

**WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
TABLE OF CONTENTS
JUNE 30, 2017 AND 2016

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 7
Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 – 18
Supplemental Information	
Schedule of Functional Expenses (Exhibit I)	19
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 <i>Government Auditing Standards</i>	20 – 21

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of Central Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of WUCF-TV (the "Station"), a public telecommunications entity operated by the University of Central Florida, as of and for the fiscal years ended June 30, 2017 and 2016, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

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 3 through 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.

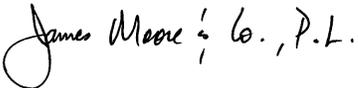
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station'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 12, 2018, 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 12, 2018

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of WUCF-TV (the “Station”) for the fiscal years ended June 30, 2017 and 2016. The University of Central Florida (the “University”) acquired the assets of Community Communications (d/b/a WMFE-TV) on June 25, 2011, and received permission to start operations on September 26, 2012, from the Federal Communications Commission (FCC). This discussion and analysis includes summarized activity from fiscal year 2015 to fiscal year 2017. Management of WUCF-TV has prepared the following discussion, and it should be read in conjunction 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.

WUCF-TV is a public service of the University of Central Florida (UCF), licensed by the Federal Communications Commission to the Board of Trustees of the University of Central Florida. The University is governed by the Board of Trustees. The President of the University is responsible for the management of the University, and WUCF-TV operates as a department of the University under the management of the station General Manager. WUCF-TV studios, production and transmission facilities are located in Orlando, Florida.

As Central Florida’s storyteller, WUCF-TV’s mission is to encourage curiosity and learning through compelling content and community engagement.

WUCF-TV is Central Florida’s sole-service PBS station, serving nearly four million viewers across nine counties. The coverage area for WUCF-TV includes Brevard, Flagler, Lake, Marion, Orange, Osceola, Seminole, Sumter and Volusia counties. WUCF-TV provides five program services, including channel 24.1, WUCF-TV’s main PBS programming channel; WUCF Create 24.2; WUCF PBS Kids 24.3; WUCF NHK World 24.4; and WUCF World 24.5.

WUCF-TV’s website, <http://www.wucftv.org>, is rapidly expanding as a major means of distributing programming to people without easy access to its broadcast services. Many programs are archived and are available to the public on demand.

OVERVIEW OF FINANCIAL STATEMENTS

The financial statements consist of statements of net position, statements of revenues, expenses, and changes in net position and statements of cash flows. The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board (GASB). Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016
(Continued)

The Station is a department of the University of Central Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity for accounts within the University and the University of Central Florida Foundation, which are under the control of the station General Manager.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Station, and it presents the financial position of the Station at a specified time. Assets less liabilities equal net position, which is one indicator of the Station's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Station's financial position. Restricted net position 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. Unrestricted net position consists of net assets that do not meet the definition of either restricted or net investment in capital assets.

The following summarizes the Station's total net position at June 30, 2017, and the preceding fiscal years.

CONDENSED STATEMENTS OF NET POSITION
(For the Fiscal Years at June 30)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Current assets	\$ 2,900,971	\$ 2,845,248	\$ 3,147,532
Noncurrent assets	3,404,716	3,464,236	3,507,460
Total assets	<u>6,305,687</u>	<u>6,309,484</u>	<u>6,654,992</u>
LIABILITIES			
Current liabilities	290,627	243,242	137,342
Noncurrent liabilities	155,385	126,506	120,934
Total liabilities	<u>446,012</u>	<u>369,748</u>	<u>258,276</u>
NET POSITION			
Net investment in capital assets	3,397,186	3,454,121	3,498,793
Restricted – expendable	77,641	191,493	513,768
Unrestricted	2,384,848	2,294,122	2,384,155
Total net position	<u>\$ 5,859,675</u>	<u>\$ 5,939,736</u>	<u>\$ 6,396,716</u>

Total assets as of June 30, 2017, remained consistent with the prior fiscal year. Total liabilities increased by \$76 thousand or 21% primarily due to the timing of the receipt of invoices. Restricted – expendable amounts as of June 30, 2017 decreased by \$114 thousand or 59% primarily due to a decrease in the cash balances associated with the Corporation for Public Broadcasting grants.

Total assets as of June 30, 2016, decreased by \$346 thousand or 5% due to a decrease in the restricted cash as of June 30, 2016. Total liabilities increased by \$111 thousand or 43% primarily due to the timing of the receipt of invoices. Restricted – expendable amounts as of June 30, 2016 decreased by \$322 thousand or 63% primarily due to a decrease in the cash balances associated with the Corporation for Public Broadcasting grants.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016
(Continued)

THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The statement of revenues, expenses and changes in net position represents the Station's revenue and expense activity. Expenses have been summarized on a functional basis. Certain costs have been allocated among program and supporting services based on total personnel costs or other systematic bases.

The following summarizes the Station's changes in net position for the fiscal year ended June 30, 2017, and the preceding fiscal years.

CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
(For the Fiscal Years at June 30)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES			
Appropriations from the University	\$ 2,532,147	\$ 2,020,537	\$ 2,234,661
Other operating revenues	4,673,171	4,145,583	4,050,972
Total revenues	<u>7,205,318</u>	<u>6,166,120</u>	<u>6,285,633</u>
EXPENSES			
Program services			
Programming and production	2,244,367	1,986,652	2,125,182
Broadcasting	1,171,368	1,127,521	925,013
Program information and promotion	371,837	309,466	263,045
Total program services	<u>3,787,572</u>	<u>3,423,639</u>	<u>3,313,240</u>
Supporting services			
Management and general	2,046,197	1,797,537	1,686,569
Fundraising and membership development	945,318	942,181	837,974
Underwriting and grant solicitation	506,292	459,743	510,358
Total supporting services	<u>3,497,807</u>	<u>3,199,461</u>	<u>3,034,901</u>
Total expenses	<u>7,285,379</u>	<u>6,623,100</u>	<u>6,348,141</u>
Decrease in net position	<u>\$ (80,061)</u>	<u>\$ (456,980)</u>	<u>\$ (62,508)</u>

For the fiscal year ended June 30, 2017, appropriations from the University increased by \$512 thousand or 3%.

Other operating revenues consist of grants, donor membership, underwriting, production and miscellaneous support. For the year ended June 30, 2017, other operating revenues increased by \$528

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016
(Continued)

thousand or 13% attributable to membership and miscellaneous support. For the year ended June 30, 2016, other operating revenues remained consistent with prior year.

The Station's expenses totaled to approximately \$7.3 million as of June 30, 2017. This balance reflects an increase of \$662 thousand or 10% compared to June 30, 2016, attributable to increase in payroll expense and indirect support. There were four permanent hires, seven temporary hires and a University mandated salary increase in fiscal year 2017. The Station's expenses totaled to approximately \$6.6 million and \$6.3 million as of June 30, 2016 and 2015, respectively. For the fiscal year ended June 30, 2016, the balance reflects an increase of \$275 thousand or 4% as compared to June 30, 2015, primarily attributable to an increase in the Station's Public Broadcasting Service (PBS) annual fee, implementation of fundraising direct mail campaign and University mandated salary increase.

THE STATEMENT OF CASH FLOW

The statement of cash flows provides information about the Station's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Station's ability to generate net cash flow, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided by or used in the operating activities of the Station. Cash flows from non-capital financing activities include transfers to and from the University of Central Florida and the University of Central Florida Foundation. Cash flows from capital and related financing activities include changes associated with capital assets.

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2017, and the preceding fiscal years.

CONDENSED STATEMENTS OF CASH FLOWS
(For the Fiscal Years at June 30)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows provided by (used in)			
Operating activities	\$ 147,783	\$ (146,310)	\$ 27,520
Non-capital financing activities	-	-	27,570
Capital and related financing activities	<u>(69,757)</u>	<u>(81,360)</u>	<u>(1,086,742)</u>
Net increase (decrease) in Cash and Cash Equivalents	78,026	(227,670)	(1,031,652)
Cash and Cash Equivalents			
Beginning of year	<u>2,652,373</u>	<u>2,880,043</u>	<u>3,911,695</u>
End of year	<u>\$ 2,730,399</u>	<u>\$ 2,652,373</u>	<u>\$ 2,880,043</u>

During the fiscal year ended June 30, 2017, cash flows provided by operating activities increased over the year due to an increase in membership income.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017 AND 2016
(Continued)

During the fiscal year ended June 30, 2016, cash flows provided by operating activities decreased year over year primarily due to increases in payments to employees for compensation. The increase in payments is due to University mandated salary increases and personnel additions to expand resources for development and underwriting.

During fiscal year ended June 30, 2016, cash flows used in capital and related financing activities decreased due to the satisfaction of the final installment payment in fiscal year 2015 for the purchase of the Station's broadcast license.

ECONOMIC OUTLOOK

In fiscal year 2018, WUCF-TV will continue to expand and grow our services, supporters and revenue. Enhanced education and community engagement activities will insure the Station continues on a sustainable path. Positive revenue generation and control of expenses will insure the Station has the ability to grow. We will work with our licensee, the University of Central Florida, to insure increased service to students and integration into the academic mission of the University, which in turn keeps us true to our mission of education.

WUCF-TV and WUCF-FM merged effective July 1, 2017. Financial statements for WUCF-TV and WUCF-FM will be reported separately. With this merger, operations and budget are managed by the Station's General Manager. A unified WUCF (TV and radio) enables the Station better opportunity to provide an excellent viewer/listener experience, diversify revenue, deepen donor relations and develop strategic partnerships on the University campus and in the Central Florida community.

WUCF's success supports UCF's mission to provide "services that enhance the intellectual, cultural, environmental and economic development of the metropolitan region" and to further establish the University as a "major presence and contributor to the global community."

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 need additional financial information, contact the Station at:

WUCF-TV
12461 Research Parkway, Suite 550
Orlando, FL 32826
(407) 823-1300

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 2,643,284	\$ 2,503,380
Restricted cash	87,115	148,993
Accounts and grants receivable	92,776	117,409
Current portion of prepaid assets	77,796	75,466
Total current assets	2,900,971	2,845,248
Noncurrent assets		
Prepaid assets	7,530	10,115
Capital assets, being depreciated, net	234,110	291,045
Capital asset, not being depreciated	3,163,076	3,163,076
Total noncurrent assets	3,404,716	3,464,236
Total Assets	<u>6,305,687</u>	<u>6,309,484</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	252,736	211,246
Current portion of compensated absences	11,696	9,522
Unearned revenue	26,195	22,474
Total current liabilities	290,627	243,242
Noncurrent liabilities		
Compensated absences, less current portion	155,385	126,506
Total Liabilities	<u>446,012</u>	<u>369,748</u>
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	3,397,186	3,454,121
Restricted - expendable	77,641	191,493
Unrestricted	2,384,848	2,294,122
Total Net Position	<u>\$ 5,859,675</u>	<u>\$ 5,939,736</u>

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating revenues		
Community Service Grants donated by the Corporation for Public Broadcasting	\$ 784,731	\$ 772,612
Other grants donated by the Corporation for Public Broadcasting	48,373	124,169
Community Service Grants donated by the Department of Education, State of Florida	307,447	307,447
Appropriations from University of Central Florida	2,532,147	2,020,537
Donated facilities and administrative support from University of Central Florida	1,119,479	918,050
Other Governmental Grants	90,506	68,658
Membership	1,786,056	1,461,915
Underwriting	365,781	334,502
Production	37,234	56,341
In-kind contributions	44,887	45,342
Miscellaneous support	88,677	56,547
Total operating revenues	<u>7,205,318</u>	<u>6,166,120</u>
Operating expenses (Exhibit I)		
Programming and production	2,244,367	1,986,652
Broadcasting	1,171,368	1,127,521
Program information and promotion	371,837	309,466
Management and general	2,046,197	1,797,537
Fundraising and membership development	945,318	942,181
Underwriting and grant solicitation	506,292	459,743
Total operating expenses	<u>7,285,379</u>	<u>6,623,100</u>
Decrease in net position	<u>(80,061)</u>	<u>(456,980)</u>
Net position, beginning of year	5,939,736	6,396,716
Net position, end of year	<u>\$ 5,859,675</u>	<u>\$ 5,939,736</u>

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 3,537,159	\$ 3,256,746
Cash received from appropriations from University of Central Florida	2,532,147	2,020,537
Cash paid to employees for salaries and benefits	(2,597,240)	(2,247,963)
Cash paid to vendors	<u>(3,324,283)</u>	<u>(3,175,630)</u>
Net cash provided by (used in) operating activities	147,783	(146,310)
Cash flows from capital and related financing activities		
Purchase of capital assets	(69,757)	(81,360)
Net increase (decrease) in cash and cash equivalents	<u>78,026</u>	<u>(227,670)</u>
Cash and cash equivalents, beginning of year	2,652,373	2,880,043
Cash and cash equivalents, end of year	<u><u>\$ 2,730,399</u></u>	<u><u>\$ 2,652,373</u></u>
Reconciliation of decrease in net position to net cash provided by (used in) operating activities		
Decrease in net position	\$ (80,061)	\$ (456,980)
Adjustments to reconcile decrease in net position to net cash provided by (used in) operating activities		
Depreciation	126,692	126,032
Change in assets and liabilities:		
Accounts and grants receivable	24,633	69,404
Prepaid assets	255	3,762
Accounts payable and accrued expenses	41,490	100,330
Unearned revenue	3,721	5,151
Compensated absences	31,053	5,991
Net cash provided by (used in) operating activities	<u><u>\$ 147,783</u></u>	<u><u>\$ (146,310)</u></u>
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 2,643,284	\$ 2,503,380
Restricted cash	87,115	148,993
	<u><u>\$ 2,730,399</u></u>	<u><u>\$ 2,652,373</u></u>

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

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

(a) **Reporting entity**—The Station is a department of the University of Central Florida (the “University”) located in Orlando, 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 General Manager. The financial statements include only those funds, under the administrative control of the Vice President of Communications and Marketing, that relate directly to the operation of the Station, including University funds as well as funds held by University of Central 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. The University acquired the assets of Community Communications (d/b/a WMFE-TV) on June 25, 2011, and received permission to start operations on September 26, 2012, from the Federal Communications Commission (the “FCC”).

(b) **Basis of accounting**—The Station’s accounting policies conform with accounting principles generally accepted by Governmental Accounting Standards Board (GASB). For financial reporting purposes, the Station has elected to report as an entity engaged in only 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. Revenues are recorded when earned and expenses are recorded when incurred. Included in the Station’s financial statements are the following components:

- ◆ Management’s Discussion and Analysis
- ◆ Basic Financial Statements:
 - Statements of Net Position
 - Statements of Revenues, Expenses, and Changes in Net Position
 - Statements of Cash Flows
 - Notes to Financial Statements

(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. The Station does not have any nonexpendable restricted net position as of June 30, 2017 and 2016.

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.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

Unrestricted—The difference between the assets and liabilities that is not reported in “net investment in capital assets” and “restricted net position.”

When both restricted and unrestricted resources are available for use, it is the Station’s policy to expend restricted resources first, then unrestricted resources as they are needed.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash on hand and cash in demand accounts. 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 that has been received that has to be spent based on grantor or donor restrictions.

(f) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest. There was no allowance for doubtful accounts recorded at June 30, 2017 and 2016.

(g) **Grants receivable**—The grants receivables of the Station are due from a private grantor at June 30, 2017, and the Corporation for Public Broadcasting and a private grantor at June 30, 2016, and are stated at the amount management expects to collect. There was no allowance for doubtful accounts recorded at June 30, 2017 and 2016.

(h) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (included in prepaid assets) 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 noncurrent. 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.

(i) **Capital assets**—Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets over five years.

(j) **Revenue recognition**—Appropriations from the University 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 support in the period they are received.

Program production grants are reported as deferred 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.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

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.

(k) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, materials 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.

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

(l) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs, as well as 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 viewers. 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 are not shown as assets in 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.

(m) **Indirect support provided by University of Central 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.

(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) **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.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

(p) **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.

Any remaining CSG funds and other CPB grant funds at fiscal year-end are reported as restricted cash and restricted-expendable net position on the statements of net position.

(q) **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.

(r) **Income taxes**—The Station is owned and operated by the University of Central Florida which is a part of the State of Florida’s educational system. Accordingly, the Station is exempt from Federal income taxes.

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

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

(u) **Compensated absences**—The liability for compensated absences represents employees’ accrued annual and sick leave based on length of service subject to certain limitations as defined by state statute and University policies.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

(v) **Advertising costs**—Promotional advertising costs are expensed in the period in which they are incurred. Advertising expense for the fiscal years ended June 30, 2017 and 2016, was \$242,235 and \$243,136, respectively.

(w) **Recent accounting pronouncements**—In June 2017, the GASB issued Statement No. 87, *Leases*, to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Station is currently evaluating the effect that implementation of the new Statement will have on its financial position, results of operations, and cash flows.

(x) **Reclassifications**—Certain amounts in the prior year Schedule of Functional Expenses (Exhibit I) have been reclassified to conform to the current year presentation. These reclassifications had no effect on net position.

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

The Station has an agreement with the Foundation, whereby Station funds are held by the Foundation on behalf of the Station. These amounts are included in the accompanying financial statements of the Station in “Cash and cash equivalents.” Total funds held by the Foundation are \$2,467,670 and \$2,413,539 as of June 30, 2017 and 2016, respectively.

(3) **Capital Assets:**

Capital asset balances and activity for the fiscal years ended June 30, 2017 and 2016 were as follows:

	<u>Balance</u> <u>July 01, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital asset, not being depreciated					
License	\$ 3,163,076	\$ -	\$ -	\$ -	\$ 3,163,076
Capital assets, being depreciated					
Furniture and equipment	904,401	69,757	(12,426)	8,600	970,332
Less: Accumulated depreciation	(613,356)	(126,692)	12,426	(8,600)	(736,222)
Total capital assets, being depreciated, net	<u>291,045</u>	<u>(56,935)</u>	<u>-</u>	<u>-</u>	<u>234,110</u>
Total capital assets	<u>\$ 3,454,121</u>	<u>\$ (56,935)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,397,186</u>

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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

	<u>Balance July 01, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2016</u>
Capital asset, not being depreciated					
License	\$ 3,163,076	\$ -	\$ -	\$ -	\$ 3,163,076
Capital assets, being depreciated					
Furniture and equipment	829,116	81,360	(6,075)	-	904,401
Less: Accumulated depreciation	(493,399)	(126,032)	6,075	-	(613,356)
Total capital assets, being depreciated, net	335,717	(44,672)	-	-	291,045
Total capital assets	<u>\$ 3,498,793</u>	<u>\$ (44,672)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,454,121</u>

Depreciation expense was \$126,692 and \$126,032 for the fiscal years ended June 30, 2017, and 2016, respectively.

(4) **Related Party Transactions:**

The Station leases office space from the University of Central Florida Foundation, Inc. on a year-to-year basis. Rental expense and monthly required maintenance expense paid under these leases was approximately \$270,000 for each fiscal year ended June 30, 2017 and 2016.

(5) **Operating Lease:**

The Station leases a transmitter building under an operating lease expiring in 2022. Rent expense related to this lease agreement amounted to approximately \$115,000 and \$110,000 for the fiscal years ended June 30, 2017 and 2016, respectively. Minimum future rental payments under the noncancellable operating lease as of June 30, 2017, for each of the next five years are approximately:

<u>Year</u>	<u>Amount</u>
2018	\$ 121,000
2019	127,000
2020	133,000
2021	140,000
2022	147,000

(6) **Significant Concentrations:**

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

- (a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University which are secured up to FDIC limits. Amounts in excess of FDIC limits are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. There were no uninsured amounts as of June 30, 2017 and 2016.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

(6) **Significant Concentrations:** (Continued)

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

(c) **Accounts and grants receivable**—The Station has accounts and grants receivables of \$92,776 and \$117,409 from governmental and other sources at June 30, 2017 and 2016, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(d) **Revenues**—The Station received significant revenue from two sources. The CPB provided approximately 12% and 15% of revenue during the fiscal years ended June 30, 2017 and 2016, respectively. The University provided approximately 51% and 48% in cash support and donated facilities during the fiscal years ended June 30, 2017 and 2016, respectively.

(7) **Compensated Absences:**

Compensated absences liability activity for the fiscal years ended June 30, 2017 and 2016, was as follows:

<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 136,028	\$ 38,139	\$ (7,086)	\$ 167,081	\$ 11,696

<u>Balance</u> <u>July 1, 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>
\$ 130,037	\$ 25,437	\$ (19,446)	\$ 136,028	\$ 9,522

(8) **Grants From the Corporation for Public Broadcasting:**

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

<u>Years of</u> <u>Grant</u>	<u>Grants</u> <u>Received</u>	<u>Expended</u>			<u>Uncommitted</u> <u>Balance at</u> <u>June 30, 2017</u>
		<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	
2014-2016	753,082	360,795	392,287	-	-
2015-2017	772,612	-	642,599	130,013	-
2016-2018	784,731	-	-	722,661	62,070

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

(9) DCA Master Control Agreement:

Digital Convergence Alliance (DCA) is a membership organization comprised of numerous public broadcasting stations in which the members have joined together to provide a centralized television video distribution hub (centralized master control). The purpose of this centralized master control, based in Jacksonville, Florida, is to be a more cost effective by sharing the costs of human resources for master control operations by reducing and/or eliminating the number of staff needed at each station member's location to operate an on-site master control system. Additionally, sharing equipment and data storage in one central location for the large number of HD video files needed to operate a television station maximizes efficiencies of equipment. The DCA is a partnership that was spearheaded by the member stations of the Florida Association of Broadcasters. This partnership formed a new membership organization, DCA, which includes WUCF-TV, to seek a Corporation for Public Broadcasting (CPB) grant to reduce the initial cost of the equipment build out for the DCA facility.

Membership in the DCA allows for \$700,000 in grant funding as part of a seven million dollar total CPB grant for DCA infrastructure. The agreement extends through February 2018 with a five-year renewal period. WUCF-TV's annual service fee during the fiscal year ended June 30, 2017 was \$333,156. The annual service fee was increased to \$347,156 in August 2017. The quarterly payment of \$86,789 was due and paid in July 2017 for services to be rendered in August, September, and October. The next quarterly payment of \$86,789 was due and paid in October 2017 for services to be rendered in November, December, and January with subsequent quarterly payments due every three months thereafter.

(10) Nonfederal Financial Support (NFFS):

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

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the NFFS. This change excludes all revenues received for any capital purchases.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, 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 broadcasting 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 \$5,701,633 and \$4,604,340 for the fiscal years ended June 30, 2017 and 2016, respectively.

SUPPLEMENTAL INFORMATION

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	Program Services				Supporting Services				2017 Total Expenses	2016 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	\$ 951,943	\$ 321,205	\$ 226,938	\$ 1,500,086	\$ 578,404	\$ 293,201	\$ 252,604	\$ 1,124,209	\$ 2,624,295	\$ 2,278,106
Professional services	76,342	339,589	6,208	422,139	108,274	121,433	106,510	336,217	758,356	716,373
Postage, shipping and handling	495	26	1,808	2,329	2,760	90,956	46	93,762	96,091	84,956
Supplies	6,625	6,833	8,548	22,006	9,430	3,221	334	12,985	34,991	45,096
Telecommunications and utilities	-	64,746	-	64,746	86,220	-	-	86,220	150,966	165,651
Pledge premiums	1,643	-	7,070	8,713	7,051	226,157	4,303	237,511	246,224	245,988
Rental and maintenance of equipment	71,416	198,999	23,452	293,867	195,969	22,032	19,554	237,555	531,422	483,520
Travel and training	5,793	-	500	6,293	76,439	615	2,703	79,757	86,050	57,331
Program acquisition	718,365	-	-	718,365	613,667	-	-	613,667	1,332,032	1,374,925
Subscriptions and dues	968	74	452	1,494	44,784	480	299	45,563	47,057	41,585
Other operating expenses	3,297	-	53	3,350	51,601	2,463	12,182	66,246	69,596	21,507
Service fees	-	-	-	-	-	49,666	-	49,666	49,666	43,229
Indirect support	406,082	137,021	96,808	639,911	246,737	125,074	107,757	479,568	1,119,479	918,050
Depreciation	1,398	98,826	-	100,224	16,448	10,020	-	26,468	126,692	126,032
Insurance	-	4,049	-	4,049	8,413	-	-	8,413	12,462	20,751
	<u>\$ 2,244,367</u>	<u>\$ 1,171,368</u>	<u>\$ 371,837</u>	<u>\$ 3,787,572</u>	<u>\$ 2,046,197</u>	<u>\$ 945,318</u>	<u>\$ 506,292</u>	<u>\$ 3,497,807</u>	<u>\$ 7,285,379</u>	<u>\$ 6,623,100</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 Central 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 WUCF-TV (the "Station"), a public telecommunications entity operated by the University of Central Florida, as of and for the year ended June 30, 2017, 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 12, 2018.

Internal Control over Financial Reporting

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

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

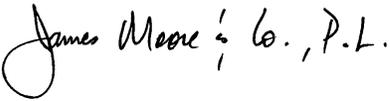
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
January 12, 2018