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

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of WUFT-TV (the "Station"), a public telecommunications entity operated by the University of 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 January 14, 2016, 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
January 14, 2016

WUFT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

This report is provided for your convenience and understanding of WUFT-TV's (the "Station's") financial condition and operating activities for the fiscal years ended June 30, 2015 and 2014. 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 Standards 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 statements of net position on page 9, our statements of revenues, expenses and changes in net position on page 10, and our notes to the financial statements which begin on page 12.

Financial Highlights for the Year Ended June 30, 2015

Florida's 5, WUFT-TV is the full-power public television station, and PBS affiliate, operated by the University of Florida College of Journalism & Communications. The television station has fully embraced a mission dedicated to service to the community through broadcasting award-winning early childhood educational programming, engaging the diverse communities of north Florida through unique and powerful content generation and the launch and engagement created through the Innovation News Center, a state of the art news facility focused on local content for distribution via the University of Florida's public media outlets and associated online (WUFT.org), social and mobile platforms.

WUFT-TV has continued to focus efforts on growing revenue and while ensuring operating expenses are held in check even while working to enhance our commitment to educational programming and providing our students with unique and powerful experiences related to journalism and community service.

WUFT-TV's total current assets at year-end were $3,973,829 as compared to $3,830,809 during the prior year with a sizable increase in cash and cash equivalents and restricted cash. Additionally the television station's total liabilities at year end saw a dramatic decrease year over year falling to $55,830 from $292,218 at the close of FY '14. Additionally noncurrent assets saw a decrease during FY '15 accumulating to $4,382,415 over a prior year close of $4,787,372. In total, the assets of WUFT-TV are now $8,356,244 as compared to $8,618,181 at the end of FY '14.

Overall the net position of WUFT-TV improved marginally to $8,300,414 at the close of FY '15.

As public television nationwide continued to struggle to generate underwriting revenue under the challenges of a stagnant local economy WUFT-TV worked to mitigate those revenue-generation issues through a greater emphasis on member engagement, community outreach and enhanced local content production. As a result membership revenues were up slightly from FY '14 to $574,874. Overall total revenues increased to $4,428,657 in FY '15 from $4,228,179 in FY '14. Greater investments were made in FY '15 in areas such as fundraising, underwriting and membership support and management and general in an effort to further bolster the overall financial position of the television station. Additionally

WUFT-TV realized a substantial gift in the form of state of the art digital broadcast equipment in FY '14 cultivated through donor and membership engagement. As a result the overall net position for WUFT-TV improved from FY '14's $8,284,487 to FY '15's $8,300,414.

While the climate remains challenging for public television, WUFT-TV is positioned well for the future focusing on the core mission of education, information and entertainment. The staff and management of WUFT-TV remain enthusiastic regarding WUFT-TV's position in the marketplace and ability to operate successfully well into the future.

Financial Highlights for the Year Ended June 30, 2014

Florida's 5, WUFT-TV is the full-power public television station, and PBS affiliate, operated by the University of Florida College of Journalism & Communications. The television station has fully embraced a mission dedicated to service to the community through broadcasting award-winning early childhood educational programming, engaging the diverse communities of north Florida through unique and powerful content generation and the launch and engagement created through the Innovation News Center, a state of the art news facility focused on local content for distribution via the University of Florida's public media outlets and associated online (WUFT.org), social and mobile platforms.

As public television nationwide continued to struggle to generate underwriting revenue under the challenges of a stagnant local economy WUFT-TV worked to mitigate those revenue-generation issues through a greater emphasis on member engagement, community outreach and enhanced local content production. As a result membership revenues were up slightly from FY '13 to $500,210. Overall total revenues were up 8.6% in FY '14 over FY '13 to $4,191,549 from $3,858,788. In an effort to further improve the operating scenario of WUFT-TV expenses were further reduced in FY '14 to $3,989,939 from $4,394,687 in FY '13, a reduction of 1.7%. Examples of the substantial reduction in expense occurred in areas such as management and general where expense dropped from $627,410 to $511,224 and in broadcasting and operations where expense was reduced from $934,610 to $743,560. Greater investments were made in FY '14 in areas such as fundraising and membership development and underwriting and grand solicitation. Additionally WUFT-TV realized a substantial gift in the form of state of the art digital broadcast equipment in FY '14 cultivated through donor and membership engagement. As a result the overall net position for WUFT-TV improved from FY '13's $6,604,961 to FY '14's $8,284,487.

WUFT-TV's current assets as of June 30, 2014, totaled $3,830,809 as compared to $3,430,076, noting a growth of more than $400,000 during the fiscal year. Additionally noncurrent assets saw considerable growth during FY '14 accumulating to $4,787,372 over a prior year close of $3,854,312. In total, the assets of WUFT-TV are now $8,618,181 as compared to $7,284,388 at the end of FY '13.

While the climate remains challenging for public television WUFT-TV is positioned well for the future focusing on the core mission of education, information and entertainment. The staff and management of WUFT-TV remain enthusiastic regarding WUFT-TV's position in the marketplace and ability to operate successfully well into the future.

USING THESE FINANCIAL STATEMENTS

These financial statements consist of statements of net position and statements of revenues, expenses, and changes in net position and 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 Florida and these financial statements included assets, liabilities and activity related to its public broadcasting function. This includes account activity within the University, as well as the University of Florida Foundation, which are under the control of the Station manager.

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	June 30, 2015	June 30, 2014	June 30, 2013
Current Assets	$ 3,973,829	$ 3,830,809	$ 3,430,076
Noncurrent assets	4,382,415	4,787,372	3,854,312
Total assets	8,356,244	8,618,181	7,284,388
Current liabilities	55,830	292,218	617,350
Long-term portion of compensated absences	-	41,476	62,077
Total liabilities	55,830	333,694	679,427
Net position			
Unrestricted	2,057,387	2,031,046	1,792,131
Restricted for endowments–			
Expendable	1,259,210	864,712	406,946
Nonexpendable	601,402	601,357	551,572
Invested in capital assets	4,382,415	4,787,372	3,854,312
Total net position	$ 8,300,414	$ 8,284,487	$ 6,604,961

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

	June 30, 2015	June 30, 2014	June 30, 2013
Revenues			
Operating revenues	$ 4,428,657	$ 4,228,179	$ 3,858,788
Non-operating revenues	116,027	1,477,916	404,011
Total revenues	4,544,684	5,706,095	4,262,799
Operating expenses			
Programming and production	2,161,098	2,104,117	2,278,964
Broadcasting	875,197	743,560	934,610
Program information and promotion	-	-	3,001
Management and general	787,744	511,224	627,410
Fundraising and membership development	457,687	443,811	375,409
Underwriting and grant solicitation	247,031	223,857	175,293
Total operating expenses	4,528,757	4,026,569	4,394,687
Increase (decrease) in net position	15,927	1,679,526	(131,888)
Net position, beginning of year	8,284,487	6,604,961	6,736,849
Net position, end of year	$ 8,300,414	$ 8,284,487	$ 6,604,961

TABLE 3
CONDENSED STATEMENTS OF CASH FLOWS

	June 30, 2015	June 30, 2014	June 30, 2013
Net cash provided by operating activities	$ 66,775	$ 217,030	$ 189,803
Net cash used in capital and related financing activities	(57,157)	(39,880)	(125,627)
Net cash provided by (used in) investing activities	549,828	401,487	(226,422)
Net increase (decrease) in cash and cash equivalents	559,446	578,637	(162,246)
Cash and cash equivalents, beginning of year	1,056,261	477,624	639,870
Cash and cash equivalents, end of year	$ 1,615,707	$ 1,056,261	$ 477,624

Current assets consist primarily of cash and cash equivalents, underwriting receivables, investments, and prepaid program costs. The Station's investment in capital assets includes building and building improvements, furniture, fixtures and equipment, transmitter, transmitter building and construction in process. The major capital asset event during the current fiscal year resulted from a substantial gift in the form of state of the art digital broadcast equipment cultivated through donor and membership engagement. Current liabilities consist of accounts payable and accrued expenses, unearned revenue, as well as the current portion of compensated absences.

Operating revenue consists primarily of community service and other grants from the Corporation of Public Broadcasting (20% for fiscal year 2015), appropriations and indirect support from the University of Florida (45% for fiscal year 2015), State of Florida Department of Education funds (8% for fiscal year 2015), membership and business contributions and contributed support (18% for fiscal year 2015), donated assets and services (1% for fiscal year 2015), and other (8% for fiscal year 2015). Operating expenses consists of expenses for programming and production, broadcasting, management and general, and membership development.

NEXT YEAR

Florida's 5, WUFT-TV is the full-power PBS affiliate operated by the University of Florida's College of Journalism & Communications. Throughout the history of the television station the University, faculty, staff and students have uniformly embraced WUFT-TV's unique mission of service to the various communities and demographic groups of North Florida while investing in the future careers and lives of thousands of broadcast, multimedia and journalism professionals. Excitement around Florida's 5 and the television station's various educational outreach and programming activities in the community have rebounded from the challenges of the recession and the station is engaging more students than ever before at the University of Florida and citizens and groups from throughout north Florida. This engagement with students, through what are called "student immersive experiences", numbers in the hundreds each semester and creates an extraordinary excitement and sense of positive momentum at WUFT-TV and in the College of Journalism & Communications. As education is at the core of what WUFT-TV is all about, FY '16 is anticipated to be one of the best years ever for the television station as Florida's 5 is positioned so well in various areas.

Following the extraordinarily challenging economic times of 2007-2012 the University of Florida's public television station has emerged stronger than ever and our focus continues to center on two primary areas; early childhood educational programming and high quality local news, information and entertainment programming. Dovetailing perfectly with the mission of the Public Broadcasting System or "PBS" WUFT-TV is ideally positioned to "superserve" underrepresented audiences throughout northern Florida. Fueling the television station's continued growth and good health are multimedia production units within the WUFT-TV operation and a growing external relations/membership department in the television station. As highlighted in prior year-end reviews, WUFT-TV productions now include venue services for the University of Florida's commencement and convocation exercises, broadcast live on the television station and streamed throughout campus and the world for thousands of viewers. Other non-traditional revenue-generating efforts include producing live talkback broadcasts for major networks and assisting with content distribution from WUFT-TV's studios. With a theme toward diversifying revenue sources for the future, WUFT-TV is proud of the ever-expanding role it plays on various platforms across north Florida.

Financially WUFT-TV has positioned itself for continued growth in FY '16 in the areas such as media services where revenue growth since the unit's inception in January, 2012 has been impressive. Through various on campus and external partnerships it's anticipated that this area of the operation will continue to produce revenue in support of the public television station's operation. In FY '16 WUFT-TV anticipates enhancing local programming through the media services department's entry into the production of locally produced and originated documentaries focusing on issues of importance in the community. No other media entity in the region is embracing meeting this critical need of storytelling in

the marketplace and WUFT-TV's good financial health and condition now allows a return to this type of local programming for the television station.

In September of 2012, Florida's 5, WUFT-TV commissioned the new Innovation News Center ("INC"), a critical component of a strategy to lead the nation in broadcasting, communications, journalism and new media education. The "INC" provides for the simultaneous creation of content for various WUFT "platforms" including television, radio, online, social and mobile. With the ability to house production of content serving the entire region and various stakeholders, WUFT-TV is now in a leadership position with regard to the production of news and information to serve the community. WUFT-TV's service to the community from a charitable perspective includes programming and promotional offerings ranging from a long-form program to thirty-second public service announcements highlighting specific happenings in the community and region. Coverage of issues of importance to the community occurs on a daily basis in one of the area's last operating news content generating facilities.

Florida's 5, WUFT-TV continues to form the foundation of the University of Florida's Division of Media Properties, operating as a unit of the College of Journalism & Communications. Even though the challenging years of 2007-2012 are seemingly behind the television station, WUFT-TV will continue to operate in an efficient, productive and visionary manner working to ensuring our viewers and students are served to the best of our ability.

WUFT-TV takes the dual mission of community service and educating future generations of media professionals quite serious and looks to continue enhancing news and community event coverage and enhancement of the students' experiences that are so central to the success of the television station and the UF College of Journalism & Communications.

BUDGETS

While certain Station accounts are under the University budgeting control, the University of Florida Foundation 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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WUFT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 361,642	$ 245,655
Restricted cash	1,254,065	810,606
Funds held and invested by the University of Florida Foundation, Inc. on behalf of the Station		
Unrestricted	1,529,979	1,932,262
Restricted	606,547	655,463
Underwriting and production receivables	38,837	39,809
Prepaid program costs	182,759	147,014
Total current assets	3,973,829	3,830,809
Noncurrent assets		
Capital assets, net	4,382,415	4,787,372
Total assets	8,356,244	8,618,181
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	36,474	20,507
Due to University of Florida	15,856	145,377
Due to affiliate stations	-	36,535
Unearned revenue	3,500	20,799
Current portion of compensated absences	-	69,000
Total current liabilities	55,830	292,218
Noncurrent liabilities		
Long-term portion of compensated absences	-	41,476
Total liabilities	55,830	333,694
NET POSITION		
Net position		
Net investment in capital assets	4,382,415	4,787,372
Restricted:		
Nonexpendable	601,402	601,357
Expendable	1,259,210	864,712
Unrestricted	2,057,387	2,031,046
Total net position	$ 8,300,414	$ 8,284,487

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

WUFT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF 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	$ 861,992	$ 788,963
Community service grants donated by the Department of Education, State of Florida	352,011	307,447
Appropriations from the University of Florida	958,878	1,129,140
Business and industry support	214,515	223,286
Membership income	574,874	500,210
Donated facilities and administrative support from the University of Florida	1,038,876	768,643
Income from auxiliary sales and other	374,606	435,919
Other Corporation for Public Broadcasting grants	15,594	15,110
Other miscellaneous grants	557	37,779
In-kind contributions	36,754	21,682
Total operating revenues	4,428,657	4,228,179
Operating expenses (Exhibit I)		
Programming and production	2,161,098	2,104,117
Broadcasting	875,197	743,560
Management and general	787,744	511,224
Fundraising and membership development	457,687	443,811
Underwriting and grant solicitation	247,031	223,857
Total operating expenses	4,528,757	4,026,569
Operating income (loss)	(100,100)	201,610
Non-operating revenues (expenses)		
Capital assets donated by Turner Broadcasting	83,470	1,234,745
Supplies and materials donated by Turner Broadcasting	(27,695)	-
Transfer to affiliate station	(38,377)	-
Investment income	98,629	243,171
Total non-operating revenues	116,027	1,477,916
Increase in net position	15,927	1,679,526
Net position, beginning of year	8,284,487	6,604,961
Net position, end of year	$ 8,300,414	$ 8,284,487

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

WUFT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF 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	$ 4,375,576	$ 3,434,928
Cash paid to suppliers and vendors	(2,861,659)	(1,868,734)
Cash paid to employees for salaries and benefits	(1,447,142)	(1,349,164)
Net cash provided by operating activities	66,775	217,030
Cash flows from capital and related financing activities		
Transfer to affiliate station	(38,377)	-
Purchase of capital assets	(18,780)	(39,880)
Net cash used in capital and related financing activities	(57,157)	(39,880)
Cash flows from investing activities		
Gift and other income	1,079,460	1,788,743
Transfers and other expenses	(628,261)	(1,630,427)
Investment income	98,629	243,171
Net cash provided by investing activities	549,828	401,487
Net increase in cash and cash equivalents	559,446	578,637
Cash and cash equivalents, beginning of year	1,056,261	477,624
Cash and cash equivalents, end of year	$ 1,615,707	$ 1,056,261
Shown of the statement of net position as:		
Cash and cash equivalents	$ 361,642	$ 245,655
Restricted cash	1,254,065	810,606
Total cash and cash equivalents	$ 1,615,707	$ 1,056,261
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ (100,100)	$ 201,610
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	422,477	341,565
Loss on disposal of capital assets	57,035	-
Decrease (increase) in certain assets:		
Underwriting and production receivables	972	(8,569)
Prepaid program costs	(35,745)	28,157
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	15,967	(10,931)
Due to the University of Florida	(129,521)	(350,792)
Due to affiliate stations	(36,535)	8,922
Unearned revenue	(17,299)	11,669
Compensated absences	(110,476)	(4,601)
Total adjustments	166,875	15,420
Net cash provided by operating activities	$ 66,775	$ 217,030
Supplemental disclosures - noncash investing and financing transactions		
Net book value of equipment donated	$ 55,775	$ 1,234,745

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 WUFT-TV (the "Station"), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Station is a department of the University of Florida (the "University") located in Gainesville, Florida and conducts various public broadcasting functions. The President of the University 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 Station manager, that relate directly to the operations of the Station, including funds held by the University of 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 to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

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

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

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

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

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

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

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

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

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

(e) **Restricted cash**—Restricted cash represents cash held with the University that is restricted as to withdrawal or use under the terms of certain contractual agreements.

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

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

(h) **Capital assets**—Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets ranging from 5 – 40 years. Depreciation expense for the years ended June 30, 2015 and 2014 was $422,477 and $341,565, respectively.

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

Membership contributions are recognized as revenue 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 donated materials or facilities, as well as indirect administrative support. These amounts are recorded in revenue during the period in which the support is provided.

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

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

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

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

(k) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. 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 inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

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

(m) **Indirect support provided by the University of 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

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

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. Indirect support is reduced by any overhead charges assessed by the University (see Note 15).

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

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

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

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

(r) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the 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.

(s) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

(t) **Compensated absences**—The liability for compensated absences represents employees' accrued annual and sick leave based on length of service subject to certain limitations as defined by state statute and University policies. For the year ended June 30, 2015, the compensated absences liability was removed as the University is responsible for paying out accrued annual and sick leave of Station employees.

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

(u) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2015 and 2014, was $94,260 and $80,096, 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.

(w) **Subsequent events**—The Station has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 14, 2016, the date the financial statements were available to be issued.

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

The Station has an agreement with the University of Florida Foundation, Inc., whereby Station funds are held and invested by the University of 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 Florida Foundation, Inc. on behalf of the Station." Total cash and investments held by the Foundation are $2,137,033 and $2,587,725 as of June 30, 2015 and 2014, respectively. These totals included $606,547 and $655,463 of restricted funds as of June 30, 2015 and 2014, respectively.

All funds held and invested by the University of Florida Foundation, Inc. on behalf of the Station are for the unrestricted use by the Stations and are invested in uninsured and unregistered investments, which are held in the name of the University of Florida Foundation, Inc. All funds held and invested by the University of 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 Florida Foundation, Inc. by the respective hedge fund's manager.

(3) **Capital Assets:**

Capital asset activity for the year ended June 30, 2015, was as follows**:**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Building and building improvements	$ 4,763,757	$ -	$ -	$ -	$ 4,763,757
Furniture, fixtures and equipment	6,603,732	74,555	303,345	9,064	6,384,006
Transmitter	1,107,139	-	256,685	-	850,454
Transmitter building	124,272	-	-	-	124,272
Capital assets being depreciated	12,598,900	74,555	(560,030)	9,064	12,122,489
Less: Accumulated depreciation	(7,811,528)	(422,477)	502,995	(9,064)	(7,740,074)
Capital assets being depreciated, net	4,787,372	(347,922)	(57,035)	-	4,382,415
Construction in process	-	-	-	-	-
Total Capital assets, net	$ 4,787,372	$ (347,922)	$ (57,035)	$ -	$ 4,382,415

(3) **Capital Assets:** (Continued)

Capital asset activity for the year ended June 30, 2014, was as follows**:**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Building and building improvements	$ 4,763,757	$ -	$ -	$ -	$ 4,763,757
Furniture, fixtures and equipment	5,889,458	1,274,625	(588,713)	28,362	6,603,732
Transmitter	1,107,139	-	-	-	1,107,139
Transmitter building	124,272	-	-	-	124,272
Capital assets being depreciated	11,884,626	1,274,625	(588,713)	28,362	12,598,900
Less: Accumulated depreciation	(8,030,314)	(341,565)	588,713	(28,362)	(7,811,528)
Capital assets being depreciated, net	3,854,312	933,060	-	-	4,787,372
Construction in process	-	-	-	-	-
Total Capital assets, net	$ 3,854,312	$ 933,060	$ -	$ -	$ 4,787,372

(4) **State Retirement Plans:**

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

(a) **Florida retirement system**—Substantially all regular employees of the University are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the 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 two cost-sharing, multiple employer retirement plans and other nonintegrated programs. These include a defined benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS 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, and death benefits, and annual cost-of-living adjustments.

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

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

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

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

The Station's 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 $29,000, $30,000 and $24,000, respectively. Employees 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 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 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 5 participants, 3 participants and 1 participant during the fiscal years ended June 30, 2015, 2014 and 2013, respectively. The contribution amounts were approximately $17,000, $9,000 and $3,000 during the 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

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

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 2, 3 and 5 participants during the fiscal years ended June 30, 2015, 2014 and 2013, respectively. Required contributions to the Program during the years ended June 30, 2015, 2014 and 2013, were approximately $6,000, $4,000 and $11,000, respectively.

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 University 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 of losses 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

(6) **Risk Management Programs:** (Continued)

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 fiscal years.

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

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

The Federal government has a ten-year priority lien on any facilities and equipment purchased with funds from the National Telecommunications and Information Administration (NTIA). The lien is to ensure that telecommunications facilities funded with Federal monies will continue to be used to provide public telecommunications services to the public during the period of Federal interest. The original cost of the property acquired with NTIA funds was approximately $2,114,000 and the liens expire in years through 2019.

(8) **Significant Concentrations:**

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

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

(b) **Revenues**—The Station received significant revenue from three sources. The CPB provided approximately 19% and 14%, the University provided approximately 43% and 33% in cash and contributed support, and membership contributions provided approximately 13% and 9% and during the years ended June 30, 2015 and 2014, respectively.

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

(9) **Restrictions on Net Position:**

Investment income, including unrealized appreciation and depreciation, is allocated to the restricted expendable account on a pro rata basis based on the nonexpendable balance. In accordance with state law, and absent any donor restrictions, these funds are then available for expenditure when the specific donor criteria are met. Also, included at June 30, 2015 and 2014, are certain grant funds totaling $1,224,146 and $783,511 respectively, and contributions totaling $29,919 and $27,095, respectively.

The following displays the total endowment balance as of June 30, 2015 and 2014:

	2015	2014
Total endowment balance	$ 606,547	$ 655,463
Less: Appreciation portion deemed restricted expendable	5,145	54,106
Permanently restricted nonexpendable balance	$ 601,402	$ 601,357

(10) **Compensated Absences:**

Compensated absences liability activity for the years ended June 30, 2015 and 2014, was as follows:

Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amount Due Within 1 Year
$ 110,476	$ -	$ (110,476)	$ -	$ -

Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amount Due Within 1 Year
$ 115,077	$ 60,617	$ (65,218)	$ 110,476	$ 69,000

For the year ended June 30, 2015, the compensated absences liability was removed as the University is responsible for paying out accrued annual and sick leave of Station employees.

(11) **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:

Year of Grant	Grants Received	Expended 2012-13	Expended 2013-14	Expended 2014-15	Uncommitted Balance at June 30, 2015
2014-16	$ 861,992	$ -	$ -	$ 2,400	$ 859,592
2013-15	788,963	-	5,452	432,676	350,835
2012-14	741,030	604,727	136,303	-	-

(12) **Risks and Uncertainties:**

The Station invests in uninsured and unregistered investments, held and managed by the University of Florida Foundation, Inc. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the carrying values reported in the statements of net position.

(13) **Related Party Transactions:**

As of June 30, 2014, the Station owed net amounts of $36,535 to an affiliated station as reported in the statement of net position. This amount represented support for payroll costs received from an affiliate station as well as cash received by the Station on behalf of an affiliate station. At June 30, 2015, the remaining balance was recognized as transferred to the affiliated station as it was determined the amount would not be paid.

(14) **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 2015 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, 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 $3,109,343, and $2,868,289, for the years ended June 30, 2015 and 2014, respectively.

(15) **Overhead Charges:**

Starting July 1, 2010, the University began charging departments a Responsibility Centered Management (RCM) overhead allocation. For the year ended June 30, 2015 and 2014, the Station received credits of $29,500 and $262,238, respectively, for RCM charges paid in previous years. In addition, the Station was charged by the University overhead of $26,564 and $19,284, for the years ended June 30, 2015 and 2014, respectively.

SUPPLEMENTAL INFORMATION

EXHIBIT I

WUFT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF 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	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total	Total Expenses	2014 Total Expenses
Salaries, payroll taxes and employee benefits	$ 605,117	$ 330,451	$ 935,568	$ 167,717	$ 119,227	$ 114,154	$ 401,098	$ 1,336,666	$ 1,344,563
Professional services	51,448	3,520	54,968	95,259	1,548	30,276	127,083	182,051	194,034
Supplies and materials	65,465	16,254	81,719	54,031	215	93	54,339	136,058	168,422
Subscriptions and dues	12,192	25	12,217	1,145	2,349	-	3,494	15,711	14,285
Postage, shipping and handling	341	437	778	5,619	-	-	5,619	6,397	6,080
Telephone and utilities	1,487	756	2,243	23,438	-	-	23,438	25,681	19,420
Rental and maintenance of equipment	38,729	20,726	59,455	9,185	5,130	-	14,315	73,770	58,073
Travel and training	8,646	953	9,599	6,107	1,522	99	7,728	17,327	23,591
Premiums	125	-	125	-	103,645	89	103,734	103,859	72,408
Programming	695,216	-	695,216	-	1,550	-	1,550	696,766	656,191
Service fees	38,603	-	38,603	228,192	16,695	-	244,887	283,490	244,135
Advertising	4,846	21	4,867	4,406	84,247	-	88,653	93,520	80,096
Special events	-	-	-	12,181	-	203	12,384	12,384	13,099
Bad debt expense	-	-	-	125	-	-	125	125	2,680
Donated facilities and administrative support from the University of Florida	470,306	256,831	727,137	130,352	92,665	88,722	311,739	1,038,876	768,643
Depreciation	158,311	200,735	359,046	23,423	28,894	11,114	63,431	422,477	341,565
Loss on disposal of capital assets	10,266	44,488	54,754	-	-	2,281	2,281	57,035	-
Overhead charges	-	-	-	26,564	-	-	26,564	26,564	19,284
	$ 2,161,098	$ 875,197	$ 3,036,295	$ 787,744	$ 457,687	$ 247,031	$ 1,492,462	$ 4,528,757	$ 4,026,569

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 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 WUFT-TV (the Station), a public telecommunications entity operated by the University of 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 January 14, 2016.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies.

> **Financial oversight**—Based upon the significance and number of proposed audit adjustments, we recommend an increase in financial oversight at the Station. While improvements were noted over the previous year, the monitoring and review of financial information by management during the year end close process could be improved.

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In maintaining an efficient and reliable accounting system, monitoring and review of financial information is vitally important. We recommend the Station's business office personnel develop and document a policy for monitoring and review of financial information, in order to produce accurate and timely financial information that can be relied on by Station management throughout the fiscal year.

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.*

The Station's Response to Findings

The Station's response to the finding identified in our audit is described in the accompanying corrective action plan. The Station's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
January 14, 2016

Financial Oversight:

We are in agreement that although the financial oversight at the station has improved, there is still need for improvement, and there will be improvement in FY 16. FY 15 was very challenging in that the long time accountant departed the station, leaving the business office with one person who, at that time, had been in his position for five months. On top of that, we changed our accounting software from MIP to QuickBooks. By making this change, it took away our ability to easily compare year over year results. Our plan in FY 16 is to do a mini audit of our own as of December 31, which will uncover any revenue or expense abnormalities half way through the year, instead of waiting until the end of the year. Also, the new accountant now has a year of experience, and has gained a great deal of knowledge into the operation of the stations. So, based on all of this, we expect significant improvement in the current year.