station's financial statements for this one employee as required by GASB Statement No. 68.

PERF, as part of the implementation of GASB 67, changed from an agent to a cost-sharing, multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2, and amended IC 5-10.1-1-11(b).

PERF was established to provide retirement benefits to plan members and beneficiaries. Benefit provisions are established and/or amended by the State of Indiana. The PERF retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's annuity savings account. Employees were eligible to participate in this plan immediately upon employment and are fully vested in the defined benefit plan after 10 years of employment. The monthly pension benefits for members in pay status may be increased periodically for cost-of-living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

The required contributions are determined by INPRS Board of Trustees based on actuarial investigation and valuation in accordance with IC 5-10.2-2-11. For the years ended June 30, 2017 and 2016, the University was required to contribute 11.2% of the employee's salary. The employee contribution of 3% of the employee's salary is being made by the University on behalf of the employee.

The financial statements of INPRS, including PERF, have been prepared using the accrual basis of accounting in conformity with generally accepted accounting principles as applied to government units. Oversight of INPRS' assets is the responsibility of the INPRS Board of Trustees. Indiana law requires the Board to establish investment guidelines and limits on all types of investments and take other actions necessary to fulfill its duty as a fiduciary for all assets under its control. Both pooled and nonpooled investments are reported at fair value. Benefits are recognized when due and payable to members or other beneficiaries. Benefits are paid once the retirement or survivor applications have

NOTE 4 – RETIREMENT PLANS (continued)

been processed and approved. INPRS issues a publicly available financial report that includes financial statements, notes, and required supplementary information for the plan as a whole and for its participants. That report may be obtained by writing to: Indiana Public Retirement System, One North Capitol Ave., Suite 001, Indianapolis, IN 46204; or by visiting www.in.gov/inprs/annualreports.htm.

WBAA's proportionate share of PERF's Net Pension Liability, based on covered payroll of $37,366, was 1.80776% for the measurement date June 30, 2016, which was the date used for this financial report. The proportionate share, based on covered payroll of $36,518, was 2.50794% for the measurement date June 30, 2015. The proportionate share of the Net Pension Liability as calculated by INPRS under GASB 68 guidance was $26,021 and $24,036 as of June 30, 2017 and 2016, respectively.

The University made contributions to the plan totaling $4,201 and $4,147 for the years ended June 30, 2017 and 2016, respectively. The amount of contribution made after the measurement date, which is shown as a deferred outflow was $3,691 and $10,061 for the years ended June 30, 2017 and 2016, respectively. The proportionate shares of pension plan expense for the years ended June 30, 2017 and 2016 as calculated under GASB 68 guidance were $4,918 and $4,732, less net amortization of deferred amounts of $1,243 and $1,228, leaving a net pension expense of $3,675 and $3,504.

Actuarial calculations reflect a long-term perspective and the significant assumptions used in the actuarial valuation to calculate the total pension liability follow. The valuation date for assets was June 30, 2016, and the valuation date for liabilities was June 30, 2015 with standard actuarial roll forward techniques used to project the total pension liability at June 30, 2016. The amortization method and period are Level Dollar Closed over 30 years. The actuarial cost method is entry age normal (Level Percent of Payroll) cost. The employer required contribution is determined using an asset smoothing method. The actuarial assumptions include a 6.75% investment rate of return (net of administrative expenses), inflation rate of 2.25% per year, projected salary increases of 2.5% - 4.25% per year, and 1% per year cost-of-living adjustments, all based on the period of four years ended June 30, 2014, the most recent study date. Mortality rates were based on the 2014 Total Data Set Mortality Table, with Social Security Administration generational improvement scale from 2006.

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset

NOTE 4 – RETIREMENT PLANS (continued)

class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

FY17 ASSET CLASS TABLE:

	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return
Public Equity	22.0%	5.7%
Private Equity	10.0%	6.2%
Fixed Income - Ex Inflation-Linked	24.0%	2.7%
Fixed Income - Inflation-Linked	7.0%	0.7%
Commodities	8.0%	2.0%
Real Estate	7.0%	2.7%
Absolute Return	10.0%	4.0%
Risk Parity	12.0%	5.0%

FY16 ASSET CLASS TABLE:

	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return
Public Equity	22.5%	5.3%
Private Equity	10.0%	5.6%
Fixed Income - Ex Inflation-Linked	22.0%	2.1%
Fixed Income - Inflation-Linked	10.0%	0.7%
Commodities	8.0%	2.0%
Real Estate	7.5%	3.0%
Absolute Return	10.0%	3.9%
Risk Parity	10.0%	5.0%

Total pension liability was calculated using the discount rate of 6.75%. The projection of cash flows used to determine the discount rate assumed the contributions would at the minimum be made at the actuarially determined required rates computed in accordance with the current funding policy, adopted by the Board. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (6.75%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

NOTE 4 – RETIREMENT PLANS (continued)

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 6.75%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%), or one percentage point higher (7.75%) than the current rate:

FY17 Sensitivity Analysis

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
$ 37,372	$ 26,021	$ 16,586

FY16 Sensitivity Analysis

1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
$ 43,022	$ 29,955	$ 20,307

NOTE 4 – RETIREMENT PLANS (continued)

Summary of Deferred Outflows and Inflows of Resources

	As of June 30, 2017	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ 583	$ 48
Net difference between projected and actual investment earnings on pension plan investments	5,723	1,464
Change of assumptions	1,148	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,206	6,910
Contribution made after the measurement date	4,624	-
Total Deferred Outflows and Inflows	$ 17,284	$ 8,422

	As of June 30, 2016	
	Deferred Outflows	**Deferred Inflows**
Differences between expected and actual experience	$ 1,286	$ 62
Net difference between projected and actual investment earnings on pension plan investments	5,051	2,817
Change of assumptions	2,532	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	128	3,102
Contribution made after the measurement date	4,596	-
Total Deferred Outflows and Inflows	$ 13,593	$ 5,981

These deferred outflows and inflows of resources are required to be amortized over either a four and a half or five year life, depending upon the nature of the item. Amortization of these items is presented in the following table:

Amortization of Net Deferred Outflows/Inflows of Resources	
2017	$ 919
2018	937
2019	1,689
2020	693
2021	-
Thereafter	-
Total	$ 4,238

NOTE 5 – OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the fiscal years ended June 30, 2017 and 2016 are summarized below:

Operating Expenses by Function for the Year Ended June 30, 2017

	Compensation and Benefits	Supplies and Services	Depreciation	Other Operating Expenses	Total
Extension and public service	$ 536,521	$ 716,964	$ -	$ -	$ 1,253,485
General institutional services	19,109	-	-	-	19,109
Auxiliary enterprises	191,870	103,513	-	-	295,383
Depreciation	-	-	62,284	-	62,284
Miscellaneous Expense	-	-	-	-	-
Total	$ 747,500	$ 820,477	$ 62,284	$ -	$ 1,630,261

Operating Expenses by Function for the Year Ended June 30, 2016

	Compensation and Benefits	Supplies and Services	Depreciation	Other Operating Expenses	Total
Extension and public service	$ 109,595	$ 706,852	$ -	$ -	$ 816,447
General institutional services	455,653	21,794	-	-	477,447
Auxiliary enterprises	187,982	62,916	-	-	250,898
Depreciation			61,375	-	61,375
Miscellaneous Expense	-	-	-	6,458	6,458
Total	$ 753,230	$ 791,562	$ 61,375	$ 6,458	$ 1,612,625

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 biweekly 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-quarter 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.

NOTE 6 – COMPENSATED ABSENCES (continued)

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

Required Supplementary Information

SCHEDULE OF WBAA-AM/FM SHARE OF THE NET PENSION LIABILITY
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)

June 30,

	2016*	2015*	2014*	2013*
Proportion of the Net Pension Liability	1.8%	2.5%	0.0%	0.0%
Proportionate Share of the Net Pension Liability	$ 26,021	$ 29,955	$ 18,735	$ 22,168
Covered-employee payroll	$ 27,478	$ 35,228	$ 34,807	$ 31,074
Proportionate share of the Net Pension Liability as a percentage of covered-employee payroll	94.7%	84.8%	53.8%	71.3%
Plan fiduciary net position as a percentage of the total pension liability	75.3%	77.3%	84.3%	78.8%

SCHEDULE OF WBAA-AM/FM CONTRIBUTIONS
INDIANA PUBLIC EMPLOYEE RETIREMENT FUND (PERF)

June 30,

	2016*	2015*	2014*	2013*
Contractually required contribution	$ 3,078	$ 3,939	$ 3,900	$ 2,987
Contributions in relation to the contractually required contribution	$ 3,078	$ 3,939	$ 3,900	$ 2,987
Contribution deficiency	-	-	-	-
Covered-employee payroll	$ 27,478	$ 35,228	$ 34,807	$ 31,074
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%	9.6%

**Based on INPRS previous fiscal year audit and report on allocation of pension amounts. Ie: FY2016 Purdue reported amounts based on INPRS FY2015 report.*