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

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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

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-TV (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.

James Moore & Co., P.L.

Gainesville, Florida
December 22, 2015

This report is provided for your convenience and understanding of WUSF-TV'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) shows a net position of $4,932,936 compared to $5,203,464 for the year ended June 30, 2014 (FY 2014) and $5,386,027 for the year ended June 30, 2013 (FY 2013). The Station's net position decreased by $270,528 or 5.2% in FY 2015 compared to a decrease of $182,563 or 3.4% FY 2014. Causes for the decreases are detailed below in the revenue and expense discussions.

For FY 2015, Station operating revenues increased by $252,881 or 5.6% from FY 2014, compared to an increase of $570,967 or 14.5% between FY 2014 and FY 2013. Operating revenues totaled $4,753,920 in FY 2015 compared to $4,501,039 in FY 2014 and $3,930,072 in FY 2013. When comparing FY 2015 to FY 2014 the increase in operating revenues is mainly due to an increase in membership donations of $139,965; an increase in planned gifts of $166,030; an increase in donated facilities and support from the University of South Florida of $79,066; an increase in grants donated by the Department of Education of $84,114 which represents funds related to a Federal Equipment Matching Grant; an increase in the Corporation for Public Broadcasting Community Service Grant of $53,359, and an increase in other grants of $44,131. These increases were offset by a decrease in production and service contract revenues of $66,312, and a decrease in appropriations from the University of $240,254 due to the reallocation of the appropriations between Radio and Television.

The Station's expenses increased $381,387 or 8.3% in FY 2015. Operating expenses totaled $4,963,050 in FY 2015 compared to $4,581,663 in FY 2014 and $4,116,135 in FY 2013. The major items contributing to the increase between FY 2014 and FY 2015 was an increase in broadcasting of $75,316; an increase in program information and promotion of $52,439; an increase in fundraising and membership development of $186,013, and an increase in underwriting and grant solicitation of $65,995.

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. (the Foundation), which are under the control of the Station Management.

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	June 30, 2015	June 30, 2014	June 30, 2013
Current assets	$ 794,395	$ 1,126,964	$ 758,319
Noncurrent assets	5,417,770	5,643,483	6,167,964
Total assets	6,212,165	6,770,447	6,926,283
Current liabilities	563,533	668,622	495,898
Noncurrent liabilities	715,696	898,361	1,044,358
Total liabilities	1,279,229	1,566,983	1,540,256
Net position			
Net investment in capital assets	4,702,074	4,813,483	5,337,964
Restricted			
Nonexpendable	34,477	34,477	33,477
Expendable	214,024	586,339	316,420
Unrestricted	(17,639)	(230,835)	(301,834)
Total net position	$ 4,932,936	$ 5,203,464	$ 5,386,027

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

	June 30, 2015	June 30, 2014	June 30, 2013
Revenues			
Operating	$ 4,753,128	$ 4,501,039	$ 3,930,072
Non-operating	(61,398)	(101,939)	(38,861)
Total revenues	4,692,522	4,399,100	3,891,211
Expenses			
Program services			
Programming and production	2,294,933	2,272,842	2,039,103
Broadcasting	670,475	595,286	519,326
Program information	156,381	103,960	114,058
Total program services	3,121,789	2,972,088	2,672,487
Supporting services			
Management and general	689,878	710,808	745,210
Fundraising and membership development	945,222	759,338	586,361
Underwriting and grants	205,369	139,429	112,077
Total supporting services	1,840,469	1,609,575	1,443,648
Total expenses	4,962,258	4,581,663	4,116,135
Increase (decrease) in net position	$ (270,528)	$ (182,563)	$ (224,924)

TABLE 3
CONDENSED STATEMENTS OF CASH FLOWS

	June 30, 2015	June 30, 2014	June 30, 2013
Net cash provided by (used in) operating activities	$ (176,010)	$ 620,797	$ 436,756
Net cash flows provided by (used in) noncapital financing activities	60,855	(147,323)	(134,154)
Net cash used in capital and related financing activities	(290,034)	(168,679)	(81,843)
Net cash used in investing activities	(150,966)	(19,421)	122,289
Net increase (decrease) in cash and cash equivalents	(556,155)	285,374	343,048
Cash and cash equivalents, beginning of year	675,171	389,797	46,749
Cash and cash equivalents, end of year	$ 119,016	$ 675,171	$ 389,797

Current assets consist primarily of cash and cash equivalents, accounts receivable, and prepaid programming expenses. Non-current assets mainly consist of property and equipment, which totals $5,417,770 for FY 2015 compared to $5,643,483 for FY 2014. Property and equipment are presented net of accumulated depreciation. Property and equipment additions totaled $226,162 for FY 2015.

Current liabilities consist of accounts payable, accrued expenses, the current portion of loan from the University of South Florida Foundation, and deferred revenue. Noncurrent liabilities consist of the noncurrent portion of loan from the University of South Florida Foundation.

Operating revenues consist primarily of Corporation for Public Broadcasting Grants (19%), Department of Education, State of Florida (8%), appropriations from the University of South Florida (USF) (7%), Business and Industry Support – includes IntellisMedia (13%), Membership Support (31%), Facilities and Support provided by USF (16%), and In-kind contributions and Other (6%). Operating expenses consist primarily of Programming & Production (46%), Broadcasting (14%), Program Information & Promotion (3%), Management & General (14%), Fundraising & Membership (19%) and Underwriting and Grant Solicitation (4%).

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-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 19,011	$ 95,692
Restricted cash	100,005	579,479
Funds held by the University of South Florida Foundation, Inc. on behalf of the Station		
Unrestricted	129,316	83,035
Restricted	148,496	41,337
Accounts and underwriting receivables	129,007	116,254
Due from affiliated station	156,216	72,225
Grants receivable	5,867	53,750
Prepaid program costs	106,477	85,192
Total current assets	794,395	1,126,964
Noncurrent assets		
Capital assets, net	5,417,770	5,643,483
Total assets	6,212,165	6,770,447
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	179,380	348,445
Current portion of Public Broadcasting Service dues	804	70,208
Current portion of compensated absences	-	102,542
Unearned revenue	8,622	31,850
Current portion of due to University of South Florida	374,727	115,577
Total current liabilities	563,533	668,622
Noncurrent liabilities		
Long-term debt	715,696	830,000
Noncurrent portion of compensated absences	-	68,361
Total long-term liabilities	715,696	898,361
Total liabilities	1,279,229	1,566,983
NET POSITION		
Net position		
Net investment in capital assets	4,702,074	4,813,483
Restricted		
Nonexpendable	34,477	34,477
Expendable	214,024	586,339
Unrestricted	(17,639)	(230,835)
Total net position	$ 4,932,936	$ 5,203,464

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

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	$ 860,113	$ 806,754
Other grants donated by the Corporation for Public Broadcasting	25,560	15,427
Grants donated by the Department of Education, State of Florida	391,561	307,448
Other grants	167,131	123,000
Appropriations from the University of South Florida	354,681	594,935
Business and industry support	307,014	311,352
Membership income	1,475,583	1,169,588
Donated facilities and administrative support from the University of South Florida	752,057	673,783
Production and service contract revenues	321,455	387,767
Other income	10,666	40,720
In-kind contributions	87,307	70,265
Total operating revenues	4,753,128	4,501,039
Operating expenses		
Programming and production	2,294,933	2,272,842
Broadcasting	670,475	595,286
Program information and promotion	156,381	103,960
Management and general	689,878	710,808
Fundraising and membership development	945,222	759,338
Underwriting and grant solicitation	205,369	139,429
Total operating expenses	4,962,258	4,581,663
Operating loss	(209,130)	(80,624)
Non-operating revenues (expenses)		
Investment income	2,474	2,092
Unrelated business income tax	(13,936)	-
Interest expense	(49,936)	(104,031)
Total non-operating expenses	(61,398)	(101,939)
Decrease in net position	(270,528)	(182,563)
Net position, beginning of year	5,203,464	5,386,027
Net position, end of year	$ 4,932,936	$ 5,203,464

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

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

	2015	2014
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	$ 3,569,111	$ 3,145,659
Cash paid for salaries, benefits and payroll taxes	(2,035,061)	(1,580,350)
Cash paid to suppliers and others	(1,710,060)	(944,512)
Net cash provided by (used in) operating activities	(176,010)	620,797
Cash flows from noncapital financing activities		
Decrease in amounts due to USF Foundation	(114,304)	-
Increase in amounts due from affiliated station	(83,991)	(400)
Change in due to University of South Florida	259,150	(146,923)
Net cash provided by (used in) noncapital financing activities	60,855	(147,323)
Cash flows from capital and related financing activities		
Purchases of capital assets	(226,162)	(64,648)
Interest paid	(49,936)	(104,031)
Unrelated business income taxes paid	(13,936)	-
Net cash used in capital and related financing activities	(290,034)	(168,679)
Cash flows from investing activities		
Increase in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	(277,812)	(1,539,649)
Decrease in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	124,372	1,518,136
Investment income	2,474	2,092
Net cash used in investing activities	(150,966)	(19,421)
Net increase (decrease) in cash and cash equivalents	(556,155)	285,374
Cash and cash equivalents, beginning of year	675,171	389,797
Cash and cash equivalents, end of year	$ 119,016	$ 675,171
Shown of the statement of net position as:		
Cash and cash equivalents	$ 19,011	$ 95,692
Restricted cash	100,005	579,479
Total cash and cash equivalents	$ 119,016	$ 675,171
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	$ (209,130)	$ (80,624)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	451,875	589,129
Decrease (increase) in certain assets:		
Accounts and underwriting receivables	(12,753)	175
Prepaid program costs	(21,285)	(14,533)
Grants receivable	47,883	(47,000)
Increase (decrease) in certain liabilities:		
Compensated absences	(170,903)	9,278
Accounts payable and accrued expenses	(238,469)	132,802
Unearned revenue	(23,228)	31,570
Total adjustments	33,120	701,421
Net cash provided by (used in) operating activities	$ (176,010)	$ 620,797

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

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of WUSF-TV (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 statement 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."

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

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.

(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.

(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) **Grants receivable**—At June 30, 2015 and June 30, 2014, the grants receivables of the Station are due from various grantors. Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

(h) **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.

(i) **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 $451,875 and $589,129, respectively.

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

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

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

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.

Additionally, the Station has certain service contracts where revenues are recognized and billed on a time-and-materials or a cost-reimbursable basis. Furthermore, the Station earns certain administrative fees as defined in the agreements. Revenue from time-and-materials contracts is recognized based on actual hours delivered multiplied by the contracted hourly billing rate, plus the costs incurred for any non-labor items. Revenue on cost-reimbursable contracts is recognized to the extent of costs incurred plus a proportionate amount of the contracted fee.

(k) **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.

(l) **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 viewers. 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.

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

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

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.

(n) **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.

(o) **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.

(p) **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.

(q) **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.

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

(r) **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.

(s) **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.

(t) **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.

(u) **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 $102,542 and $68,361, 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 and the University is responsible for paying the accrued annual and sick leave of Station employees.

(v) **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 $43,850 and $39,231 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 $277,812 and $124,372 as of June 30, 2015 and 2014, respectively. These totals included $148,496 and $41,337 of restricted funds as of June 30, 2015 and 2014, respectively.

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

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.

(3) **Capital Assets:**

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Building and building improvements	$ 5,806,766	$ -	$ -	$ 5,806,766
Furniture, fixtures and equipment	6,776,162	226,162	-	7,002,324
Leasehold improvements	836,690	-	-	836,690
Total cost	13,419,618	226,162	-	13,645,780
Less: Accumulated depreciation	7,776,135	451,875	-	8,228,010
Capital assets, net	$ 5,643,483	$ (225,713)	$ -	**$** 5,417,770

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Building and building improvements	$ 5,806,766	$ -	$ -	$ 5,806,766
Furniture, fixtures and equipment	6,882,121	64,648	170,607	6,776,162
Leasehold improvements	836,690	-	-	836,690
Total cost	13,525,577	64,648	170,607	13,419,618
Less: Accumulated depreciation	7,357,613	589,129	170,607	7,776,135
Capital assets, net	$ 6,167,964	$ (524,481)	$ -	**$** 5,643,483

(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

(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 and 2014, were as follows:

	Years ended June 30,		
	2015	**2014**	**2013**
Regular	7.37%	6.95%	5.18%
DROP	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 $40,000, $28,000 and $19,000, respectively. Effective July 1, 2011, employees are 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

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

investment Plan is funded by employer and employee contributions that are based on salary and 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 10, 15 and 20 participants during the fiscal years ended June 30, 2015, 2014 and 2013, respectively. The contribution amounts were approximately $26,000, $19,000 and $23,000 for the fiscal years ended June 30, 2015, 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 10, 16 and 10 participants during the fiscal years ended June 30, 2015, 2014 and 2013, respectively. Required contributions to the Program during the year ended June 30, 2015 was approximately $33,000. For the years ended June 30, 2014 and 2013, required contributions were approximately $28,000.

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 (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. 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.

(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) 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 were no uninsured amounts as of June 30, 2015 and 2014.

(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.

(7) **Significant Concentrations:** (Continued)

(c) **Accounts and underwriting receivables**—Accounts and underwriting receivables represent support from local business and industry. Additionally, accounts receivable includes trade accounts for production contracts. At June 30, 2015 and June 30, 2014, one contract represented approximately 58% and 69% of accounts and underwriting receivables, respectively. 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 18% of revenue during the years ended June 30, 2015 and 2014, and the University provided approximately 23% and 28% in cash and donated facilities during the years ended June 30, 2015 and 2014, respectively.

(8) **Community Service Grants:**

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:

Year of Grant	Grants Received	Expended 2013-2014	Expended 2014-2015	Uncommitted Balance at June 30, 2015
2014-16	$ 860,113	$ -	$ 770,108	$ 90,005
2013-15	806,754	227,107	579,647	-

(9) **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
Long-term debt	$ 830,000	$ -	$ 114,304	$ 715,696	$ -
Public Broadcasting Service dues	70,208	-	69,404	804	804
Compensated absences	170,903	-	170,903	-	-
Due to University of South Florida	115,577	374,727	115,577	374,727	374,727
Total long-term debt obligations	$ 1,186,688	$ 374,727	$ 470,188	$ 1,091,227	$ 375,531

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Amounts Due Within One Year
Long-term debt	$ 830,000	$ -	$ -	$ 830,000	$ -
Public Broadcasting Service dues	144,205	-	73,997	70,208	70,208
Compensated absences	161,625	183,839	174,561	170,903	102,542
Due to University of South Florida	262,500	-	146,923	115,577	115,577
Total long-term debt obligations	$ 1,398,330	$ 183,839	$ 395,481	$ 1,186,688	$ 288,327

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 $920,000 loan agreement with the University of South Florida Foundation on July 1, 2006, for the purpose of repaying a previous bond issue. Payments of accrued interest are due annually beginning July 1, 2007. Interest is accrued at a rate of 6.5%. The remaining balance of principal and interest is due on September 30, 2016. This debt is collateralized by certain equipment and future revenues of the Station.

The following is a schedule of annual debt service for the loan as of June 30, 2015:

Year Ending June 30,	Principal	Interest
2016	$ -	$ 47,666
2017	715,696	9,692
Thereafter	-	-
Total	$ 715,696	$ 57,358

(10) **Restricted Net Position:**

As of June 30, 2015 and June 30, 2014, funds received with external donor restrictions and funds received from the CPB are reported as expendable net position. These funds are available for expenditure for the specific purpose established by the donor and CPB. In addition, an endowment received by the Station of $34,477 is recorded as nonexpendable net position in accordance with the conditions set by the donor. The investment earnings on the endowment assets are available to be used for the general purposes of the Station.

(11) **Related Party Transactions:**

At June 30, 2015 and 2014, the net amounts due from an affiliated Station of $156,216 and $72,225 as reported in the statements of net position. At June 30, 2015, the net amounts are are comprised of $212,241 due from an affiliated Station and $56,025 due to an affiliated Station and at June 30, 2014, the net amounts are comprised of $553,554 due from an affiliated Station and $481,329 due to an affiliated Station.

During the year ended June 30, 2012, the University of South Florida loaned $350,000 to the Station for the purchase of equipment, with an interest rate of 2.75% and quarterly payments of interest due beginning June 30, 2012. Principal payments of $87,500 were due semiannually, beginning in March 2013. The stated maturity date of the agreement was September 30, 2014. This loan was paid off in accordance with the agreement.

Interest of $595 and $4,786 was expensed on this note during 2015 and 2014, respectively, and is included in the statements of revenues, expenses and changes in net position under interest expense.

See Note 9, Long-term Debt Obligations, for amounts the Station owes to the University of South Florida Foundation.

(12) **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. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the NFFS. This change excludes all revenues received for any capital purchases.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state 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 $3,387,856 and $3,082,826 for the years ended June 30, 2015 and 2014, respectively.

(13) **Subsequent Events:**

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

SUPPLEMENTAL INFORMATION

EXHIBIT I

WUSF-TV
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)

	Program Services				Supporting Services					
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total	2015 Total Expenses	2014 Total Expenses
Salaries, payroll taxes and employee benefits	$ 759,268	$ 296,810	$ 41,915	$ 1,097,993	$ 335,638	$ 301,701	$ 128,826	$ 766,165	$ 1,864,158	$ 1,589,628
Professional services	59,033	23,050	36,603	118,686	73,688	1,295	16,773	91,756	210,442	174,174
Office supplies	19,915	5,635	5,013	30,563	14,439	1,382	97	15,918	46,481	42,702
Operating supplies	-	-	-	-	30	-	-	30	30	15
Telephone	5,169	45,180	-	50,349	20,276	-	-	20,276	70,625	69,819
Postage	922	77	-	999	3	52,837	-	52,840	53,839	43,232
Advertising	-	-	38,066	38,066	-	5,784	-	5,784	43,850	39,231
Rental and maintenance of equipment	2,204	4,252	-	6,456	-	-	-	-	6,456	1,856
Program acquisitions	485,409	-	-	485,409	-	-	-	-	485,409	494,478
Production and service contract costs	277,758	-	4,954	282,712	-	-	-	-	282,712	125,827
Production overhead	18,050	-	-	18,050	-	-	-	-	18,050	22,767
Printing and publications	35	-	10,515	10,550	-	5,157	-	5,157	15,707	22,875
Travel and training	10,323	7,934	2,305	20,562	9,145	4,811	3,999	17,955	38,517	27,651
Premiums	-	-	-	-	-	249,367	-	249,367	249,367	254,652
Recruitment	-	-	-	-	22	199	-	221	221	846
Direct mail	-	-	-	-	-	44,893	-	44,893	44,893	27,772
Computer fees and supplies	20,968	16,375	-	37,343	1,186	8,311	504	10,001	47,344	46,254
Subscriptions and dues	21,269	694	-	21,963	31,613	3,431	1,281	36,325	58,288	40,330
Ratings and research	6,624	-	-	6,624	-	5,000	-	5,000	11,624	4,115
Meetings and events	-	-	-	-	98	4,174	24	4,296	4,296	57,439
Member maintenance	-	-	-	-	-	74,166	11	74,177	74,177	68,867
Utilities	8,739	57,281	-	66,020	-	-	-	-	66,020	110,964
Station maintenance	12,200	41,014	-	53,214	-	-	-	-	53,214	45,243
Overhead charges	-	-	-	-	10,732	-	-	10,732	10,732	6,872
Depreciation	283,378	51,421	-	334,799	56,799	60,277	-	117,076	451,875	589,129
Bad debts	-	300	-	300	-	-	1,574	1,574	1,874	1,142
Donated facilities and administrative				-						
support from the University	303,669	120,452	17,010	441,131	136,209	122,437	52,280	310,926	752,057	673,783
	$ 2,294,933	$ 670,475	$ 156,381	$ 3,121,789	$ 689,878	$ 945,222	$ 205,369	$ 1,840,469	$ 4,962,258	$ 4,581,663

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-TV (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.

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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.

James Moore & Co., P.L.

Gainesville, Florida
December 22, 2015