

**WUWF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE
UNIVERSITY OF WEST FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

WUWF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF WEST FLORIDA
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JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of West Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of WUWF-FM (the "Station"), a public telecommunications entity operated by the University of West Florida, as of and for the years ended June 30, 2016 and 2015, 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

The Station's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WUWF-FM as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the year 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 the management's discussion and analysis on pages 4 to 7 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 opinions on the financial statements that collectively comprise WUWF-FM's basic financial statements. The Schedule of Functional Expenses (Exhibit I) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Functional Expenses 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 January 9, 2017 on our consideration of WUWF-FM'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 WUWF-FM's internal control over financial reporting and compliance.

James Moore & Co., P.L.C.

Tallahassee, Florida
January 9, 2017

WUWF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF WEST FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of WUWF Radio Station for the years ended June 30, 2016 and 2015. Management of WUWF Radio Station has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. 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 (CPB), which generally follow published Governmental Accounting Standards. The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year.

WUWF-FM Radio Station is a public telecommunications entity operated by the University of West Florida. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors’ Regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Serving North-West Florida and South Alabama, WUWF is community and listener supported public radio from the University of West Florida. WUWF is a full-service, community-oriented public radio station with a professional staff of 15 and nearly 25 volunteers. Funds are provided primarily through listener and local corporate support, broadcasting 24 hours a day, 7 days a week, on 88.1 FM, with a non-directional power output of 100,000 watts. WUWF is affiliated with both NPR (National Public Radio) and PRI (Public Radio International) and we originate local news and music programs.

Broadcasting a wide variety of network programs, WUWF-FM is also known for outstanding locally produced programming like “Acoustic Interlude” and “Radio Live”. Both of these programs have national and international followers who listen on the Station’s very strong and high quality internet broadcast service.

Founded in 1981 by Thomas K. Perry, WUWF-FM has had an enormous impact on the Pensacola and NW Florida communities. Working with a core staff of multi-talented professionals and numerous volunteers, WUWF-FM has been responsible for arts resurgence in the area.

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With the cutback of federal funding in the 1990's, WUWF-FM began a course as a truly listener supported station. Today, it operates largely with contributions from local individual listeners with additional support from locally based businesses. The University of West Florida also provides funds for salaries, facilities, utilities, and general upkeep.

FINANCIAL HIGHLIGHTS

2016: The Station's operating revenues totaled \$1,871,693, up \$91,221 from the prior year and operating expenses totaled \$1,940,498, which is down \$16,578 from the prior year. The increase in operating revenues was due to an increase in the community service grant funds from the Corporation for Public Broadcasting, used for programming production expenses, an increase in business and industry support used for underwriting and grant solicitation, and an increase in other sources of revenue primarily due to Capitol Steps performance and used for programming production expenses. The small decrease in operating expenses was spread equally among each category of functional expenses.

The Station experienced a decrease of \$16,548 in non-operating revenue due to market losses on investments.

2015: The Station's operating revenues totaled \$1,780,472, down \$366,944 from prior year and operating expenses totaled \$1,957,076 which is down \$85,274 from prior year. The decrease in operating revenues was mainly due to a decrease in the community service grant funds from the Florida Department of Education used for programming production expenses. The decrease in operating expenses was spread equally among each category of functional expenses.

The Station experienced a decrease of \$35,219 in non-operating revenue due to market losses on investments

OVERVIEW OF THE FINANCIAL STATEMENTS

The Station is a unit of University of West Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity in funds which are under the control of the Station manager within the University and University of West Florida Foundation.

These financial statements consist of statements of net position and statements of revenues, expenses, and changes in net position. The statements of net position and the statements of revenues, expenses, and changes in net position are intended to demonstrate the Station's financial position 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 STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of net position and the statement of revenues, expenses, and changes in net position are valuable report information on WUWF's Current Fund and activities in a way that helps the reader determine if the Station is in a better position from one year to the next. When revenues and other support exceed expenses, the result is an increase in net position. The relationship between revenues and expenses may be thought of as WUWF's operating results.

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These two statements report WUWF's net position and changes in them. The net position amount, the difference between assets and liabilities, is one way to measure WUWF's financial health or financial position. Over time, increases or decreases in WUWF's net position are one indicator of whether its financial health is improving or deteriorating. However, many other non-financial factors such as certain trends in funding, condition of facilities and sponsorships should be considered in assessing the overall health of the radio station.

These statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net position presents the assets, liabilities, and net position of WUWF's Current Fund as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the station's current fund at a certain point in time. The statement of net position presents end-of-year data concerning assets, (current and non-current), liabilities (current and non-current), and net position (assets minus liabilities).

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of WUWF Radio Station. They are also able to determine how much the current fund owes vendors, employees, and others. Finally, the statement of net position provides a picture of the net position (assets minus liabilities) and their availability for use by WUWF.

CONDENSED STATEMENTS OF NET POSITION
TABLE 1

	June 30, 2016	June 30, 2015	June 30, 2014
Current assets	\$ 599,005	\$ 626,677	\$ 702,927
Noncurrent assets	671,517	735,176	796,819
Total assets	<u>1,270,522</u>	<u>1,361,853</u>	<u>1,499,746</u>
Current liabilities	79,657	80,909	56,274
Noncurrent liabilities	135,152	145,434	136,914
Total liabilities	<u>214,809</u>	<u>226,343</u>	<u>193,188</u>
Net position			
Invested in capital assets	671,517	735,176	796,819
Restricted	318,328	350,825	358,075
Unrestricted	<u>65,868</u>	<u>49,509</u>	<u>151,664</u>
Total net position	<u><u>\$ 1,055,713</u></u>	<u><u>\$ 1,135,510</u></u>	<u><u>\$ 1,306,558</u></u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
TABLE 2

	June 30, 2016	June 30, 2015	June 30, 2014
Revenues			
Operating revenues	\$ 1,871,693	\$ 1,780,472	\$ 2,147,416
Non-operating revenues	(10,992)	5,556	40,775
Total revenues	1,860,701	1,786,028	2,188,191
Expenses			
Total expenses	1,940,498	1,957,076	2,042,350
Increase (decrease) in net position	\$ (79,797)	\$ (171,048)	\$ 145,841

REQUEST FOR INFORMATION

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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STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016	2015
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 326,742	\$ 330,711
Funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station	222,036	263,045
Accounts and grants receivable	14,272	8,107
Prepaid program costs	35,955	24,814
Total current assets	599,005	626,677
Noncurrent assets		
Capital assets, net of accumulated depreciation	671,517	735,176
Total assets	1,270,522	1,361,853
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	36,262	33,762
Unearned revenue	35,832	38,329
Current portion of compensated absences	7,563	8,818
Total current liabilities	79,657	80,909
Noncurrent liabilities		
Long-term portion of compensated absences	135,152	145,434
Total liabilities	214,809	226,343
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	671,517	735,176
Unrestricted	65,868	49,509
Restricted:		
Expendable	168,328	200,825
Nonexpendable - Endowment	150,000	150,000
Total net position	\$ 1,055,713	\$ 1,135,510

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

WUWF-FM
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THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 169,015	\$ 152,411
Community service grants donated by the Florida Department of Education	99,922	100,078
Appropriations from the University of West Florida	580,987	569,718
Business and industry support	190,278	168,018
Membership income	462,119	457,466
Donated facilities and administrative support from the University of West Florida	308,100	304,740
In-kind contributions	12,482	18,647
Other sources	48,790	9,394
Total operating revenues	<u>1,871,693</u>	<u>1,780,472</u>
Operating expenses (Exhibit I)		
Programming and production	979,859	997,164
Broadcasting	289,055	318,092
Program information and promotion	77,212	78,729
Management and general	248,905	254,378
Fundraising and membership development	253,884	264,701
Underwriting and grant solicitation	91,583	44,012
Total operating expenses	<u>1,940,498</u>	<u>1,957,076</u>
Operating loss	<u>(68,805)</u>	<u>(176,604)</u>
Non-operating revenues		
Interest income	4,217	4,001
Net increase (decrease) in fair value of investments	(15,209)	1,555
Total non-operating revenues	<u>(10,992)</u>	<u>5,556</u>
Decrease in net position	<u>(79,797)</u>	<u>(171,048)</u>
Net position, beginning of year	1,135,510	1,306,558
Net position, end of year	<u>\$ 1,055,713</u>	<u>\$ 1,135,510</u>

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

WUWF-FM
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 961,462	\$ 897,366
Cash paid to suppliers and vendors	(594,063)	(632,195)
Cash paid to employees for salaries and benefits	(401,385)	(342,228)
Net cash used in operating activities	<u>(33,986)</u>	<u>(77,057)</u>
Cash flows from investing activities		
Purchases of capital assets	-	(6,567)
Sales (purchases) of funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station, net of fees	41,009	(219)
Investment income	(10,992)	5,556
Net cash provided by (used in) investing activities	<u>30,017</u>	<u>(1,230)</u>
Net decrease in cash and cash equivalents	<u>(3,969)</u>	<u>(78,287)</u>
Cash and cash equivalents, beginning of year	330,711	408,998
Cash and cash equivalents, end of year	<u>\$ 326,742</u>	<u>\$ 330,711</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	<u>\$ (68,805)</u>	<u>\$ (176,604)</u>
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	63,659	68,210
Unrealized loss (gain) on investments		
(Increase) decrease in certain assets:		
Accounts and grants receivable	(6,165)	2,663
Prepaid program costs	(11,141)	(4,481)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	2,500	15,463
Compensated absences	(11,537)	10,356
Unearned revenue	(2,497)	7,336
Total adjustments	<u>34,819</u>	<u>99,547</u>
Net cash used in operating activities	<u>\$ (33,986)</u>	<u>\$ (77,057)</u>

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

WUWF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF WEST FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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

(a) **Reporting entity**—The Station is a department of the University of West Florida (the “University”) located in Pensacola, Florida and conducts various public broadcasting functions. The President of the University of West 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 Vice President for Advancement, that relate directly to the operations of the Station, including funds held by University of West Florida Foundation, Inc. (the “Foundation”). These statements do not purport to present the financial position or results of operations for 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 of 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 asset —This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2016 and 2015, there is no related debt.

Restricted—The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation. At June 30, 2016 and 2015 the expendable portion of restricted net position includes certain grant funds and endowment earnings. At June 30, 2016 and 2015, the nonexpendable portion of restricted net position represents endowment funds established by donors.

Unrestricted—The difference between assets and liabilities that is not reported in *Net investment in capital assets* and *Restricted net position*.

It is the Station’s policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash on hand and cash in demand accounts 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.

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

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

(f) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as a deferred 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 long-term. At June 30, 2016 and 2015, there were no long-term costs incurred for programs not yet broadcast. As the programs are broadcast, the costs incurred will be included in program services. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

(g) **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 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 five to fifty years.

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

Membership contributions are recognized as support 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 or facilities, and indirect administrative support.

(i) **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 and other nonmonetary contributions as support 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.

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

(j) **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 expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and not shown as assets on the statements of net position. Contributions and collected pledges are components of the unrestricted operating fund in as much as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(k) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for helping fund 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.

(l) **Indirect support provided by the University of West 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 and is allocated as an expense to each of the functional expense categories.

(m) **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.

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

(n) **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.

(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) **Income taxes**—The Station is owned and operated by the University of West Florida 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, if any, are paid by the University.

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

(r) **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, results could differ from those estimates.

(s) **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 statute and University policies.

(t) **Advertising Costs**—Advertising costs are expensed in the period in which they are incurred. There were no advertising expenses incurred during the year ended June 30, 2016 and June 30, 2015.

(u) **Reclassifications**— Certain accounts in the prior year information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on net income for 2015.

(v) **Fair Value Measurement**— The Station categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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(2) Funds Held by the University of West Florida Foundation, Inc. on Behalf of the Station:

The Station has an agreement with the University of West Florida Foundation, Inc., whereby Station funds are held and invested by the University of West Florida Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying statements of net position of the Station as “Funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station.” Total funds held and invested by the Foundation were \$222,036 and \$263,045 as of June 30, 2016 and 2015, respectively.

All funds held and invested by the University of West 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 West Florida Foundation, Inc. All funds held and invested by the University of West 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 West Florida Foundation, Inc. by the respective hedge fund’s manager.

(3) Capital Assets:

Capital asset activity for the years ended June 30, 2016 and 2015, was as follows:

	July 1, 2015			June 30, 2016
	Beginning	Increases	Decreases	Ending
	Balance			Balance
Building	\$ 1,202,643	\$ -	\$ -	\$ 1,202,643
Furniture and fixtures	743,454	-	(16,964)	726,490
Total	1,946,097	-	(16,964)	1,929,133
Less: Accumulated depreciation	(1,210,921)	(63,659)	16,964	(1,257,616)
Capital assets, net	<u>\$ 735,176</u>	<u>\$ (63,659)</u>	<u>\$ -</u>	<u>\$ 671,517</u>
	July 1, 2014			June 30, 2015
	Beginning	Increases	Decreases	Ending
	Balance			Balance
Building	\$ 1,202,643	\$ -	\$ -	\$ 1,202,643
Furniture and fixtures	862,463	6,567	(125,576)	743,454
Total	2,065,106	6,567	(125,576)	1,946,097
Less: Accumulated depreciation	(1,268,287)	(68,210)	125,576	(1,210,921)
Capital assets, net	<u>\$ 796,819</u>	<u>\$ (61,643)</u>	<u>\$ -</u>	<u>\$ 735,176</u>

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(4) State Retirement Plans:

(a) General State Employees Retirement System

The Florida Retirement System (FRS) is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS provisions 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. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

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, which may include up to four years of credit for military 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. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Sections 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.

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

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

(b) State University System 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 six 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. For the fiscal years ended June 30, 2016 and June 30, 2015, the employing university contributed on behalf of the participant 7.80 and 7.69 percent, respectively, of the participant's salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee's salary. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account.

Disclosures pertaining to the University's retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University's financial statements for the years ended June 30, 2016 and 2015. The Department's contributions to the plans for the years ended June 30, 2016 and 2015 were \$44,350 and \$41,960, respectively.

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

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University or its component units, University of West Florida Foundation, Inc., West Florida Historic Preservation, Inc., and UWF Business Enterprises, Inc., 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.

Disclosures pertaining to the University's postemployment benefits are included in the University's financial statements for the years ended June 30, 2016 and 2015.

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(6) Risk Management Programs:

Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance coverage for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal civil rights, and employment discrimination liability. During the 2015-16 fiscal year, for property losses, the State retained the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for named wind and flood losses and no aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$85 million for named wind and flood. For perils other than named wind 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, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three 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.

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(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 this limit are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. These deposits amounted to \$326,741 and \$330,711 at June 30, 2016 and 2015, respectively.

(b) **Funds held by the Foundation**—The Foundation holds investments for the Station. The amount held by the Foundation for the Station was \$222,036 and \$263,045 at June 30, 2016 and 2015, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(c) **Revenues**—The Station received significant revenue from three sources. The CPB provided approximately 10% and 9%, Florida DOE provided 5% and 6%, and the University provided approximately 47% and 49% in cash support and donated facilities during the years ended June 30, 2016 and 2015, respectively.

(d) **Accounts and grants receivable**—The Station has grants and accounts receivable of 14,272 and \$8,107 at June 30, 2016 and 2015, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(8) Compensated Absences:

Compensated absences liability activity for the years ended June 30, 2016 and 2015, was as follows:

<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 154,252	\$ 69,821	\$ 81,358	\$ 142,715	\$ 7,563
<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 143,896	\$ 58,919	\$ 48,563	\$ 154,252	\$ 8,818

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(9) **Community Service Grants:**

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

<u>Year of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at June 30, 2016</u>
		<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
2013-15	\$ 166,036	\$ 34,548	\$ 117,607	\$ 13,881	\$ -
2014-16	\$ 152,411	\$ -	\$ 22,890	\$ 121,072	\$ 8,449
2015-17	\$ 169,015	\$ -	\$ -	\$ 29,166	\$ 139,849

(10) **Operating Lease:**

The Station leases a tower under an operating lease that expires January 31, 2018. Rent expense for the years ended June 30, 2016 and 2015, was \$20,189 and \$19,997, respectively.

Minimum future rental payments under the noncancellable operating lease having a remaining term in excess of one year as of June 30, 2016, for each of the remaining years are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 20,189
2018	11,777
2019	-
2020	-
2021	-

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(11) **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 agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$1,677,659 and \$1,623,069 for the years ended June 30, 2016 and 2015, respectively.

SUPPLEMENTAL INFORMATION

WUWF-FM
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SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016 WITH SUMMARIZED
INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

	Program Services				Supporting Services				Total Expenses	2015 Total Expenses
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total		
Salaries, payroll taxes and employee benefits	\$ 393,537	\$ 80,448	\$ 54,562	\$ 528,547	\$ 157,323	\$ 137,207	\$ 76,487	\$ 371,017	\$ 899,564	\$ 880,688
Professional services	5,797	62,836	1,000	69,633	23,519	1,478	-	24,997	94,630	115,667
Facilities and administrative support from the University of West Florida	143,947	29,614	15,790	189,351	59,464	52,782	15,096	127,342	316,693	312,710
Office supplies	5,856	9,932	1,606	17,394	838	5,073	-	5,911	23,305	26,123
Telephone and utilities	1,232	54,300	19	55,551	214	-	-	214	55,765	57,222
Postage and freight	60	333	3,751	4,144	48	1,491	-	1,539	5,683	7,078
Repairs and maintenance of equipment	-	5,806	-	5,806	1,457	-	-	1,457	7,263	1,116
Printing and publications	-	-	60	60	64	6,536	-	6,600	6,660	13,710
Travel and training	3,181	805	414	4,400	2,428	1,171	-	3,599	7,999	11,269
Operating supplies	-	-	-	-	-	-	-	-	-	776
Programming	405,787	285	-	406,072	-	-	-	-	406,072	406,253
Subscriptions and fees	1,364	135	10	1,509	3,550	48,146	-	51,696	53,205	56,254
Depreciation	19,098	44,561	-	63,659	-	-	-	-	63,659	68,210
	<u>\$ 979,859</u>	<u>\$ 289,055</u>	<u>\$ 77,212</u>	<u>\$ 1,346,126</u>	<u>\$ 248,905</u>	<u>\$ 253,884</u>	<u>\$ 91,583</u>	<u>\$ 594,372</u>	<u>\$ 1,940,498</u>	<u>\$ 1,957,076</u>

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

**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 West Florida

We have audited, in accordance with the 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 WUWF-FM (the "Station"), a public telecommunications entity operated by the University of West Florida, which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered WUWF-FM'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WUWF-FM's internal control. Accordingly, we do not express an opinion on the effectiveness of WUWF-FM'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 Station's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 WUWF-FM'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 Station'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 Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.C.

Tallahassee, Florida
January 9, 2017