

**WUSF-FM  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY  
THE UNIVERSITY OF SOUTH FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015 AND 2014**

**WUSF-FM**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
**THE UNIVERSITY OF SOUTH FLORIDA**  
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**JUNE 30, 2015 AND 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,  
University of South Florida:

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

We have audited the accompanying financial statements of WUSF-FM (the "Station"), a public telecommunications entity operated by the University of South Florida, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management of the Station 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 opinion.

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2015 and 2014, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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 who 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.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's basic financial statements. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of functional expenses (Exhibit I) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Gainesville, Florida  
December 22, 2015

James Moore & Co., P.L.

**WUSF-FM**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
**THE UNIVERSITY OF SOUTH FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015 AND 2014**

This report is provided for your convenience and understanding of WUSF-FM's (the Station) financial condition and operating activities for the years ended June 30, 2015, June 30, 2014 and June 30, 2013. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station's accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follow published Governmental Accounting Standards. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Colleges and Universities*. The overview presented below highlights the significant financial activities which occurred during the past year and describes changes in financial activity from the prior year. Please read this overview in conjunction with our comparative summaries of net position and revenues, expenses and changes in net position on pages 4 – 5 and our financial statements which begin on page 7.

**FINANCIAL HIGHLIGHTS**

The financial position of the Station at June 30, 2015 (FY 2015) remains strong. Net position totaled \$1,893,822 for the year ended June 30, 2015 compared to \$932,238 for the year ended June 30, 2014 (FY 2014) and \$997,141 for the year ended June 30, 2013 (FY 2013). The Station's net position increased by \$961,584 or 103.1% in FY 2015 compared to a decrease of \$64,903 or 6.5% in FY 2014. Causes for the increases and decreases are detailed below in the revenue and expense discussions.

During the year, the Station's operating revenues increased by \$363,045 or 4.9% compared to an increase of \$823,441 of 12.5% for FY 2014. Operating revenues totaled \$7,766,539 in FY 2015 compared to \$7,403,494 in FY 2014 and \$6,580,053 in FY 2013. When comparing FY 2015 to FY 2014, the increase in operating revenue is mainly due to the increase in appropriations from the University of \$244,841 due to the reallocation of the appropriations between Radio and Television; an increase in Underwriting of \$129,376; an overall increase in membership income of \$144,903; an increase in In-kind contributions of \$75,504; an increase in the Corporation for Public Broadcasting Community Service Grant of \$19,836, and an increase in other income of \$86,372. These increases were offset by a decrease in donated support services from the University of \$144,506, and a decrease in funding from the Florida Department of Revenue of \$213,016, which is the result of the one-time additional funding received in FY 2014 for the statewide emergency broadcasting service.

Station expenses decreased \$656,346 in FY 2015. Operating expenses totaled \$6,784,534 in FY 2015 compared to \$7,440,880 in FY 2014 and \$6,821,306 in FY 2013. The major items contributing to the decrease between FY 2015 and FY 2014 was a decrease in professional services of \$110,090; a decrease in transmitter maintenance & supplies of \$83,415, and the reversal of the liability for compensated absences in FY 2015 of \$331,445 as it was determined that the contributions to the University grant leave pool during the year are expensed as contributions are made and the liability to pay any future benefit has been assumed by the University.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015 AND 2014**  
(Continued)

**USING THESE FINANCIAL STATEMENTS**

These financial statements consist of statements of net position and statements of revenues, expenses, and changes in net position and statements of cash flows. The statements of net position and the statements of revenues, expenses, and changes in net position help to answer the question of whether the Station is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**THE REPORTING ENTITY**

The Station is a department of the University of South Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity within the University, as well as the University of South Florida Foundation, Inc., which are under the control of the Station Management.

**TABLE 1**  
**CONDENSED STATEMENTS OF NET POSITION**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>June 30, 2013</b>
Current assets	\$ 2,662,419	\$ 983,780	\$ 676,068
Noncurrent assets	2,711,097	2,834,600	2,879,574
Total assets	<u>5,373,516</u>	<u>3,818,380</u>	<u>3,555,642</u>
Current liabilities	2,876,790	1,763,129	1,251,126
Noncurrent liabilities	602,904	1,123,013	1,307,375
Total liabilities	<u>3,479,694</u>	<u>2,886,142</u>	<u>2,558,501</u>
Net position			
Net investment in capital assets	1,980,614	1,981,445	1,908,534
Restricted			
Nonexpendable	247,398	246,938	246,938
Expendable	142,075	302,497	18,004
Unrestricted	(476,265)	(1,598,642)	(1,176,335)
Total net position	<u>\$ 1,893,822</u>	<u>\$ 932,238</u>	<u>\$ 997,141</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015 AND 2014**  
(Continued)

**TABLE 2**  
**CONDENSED STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Revenues			
Operating	\$ 7,765,191	\$ 7,403,494	\$ 6,580,053
Non-operating	(20,421)	(27,517)	(32,456)
Total revenues	<u>7,744,770</u>	<u>7,375,977</u>	<u>6,547,597</u>
Expenses			
Program services			
Programming and production	3,327,193	3,383,097	3,215,828
Broadcasting	470,520	671,504	456,744
Program information	603,654	573,659	492,453
Total program services	<u>4,401,367</u>	<u>4,628,260</u>	<u>4,165,025</u>
Supporting services			
Management and general	800,122	852,628	921,472
Fundraising and membership development	998,258	1,311,648	1,104,194
Underwriting and grants	583,439	648,344	630,615
Total supporting services	<u>2,381,819</u>	<u>2,812,620</u>	<u>2,656,281</u>
Total expenses	<u>6,783,186</u>	<u>7,440,880</u>	<u>6,821,306</u>
Increase (decrease) in net position	<u>\$ 961,584</u>	<u>\$ (64,903)</u>	<u>\$ (273,709)</u>

**TABLE 3**  
**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Net cash provided by operating activities	\$ 176,890	\$ 239,770	\$ 693,073
Net cash provided by (used in) non-capital financing activities	1,630,191	311,666	(484,073)
Net cash used in capital and related financing activities	(192,720)	(292,560)	(168,423)
Net cash used in investing activities	(97,309)	(5,064)	(53,186)
Net increase (decrease) in cash and cash equivalents	<u>1,517,052</u>	<u>253,812</u>	<u>(12,609)</u>
Cash and cash equivalents, beginning of year	309,217	55,405	68,014
Cash and cash equivalents, end of year	<u>\$ 1,826,269</u>	<u>\$ 309,217</u>	<u>\$ 55,405</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015 AND 2014**  
(Continued)

Current assets consist primarily of cash and cash equivalents, accounts receivable, and prepaid programming expenses. Noncurrent assets consist primarily of property and equipment. Property and equipment was \$2,711,097 for FY 2015 and \$2,834,600 for FY 2014. Property and equipment are presented net of accumulated depreciation. Property and equipment additions totaled \$37,448 in FY 2015 and \$108,713 in FY 2014.

Current liabilities consist of accounts payable, accrued expenses, amounts due to the University of South Florida, the current portion of loan from the University of South Florida Foundation, and deferred revenue. Noncurrent liabilities consist of the long-term portion of loan from the University of South Florida Foundation.

Operating revenues consist primarily of Corporation for Public Broadcasting Grants (6%), Grants donated by the Department of Education, State of Florida (1%), Appropriations from the University of South Florida (USF) (8%), Business and Industry Support (23%), Membership Support (38%), Facilities and Support provided by USF (13%), and In-kind contributions and Other (11%). Operating expenses consist primarily of Programming & Production (49%), Broadcasting (7%), Program Information & Promotion (9%), Management & General (12%), Fundraising & Membership (15%) and Underwriting and Grant Solicitation (9%).

## **BUDGETS**

While certain Station accounts are under University budgeting control, the University of South Florida Foundation accounts and certain other expenditures, such as in-kind and indirect support amounts, are not budgeted. Accordingly, budget information amounts are not presented within these financial statements.

## **CONTACTING MANAGEMENT**

This financial narrative is designed to provide a general overview of the Station's finances and to show accountability for the contributions received by the Station. If you have questions about this report or a need for additional financial information, contact the Station at:

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**WUSF-FM**  
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**STATEMENTS OF NET POSITION**  
**JUNE 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 61,802	\$ 61,928
Restricted cash	1,764,467	247,289
Funds held by the University of South Florida Foundation, Inc. on behalf of the Station		
Unrestricted	125,978	103,818
Restricted	389,473	302,146
Accounts and underwriting receivables	295,409	235,126
Other prepaid assets	25,290	33,473
Total current assets	2,662,419	983,780
Capital asset, not being depreciated	1,188,276	1,173,736
Capital assets, being depreciated, net	1,522,821	1,660,864
Total capital assets	2,711,097	2,834,600
<b>Total assets</b>	<b>5,373,516</b>	<b>3,818,380</b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	180,866	410,720
Current portion of National Public Radio dues	375,283	473,999
Current portion of compensated absences	-	198,867
Current portion of amounts due to the University of South Florida Foundation, Inc.	127,579	122,672
Due to the University of South Florida	2,016,532	470,332
Due to affiliated station	156,216	72,225
Unearned revenue	20,314	14,314
Total current liabilities	2,876,790	1,763,129
<b>Noncurrent liabilities</b>		
Noncurrent portion of National Public Radio dues	-	259,952
Noncurrent portion of compensated absences	-	132,578
Long-term portion of loan from the University of South Florida Foundation, Inc.	602,904	730,483
Total noncurrent liabilities	602,904	1,123,013
<b>Total liabilities</b>	<b>3,479,694</b>	<b>2,886,142</b>
<b><u>NET POSITION</u></b>		
<b>Net position</b>		
Net investment in capital assets	1,980,614	1,981,445
Restricted		
Nonexpendable	247,398	246,938
Expendable	142,075	302,497
Unrestricted	(476,265)	(1,598,642)
<b>Total net position</b>	<b>\$ 1,893,822</b>	<b>\$ 932,238</b>

The accompanying notes to financial statements  
are an integral part of these statements.

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**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>Operating revenues</b>		
Community service grants donated by the Corporation for Public Broadcasting	\$ 435,301	\$ 415,465
Other grants	51,190	31,455
Grants donated by the Department of Education, State of Florida	100,000	313,016
Appropriations from the University of South Florida	658,280	413,439
Business and industry support	1,772,241	1,642,865
Membership income	2,929,017	2,784,114
Donated facilities and administrative support from the University of South Florida	1,028,548	1,173,054
In-kind contributions	618,012	542,508
Other income	172,602	87,578
Total operating revenues	7,765,191	7,403,494
<b>Operating expenses</b>		
Programming and production	3,327,193	3,383,097
Broadcasting	470,520	671,504
Program information and promotion	603,654	573,659
Management and general	800,122	852,628
Fundraising and membership development	998,258	1,311,648
Underwriting and grant solicitation	583,439	648,344
Total operating expenses	6,783,186	7,440,880
<b>Operating income (loss)</b>	982,005	(37,386)
<b>Non-operating revenues (expenses)</b>		
Interest expense	(32,599)	(37,099)
Interest and dividends	12,178	9,582
Total non-operating revenues (expenses)	(20,421)	(27,517)
<b>Increase (decrease) in net position</b>	961,584	(64,903)
<b>Net position, beginning of year</b>	932,238	997,141
<b>Net position, end of year</b>	\$ 1,893,822	\$ 932,238

The accompanying notes to financial statements  
are an integral part of these statements.

**WUSF-FM**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
**THE UNIVERSITY OF SOUTH FLORIDA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Cash received from grants, donors and fundraising activities	\$ 5,406,068	\$ 5,252,899
Cash paid for salaries, benefits and payroll taxes	(2,974,409)	(3,189,755)
Cash paid to suppliers and others	(2,254,769)	(1,823,374)
Net cash provided by operating activities	<u>176,890</u>	<u>239,770</u>
<b>Cash flows from non-capital financing activities</b>		
Increase in due to affiliated station	83,991	400
Increase in due to University of South Florida	1,546,200	311,266
Net cash provided by non-capital financing activities	<u>1,630,191</u>	<u>311,666</u>
<b>Cash flows from capital and related financing activities</b>		
Purchases of capital assets	(37,449)	(108,713)
Payment on long-term debt with the University of South Florida Foundation, Inc.	(122,672)	(146,748)
Interest paid	(32,599)	(37,099)
Net cash used in capital and related financing activities	<u>(192,720)</u>	<u>(292,560)</u>
<b>Cash flows from investing activities</b>		
Increase in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	(515,452)	(4,422,854)
Decrease in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	405,965	4,408,208
Interest and dividends	12,178	9,582
Net cash used in investing activities	<u>(97,309)</u>	<u>(5,064)</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,517,052</u>	<u>253,812</u>
<b>Cash and cash equivalents, beginning of year</b>	309,217	55,405
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,826,269</u>	<u>\$ 309,217</u>
<b>Shown of the statement of net position as:</b>		
Cash and cash equivalents	\$ 61,802	\$ 61,928
Restricted cash	1,764,467	247,289
Total cash and cash equivalents	<u>\$ 1,826,269</u>	<u>\$ 309,217</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
<b>Operating income (loss)</b>	<u>\$ 982,005</u>	<u>\$ (37,386)</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>		
Depreciation	160,952	153,687
Decrease (increase) in certain assets:		
Accounts and underwriting receivables	(60,283)	(37,904)
Grants receivable	-	16,646
Prepaid program costs	8,183	(17,996)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(229,854)	138,326
National public radio dues	(358,668)	15,348
Compensated absences	(331,445)	9,385
Unearned revenue	6,000	(336)
Total adjustments	<u>(805,115)</u>	<u>277,156</u>
<b>Net cash provided by operating activities</b>	<u>\$ 176,890</u>	<u>\$ 239,770</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**WUSF-FM**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of WUSF-FM (the “Station”), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Station is a department of the University of South Florida (the “University”) located in Tampa, Florida and conducts various public broadcasting functions. The President of the University of South Florida is responsible for the management of the University, and the Station operates as a department of the University under the control of the Station manager. The financial statements include only those funds, under the administrative control of the Division of Broadcast Services, that relate directly to the operations of the Station, including funds held by the University of South Florida Foundation, Inc. (the Foundation). These statements do not purport to present the financial position or results of operations of the University as a whole.

(b) **Basis of accounting**—For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. The Station’s accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

(c) **Net position**—In the Statements of net position, net position includes the following:

**Net investment in capital assets**—consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.

**Restricted**—consists of assets that have constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

*Nonexpendable restricted net position*—consists of endowment and similar type funds in which donors or other outside sources have stipulated that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Expendable restricted net position*—includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

**Unrestricted**—consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Station’s policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash and investments with original maturities of three months or less. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool in accordance with Florida statutes.

(e) **Restricted cash**—Restricted cash represents cash held with the University that is restricted as to withdrawal or use under the terms of external donor restrictions or certain contractual agreements. As of June 30, 2015, \$1,750,000 of the restricted cash is for funds received as part of a loan for construction of a new tower from the University of South Florida, as described in Note 14. The remaining \$14,467 of restricted cash represents unearned grant funds, which are included in unearned revenue. As of June 30, 2014, the restricted cash is included in expendable net position.

(f) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest. Based on the Station's historical information, credit losses, when realized, have not been significant.

(g) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as an asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as non-current assets. At June 30, 2015 and 2014, there were no long-term costs incurred for programs not yet broadcast. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

(h) **Capital assets**—Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 – 40 years. Depreciation expense for the years ended June 30, 2015 and 2014 was \$160,952 and \$153,687, respectively.

(i) **Revenue recognition**—State appropriations are recorded as revenue in the statements of revenues, expenses and changes in net position when an expenditure is recorded.

Membership contributions are recognized as revenues in the period they are received.

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(1) **Summary of Significant Accounting Policies:** (Continued)

Program production grants are reported as unearned revenues for programs not yet broadcast until the specific program is broadcast. At such time, amounts are included as revenues and the expenditures are recorded.

Revenue related to program underwriting for subsequent fiscal years is reflected as unearned revenues in the accompanying statements of net position. Revenue is recognized when the related program is aired.

Contributed support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services, donated materials, facilities, and indirect administrative support. These amounts are recorded in revenue during the period in which the support is provided.

(j) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, materials, professional services and other nonmonetary contributions as operating revenue in the accompanying statements of revenues, expenses, and changes in net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

(k) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station 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. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(l) **Corporation for Public Broadcasting Community Service Grants**—The CPB 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.

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(1) **Summary of Significant Accounting Policies:** (Continued)

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in restricted-expendable net position.

(m) **Indirect support provided by the University of South Florida**—Indirect support from the University consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the statements of revenues, expenses, and changes in net position as donated facilities and administrative support from the University and is allocated as an expense to each of the functional expense categories.

(n) **Production revenue**—The Station uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

(o) **Operating activities**—The Station's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting and instructional technology services and from the production of program material for distribution in those services. Revenues associated with, or restricted by donors to use for, capital improvements, and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues.

(p) **Program and production underwriting**—Revenue for program underwriting is recorded on a pro-rata basis for the period covered and for production underwriting on an estimated percentage-of-completion basis.

(q) **Income taxes**—The Station is owned and operated by the University, which is a part of the State of Florida's educational system. Accordingly, the Station is exempt from Federal income taxes. Any taxable income is aggregated at the University level and taxes paid, if any, are paid by the University.

(r) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

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(1) **Summary of Significant Accounting Policies:** (Continued)

(s) **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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

(t) **Compensated absences**—The liability for compensated absences represents employees' accrued annual and sick leave based on length of service subject to certain limitations as defined by state statutes and University policies. The current and long-term liability portions of compensated absences as of June 30, 2014 were \$198,867 and \$132,578, respectively. There was no liability for compensated absences recorded as of June 30, 2015, as it was determined that contributions to the University grant leave pool during the year are expensed as contributions are made. The University is responsible for paying out the accrued annual and sick leave of Station employees.

(u) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2015 and 2014, was \$559,790 and \$475,473, respectively.

(v) **Reclassifications**—Certain amounts in the 2014 financial statements have been reclassified to conform to the 2015 presentation. These reclassifications had no effect on net income for 2014.

(2) **Funds Held and Invested by the University of South Florida Foundation, Inc. on Behalf of the Station:**

The Station has an agreement with the University of South Florida Foundation, Inc., whereby Station funds are held and invested by the University of South Florida Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying financial statements of the Station as "Funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station." Total cash and investments held by the Foundation are \$515,452 and \$405,964 as of June 30, 2015 and 2014, respectively. These totals included \$389,473 and \$302,146 of restricted funds as of June 30, 2015 and 2014, respectively.

All funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the University of South Florida Foundation, Inc. All funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station are reflected at fair value. Fair value for mutual funds is determined based upon publicly available trading values. Fair value for hedge funds is determined based upon values provided to the University of South Florida Foundation, Inc. by the respective hedge fund's manager.

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(3) **Capital Assets:**

Capital asset activity for the years ended June 30, 2015 and 2014, were as follows:

	<b>Balance July 1, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2015</b>
Capital asset, not being depreciated				
Construction in Progress	\$ -	\$ 14,540	\$ -	\$ 14,540
License	1,173,736	-	-	1,173,736
Total capital assets, not being depreciated	1,173,736	14,540	-	1,188,276
Capital assets, being depreciated				
Building and building improvements	2,204,710	-	-	2,204,710
Furniture, fixtures and equipment	2,019,987	22,909	-	2,042,896
Total capital assets, being depreciated	4,224,697	22,909	-	4,247,606
Less: Accumulated depreciation	2,563,833	160,952	-	2,724,785
Total capital assets, being depreciated, net	1,660,864	(138,043)	-	1,522,821
Total capital assets	<u>\$ 2,834,600</u>	<u>\$ (123,503)</u>	<u>\$ -</u>	<u>\$ 2,711,097</u>

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
Capital asset, not being depreciated				
License	\$ 1,173,736	\$ -	\$ -	\$ 1,173,736
Capital assets, being depreciated				
Building and building improvements	2,204,710	-	-	2,204,710
Furniture, fixtures and equipment	1,917,345	108,713	6,071	2,019,987
Total capital assets, being depreciated	4,122,055	108,713	6,071	4,224,697
Less: Accumulated depreciation	2,416,217	153,687	6,071	2,563,833
Total capital assets, being depreciated, net	1,705,838	(44,974)	-	1,660,864
Total capital assets	<u>\$ 2,879,574</u>	<u>\$ (44,974)</u>	<u>\$ -</u>	<u>\$ 2,834,600</u>

(4) **State Retirement Plans:**

As the Station is a department of the University, any net pension liability is reported by the University.

(a) **Florida retirement system**—Substantially all regular employees of the University, including employees of the Station, are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of

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(4) **State Retirement Plans:** (Continued)

two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Florida Retirement System Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the years ended June 30, 2015, 2014 and 2013 were as follows:

	<b>Years ended June 30,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Regular	7.37%	6.95%	5.18%
Deferred Option Program	12.28%	12.84%	5.44%

The Station's retirement liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. For the years ended June 30, 2015, 2014 and 2013, total contributions were approximately \$48,000, \$31,000 and \$26,000, respectively. Effective July 1, 2011, employees were required to contribute 3% of their salary to their FRS account.

(b) **Florida Retirement System Investment Plan (Investment Plan)**—As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees, including employees of the Station, already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The investment Plan is funded by employer and employee contributions that are based on salary and

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(4) **State Retirement Plans:** (Continued)

membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

There were 15 participants during the fiscal years ended June 30, 2015 and 2014 and 8 participants during the fiscal year ended June 30, 2013. The contribution amounts were approximately \$49,000, \$33,000 and \$15,000 during the years ended June 30, 2015 and 2014, 2014 and 2013, respectively.

(c) **Optional retirement program**—Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for eight or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The Station contributes on behalf of the participant, 5.15 percent of the participant's salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There were 18 participants during the fiscal years ended June 30, 2015 and 2014 and 19 participants during the fiscal year ended June 30, 2013. Required contributions to the Program during the years ended June 30, 2015, 2014 and 2013 were approximately \$54,000.

During the fiscal years ended June 30, 2015, 2014 and 2013, and as of June 30, 2015, 2014 and 2013, the Program held no securities issued by the University.

(5) **Post-Employment Benefits:**

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the Station are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. As the Station is a department of the University, any other post-employment benefit liability is reported by the University.

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**(6) Risk Management Programs:**

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2013-14 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named windstorm and flood losses through February 15, 2014, and increased to \$54 million starting February 16, 2014. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

**(7) Lien on Property and Equipment:**

The federal government has a ten-year priority lien on any facilities and equipment purchased with funds from the National Telecommunications and Information Administration (NTIA). The lien is to ensure that telecommunications facilities funded with federal monies will continue to be used to provide public telecommunications services to the public during the period of federal interest. The original cost of the property acquired with NTIA funds was approximately \$31,034 and the liens expire in years through 2017.

**(8) Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Station, except as otherwise disclosed, is as follows:

- (a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University which are secured up to FDIC limits. Amounts in excess of FDIC limits are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. There are no uninsured cash balances at year-end.

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(8) **Significant Concentrations:** (Continued)

(b) **Funds held by the University of South Florida Foundation, Inc. on behalf of the Station**—The Station has an agreement with the Foundation, whereby Station funds are held by the Foundation on behalf of the Station as described in Note 2. The Station has no policy requiring collateral or other security to support these amounts.

(c) **Accounts and underwriting receivables**—Accounts and underwriting receivables represent support from local business and industry. The Station has no policy requiring collateral or other security to support these amounts.

(d) **Revenues**—The Station received significant revenue from two sources. The CPB provided approximately 6% during the years ended June 30, 2015 and 2014 and the University provided approximately 22% and 21% in cash and donated facilities during the years ended June 30, 2015 and 2014, respectively.

(9) **Agreement:**

The Station has a rental agreement with the University’s Sarasota-Manatee campus to pay up to \$19,100 annually in cash or value-in-kind services for use of office and studio space until April 2020.

(10) **Community Service Grants (CSG):**

The Station receives a CSG from the Corporation for Public Broadcasting (CPB) annually. The CSGs received and expended during the most recent fiscal years were as follows:

Years of Grant	Grants Received	Expended		Uncommitted Balance at June 30, 2015
		2013-14	2014-15	
2014-16	\$ 435,301	\$ -	\$ 435,301	\$ -
2013-15	\$ 415,465	\$ 275,639	\$ 139,826	\$ -

(11) **Long-term Debt Obligations:**

Changes in long-term debt obligations for the years ended June 30, 2015 and 2014, were as follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
National Public Radio dues	\$ 733,951	\$ 810,624	\$ 1,169,292	\$ 375,283	\$ 375,283
Compensated absences	331,445	-	331,445	-	-
Due to University of South Florida Foundation	853,155	-	122,672	730,483	127,579
Total long-term debt obligations	<u>\$ 1,918,551</u>	<u>\$ 810,624</u>	<u>\$ 1,623,409</u>	<u>\$ 1,105,766</u>	<u>\$ 502,862</u>

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(11) **Long-term Debt Obligations:** (Continued)

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2014</b>	<b>Amounts Due Within One Year</b>
National Public Radio dues	\$ 718,603	\$ 408,555	\$ 393,207	\$ 733,951	\$ 473,999
Compensated absences	322,060	290,608	281,223	331,445	198,867
Due to University of South Florida Foundation	999,903	-	146,748	853,155	122,672
Total long-term debt obligations	<u>\$ 2,040,566</u>	<u>\$ 699,163</u>	<u>\$ 821,178</u>	<u>\$ 1,918,551</u>	<u>\$ 795,538</u>

As of June 30, 2015, there was no liability for compensated absences recorded as it was determined that contributions to the University grant leave pool are expensed as contributions are made and the University is responsible for paying the accrued annual and sick leave of Station employees.

The Station entered into a \$1,275,000 loan agreement with the University of South Florida Foundation on October 22, 2010, for the purpose of purchasing another public radio station. Payments of principal and accrued interest totaling \$38,746 are due quarterly beginning January 1, 2011. Interest is accrued at a rate of 4%. The remaining balance of principal and interest is due on November 1, 2020. This debt is collateralized by certain equipment and future revenues of the Station.

Maturities on long-term debt over the next five years as of June 30, 2015, are as follows:

<b>Years Ended</b>	<b>Amount</b>
2016	\$ 502,862
2017	132,833
2018	138,227
2019	143,839
2020	149,667
2021	38,338
Total	<u>\$ 1,105,766</u>

(12) **Restricted Net Position:**

As of June 30, 2015, funds received with external donor restrictions are reported as expendable net position. As of June 30, 2014, funds received with external donor restrictions and funds received from the CPB and Florida Department of Education (DOE) are reported as expendable net position. These funds are available for expenditure for the specific purpose established by the donor, CPB and DOE. In addition, endowments received by the Station of \$247,398 are recorded as nonexpendable net position in accordance with the conditions set by the donors. The investment earnings on the endowment assets are available to be used for the general purposes of the Station are recorded as expendable net position in addition to expendable grant funds.

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(13) **Related Party Transactions:**

At June 30, 2015 and 2014, the Station owed net amounts of \$156,216 and \$72,225, respectively, to an affiliated station as reported in the statements of net position. At June 30, 2015, the net amounts are comprised of \$212,242 due to an affiliated Station and \$56,026 due from an affiliated Station and at June 30, 2014, the net amounts are comprised of \$82,449 due to an affiliated Station and \$10,224 due from an affiliated Station.

See Note 9, Long-term Debt Obligations, for an additional amount the Station owes to the University of South Florida Foundation. See Note 14, Due to the University of South Florida, for an additional amount the station owes to the University.

(14) **Due to the University of South Florida:**

The Station was advanced funds from the University totaling \$2,016,532 and \$470,332 during the fiscal year ended June 30, 2015 and 2014, respectively. For the fiscal year ended June 30, 2015, \$1,750,000 of these funds represents a loan for construction of a new tower. The remaining \$266,532 was advanced primarily to pay for payroll and other miscellaneous operating expenses. For the fiscal year ended June 30, 2014, the entire amount was advanced primarily to pay for payroll and other miscellaneous operating expenses.

(15) **Nonfederal Financial Support (NFFS):**

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

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

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any

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(15) **Nonfederal Financial Support (NFFS):** (Continued)

agency or political subdivision of a state or an educational institution; (2) the form of the payment must be appropriations or contract payments in exchange for specific public broadcasting services or materials; (3) the purpose must be for the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$7,176,426 and \$6,919,220 for the years ended June 30, 2015 and 2014, respectively.

(16) **Subsequent Event:**

Subsequent events have been evaluated through December 22, 2015, which is the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**WUSF-FM**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
**THE UNIVERSITY OF SOUTH FLORIDA**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
(With Summarized Comparative Totals for the Year Ended June 30, 2014)

	<b>Program Services</b>				<b>Supporting Services</b>				<b>2015 Total Expenses</b>	<b>2014 Total Expenses</b>
	<b>Programming and Production</b>	<b>Broadcasting</b>	<b>Program Information and Promotion</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising and Membership Development</b>	<b>Underwriting and Grant Solicitation</b>	<b>Total</b>		
Salaries, payroll taxes and employee benefits	\$ 1,410,773	\$ 145,650	\$ -	\$ 1,556,423	\$ 379,753	\$ 430,928	\$ 275,860	\$ 1,086,541	\$ 2,642,964	\$ 3,199,140
Professional services	1,129	70,498	52,751	124,378	45,944	1,981	161,926	209,851	334,229	411,194
Office supplies	9,489	10,698	895	21,082	56,666	8,031	266	64,963	86,045	82,618
Other supplies	1,927	-	-	1,927	-	24,829	-	24,829	26,756	32,667
Telephone	4,650	15,353	179	20,182	22,607	1,305	2,415	26,327	46,509	45,688
Postage	16	484	-	500	1,601	53,172	32	54,805	55,305	59,173
Advertising	-	-	549,399	549,399	-	10,391	-	10,391	559,790	475,473
Rental and maintenance of equipment	-	34,796	-	34,796	-	3,201	-	3,201	37,997	118,303
Program acquisitions	1,143,657	9,533	-	1,153,190	-	-	-	-	1,153,190	1,138,000
Printing and publications	295	-	430	725	-	9,726	819	10,545	11,270	22,170
Travel and training	15,942	2,110	-	18,052	10,798	9,508	13,087	33,393	51,445	76,448
Computer fees and supplies	22,973	12,235	-	35,208	1,798	21,063	1,208	24,069	59,277	63,186
Subscriptions and dues	23,763	674	-	24,437	9,787	3,496	1,378	14,661	39,098	35,826
Ratings and research	62,760	-	-	62,760	-	-	3,000	3,000	65,760	49,416
Meetings and events	110	-	-	110	193	76,791	18	77,002	77,112	27,677
Utilities	-	34,027	-	34,027	57,250	-	-	57,250	91,277	46,450
Overhead charges	651	-	-	651	12,367	-	-	12,367	13,018	6,775
Depreciation	74,842	20,476	-	95,318	53,502	12,132	-	65,634	160,952	153,687
Donated facilities and administrative support from the University	549,023	56,682	-	605,705	147,786	167,702	107,355	422,843	1,028,548	1,173,054
Recruitment	4,562	-	-	4,562	70	879	-	949	5,511	4,719
Premiums	-	-	-	-	-	29,059	-	29,059	29,059	37,324
Facilities rental	-	56,273	-	56,273	-	-	3,176	3,176	59,449	53,949
Vehicle	315	1,031	-	1,346	-	-	-	-	1,346	114
Direct mail	-	-	-	-	-	57,431	-	57,431	57,431	44,948
Bad debts	316	-	-	316	-	-	12,899	12,899	13,215	2,936
Member maintenance	-	-	-	-	-	76,633	-	76,633	76,633	79,945
	<u>\$ 3,327,193</u>	<u>\$ 470,520</u>	<u>\$ 603,654</u>	<u>\$ 4,401,367</u>	<u>\$ 800,122</u>	<u>\$ 998,258</u>	<u>\$ 583,439</u>	<u>\$ 2,381,819</u>	<u>\$ 6,783,186</u>	<u>\$ 7,440,880</u>

See accompanying notes to financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees,  
University of South Florida:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WUSF-FM (the Station), a public telecommunications entity operated by the University of South Florida, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated December 22, 2015.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

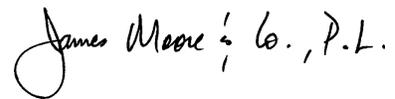
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large, circular initial "J" at the beginning.

Gainesville, Florida  
December 22, 2015