

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

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
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JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of South Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of WUSF-FM (the "Station"), a public telecommunications entity operated by the University of South Florida, as of and for the years ended June 30, 2018 and 2017, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Station as of June 30, 2018 and 2017, 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

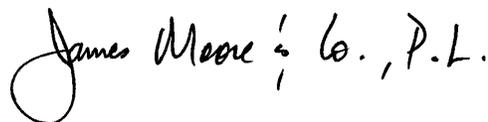
Required Supplementary Information

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 (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.

James Moore & Co., P.L.

Gainesville, Florida
December 21, 2018

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017

This report is provided for your convenience and understanding of WUSF-FM's (the Station) financial condition and operating activities for the years ended June 30, 2018, June 30, 2017 and June 30, 2016. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station's accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follow published Governmental Accounting Standards. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Colleges and Universities*. The overview presented below highlights the significant financial activities which occurred during the past year and describes changes in financial activity from the prior year. Please read this overview in conjunction with our comparative summaries of net position and revenues, expenses and changes in net position on pages 4 – 5 and our financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

The financial position of the Station at June 30, 2018 (FY 2018) remains strong. Net position totaled \$6,563,129 for the year ended June 30, 2018 compared to \$4,916,078 for the year ended June 30, 2017 (FY 2017) and \$3,786,531 for the year ended June 30, 2016 (FY 2016). The Station's net position increased by \$1,647,051 or 33.5% in FY 2018 compared to an increase of \$1,129,547 or 29.8% in FY 2017. Causes for the increases are detailed below in the revenue and expense discussions.

During the year, the Station's operating revenues increased by \$768,299 or 8.1% compared to an increase of \$570,782 or 6.4% for FY 2017. Operating revenues totaled \$10,250,148 in FY 2018 compared to \$9,481,849 in FY 2017 and \$8,911,067 in FY 2016. When comparing FY 2018 to FY 2017, the increase in operating revenue is mainly due to an increase in community service grants donated by the Corporation of Public Broadcasting of \$96,374; an increase in Underwriting of \$50,536; an increase in overall Membership income of \$113,381; an increase in donated support services from the University of \$123,996; and an increase in in-kind contributions of \$139,049. When comparing FY 2017 to FY 2016, the increase in operating revenue is mainly due to an increase in overall Membership income of \$723,961 which includes four (4) large major gifts totaling \$394,015. This increase was offset by a decrease in donated support services from the University of \$187,231. Non-operating revenues totaled \$726,260 in FY 2018 compared to \$69,045 in FY 2017 and \$1,330,213 in FY 2016. When comparing FY 2018 to FY 2017, the increase in non-operating revenue is mainly due to debt forgiveness of \$715,139 as a result of Television going dark in October 2017. Non-operating revenues decreased significantly in FY 2017 as compared to FY 2016 mainly due to a decrease of \$1,268,526 in grant revenue from the Florida Department of Education for construction of a new FM tower in Riverview.

Station expenses increased \$908,010 in FY 2018. Operating expenses totaled \$9,329,357 in FY 2018 compared to \$8,421,347 in FY 2017 and \$8,348,571 in FY 2016. The increase between FY 2018 and FY 2017 is mainly due to the reallocation of staff from Television to Radio after Television went dark in October 2017, and staff positions being filled in FY 2018 that were vacant in FY 2017. Station expenses increased \$72,776 in FY 2017 as compared to FY 2016. The major items contributing to the increase between FY 2017 and FY 2016 was an increase in Programming and Production of \$62,917; an increase in Broadcasting of \$89,954; and an increase Fundraising and Membership Development of \$139,301.

These increases were offset by decreases in Management and General of \$118,579 and Underwriting and Grant Solicitation of \$107,997.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017
(Continued)

USING THESE FINANCIAL STATEMENTS

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

THE REPORTING ENTITY

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

TABLE 1
CONDENSED STATEMENTS OF NET POSITION

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current assets	\$ 2,824,113	\$ 1,561,474	\$ 1,366,845
Noncurrent assets	4,489,091	4,664,422	4,599,458
Total assets	<u>7,313,204</u>	<u>6,225,896</u>	<u>5,966,303</u>
Current liabilities	750,075	977,974	1,709,701
Noncurrent liabilities	-	331,844	470,071
Total liabilities	<u>750,075</u>	<u>1,309,818</u>	<u>2,179,772</u>
Net position			
Net investment in capital assets	4,489,091	4,194,351	3,996,554
Restricted			
Nonexpendable	306,877	247,398	247,398
Expendable	746,805	263,020	259,935
Unrestricted	<u>1,020,356</u>	<u>211,309</u>	<u>(717,356)</u>
Total net position	<u>\$ 6,563,129</u>	<u>\$ 4,916,078</u>	<u>\$ 3,786,531</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017
(Continued)

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues			
Operating	\$ 10,250,148	\$ 9,481,849	\$ 8,911,067
Non-operating	726,260	69,045	1,330,213
Total revenues	<u>10,976,408</u>	<u>9,550,894</u>	<u>10,241,280</u>
Expenses			
Program services			
Programming and production	3,907,700	3,707,462	3,644,545
Broadcasting	892,200	752,696	662,742
Program information	789,597	692,124	684,944
Total program services	<u>5,589,497</u>	<u>5,152,282</u>	<u>4,992,231</u>
Supporting services			
Management and general	1,196,859	964,223	1,082,802
Fundraising and membership development	1,582,030	1,479,920	1,340,619
Underwriting and grants	960,971	824,922	932,919
Total supporting services	<u>3,739,860</u>	<u>3,269,065</u>	<u>3,356,340</u>
Total expenses	<u>9,329,357</u>	<u>8,421,347</u>	<u>8,348,571</u>
Increase in net position	<u>\$ 1,647,051</u>	<u>\$ 1,129,547</u>	<u>\$ 1,892,709</u>

TABLE 3
CONDENSED STATEMENTS OF CASH FLOWS

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net cash provided by operating activities	\$ 2,144,555	\$ 925,915	\$ 278,298
Net cash used in non-capital financing activities	(207,406)	(542,093)	(906,475)
Net cash used in capital and related financing activities	(497,562)	(393,526)	(754,501)
Net cash used in investing activities	<u>(1,337,837)</u>	<u>(106,419)</u>	<u>(171,430)</u>
Net increase (decrease) in cash and cash equivalents	101,750	(116,123)	(1,554,108)
Cash and cash equivalents, beginning of year	156,038	272,161	1,826,269
Cash and cash equivalents, end of year	<u>\$ 257,788</u>	<u>\$ 156,038</u>	<u>\$ 272,161</u>

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(Continued)

Current assets consist primarily of cash and cash equivalents, accounts receivable, and prepaid programming expenses. Noncurrent assets consist primarily of property and equipment. Property and equipment was \$4,489,091 for FY 2018 and \$4,664,422 for FY 2017. Property and equipment are presented net of accumulated depreciation. Property and equipment additions totaled \$24,297 in FY 2018 and \$319,279 in FY 2017.

Current liabilities consist of accounts payable, accrued expenses, amounts due to the University of South Florida, and deferred revenue. Noncurrent liabilities do not exist.

Operating revenues in FY 2018 consist primarily of Corporation for Public Broadcasting Grants (5%), Grants donated by the Department of Education, State of Florida (1%), Appropriations from the University of South Florida (USF) (6%), Business and Industry Support (22%), Membership Support (40%), Facilities and Support provided by USF (12%), and In-kind contributions and Other (14%). Operating expenses consist primarily of Programming & Production (42%), Broadcasting (10%), Program Information & Promotion (8%), Management & General (13%), Fundraising & Membership (17%) and Underwriting and Grant Solicitation (10%).

BUDGETS

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

CONTACTING MANAGEMENT

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

WUSF-FM
4202 East Fowler Avenue
TVB 100
Tampa, Florida 33620-9951
(813) 974-8690

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 176,211	\$ 128,327
Restricted cash	81,577	27,711
Funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station		
Unrestricted	1,192,161	301,696
Restricted	972,105	510,418
Accounts and underwriting receivables	357,511	381,812
Grants receivable	11,878	-
Other prepaid assets	32,670	211,510
Total current assets	2,824,113	1,561,474
Capital asset, not being depreciated	1,235,236	1,173,736
Capital assets, being depreciated, net	3,253,855	3,490,686
Total capital assets	4,489,091	4,664,422
Total assets	7,313,204	6,225,896
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	163,913	98,394
Unearned revenue	69,388	17,173
Current portion of due to the University of South Florida Foundation, Inc.	-	138,227
Due to the University of South Florida	174,980	600,474
Due to affiliated station	341,794	123,706
Total current liabilities	750,075	977,974
Noncurrent liabilities		
Due to the University of South Florida Foundation, Inc., less current portion	-	331,844
Total liabilities	750,075	1,309,818
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	4,489,091	4,194,351
Restricted		
Nonexpendable	306,877	247,398
Expendable	746,805	263,020
Unrestricted	1,020,356	211,309
Total net position	\$ 6,563,129	\$ 4,916,078

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

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 560,359	\$ 463,985
Other grants	55,457	16,742
Grants donated by the Department of Education, State of Florida	100,000	100,000
Appropriations from the University of South Florida	575,837	538,088
Business and industry support	2,223,823	2,173,287
Membership income	4,137,480	4,024,099
Donated facilities and administrative support from the University of South Florida	1,216,010	1,092,014
In-kind contributions	893,933	754,884
Other income	487,249	318,750
Total operating revenues	10,250,148	9,481,849
Operating expenses		
Programming and production	3,907,700	3,707,462
Broadcasting	892,200	752,696
Program information and promotion	789,597	692,124
Management and general	1,196,859	964,223
Fundraising and membership development	1,582,030	1,479,920
Underwriting and grant solicitation	960,971	824,922
Total operating expenses	9,329,357	8,421,347
Operating income	920,791	1,060,502
Non-operating revenues (expenses)		
Interest expense	(3,194)	(22,151)
Interest and dividends	14,315	10,459
Debt forgiveness	715,139	-
Capital grants donated by the Department of Education, State of Florida	-	80,737
Total non-operating revenues (expenses)	726,260	69,045
Increase in net position	1,647,051	1,129,547
Net position, beginning of year	4,916,078	3,786,531
Net position, end of year	\$ 6,563,129	\$ 4,916,078

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

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 7,629,006	\$ 7,006,983
Cash paid for salaries, benefits and payroll taxes	(4,084,837)	(3,777,431)
Cash paid to suppliers and others	(1,399,614)	(2,303,637)
Net cash provided by operating activities	<u>2,144,555</u>	<u>925,915</u>
Cash flows from non-capital financing activities		
Increase in due to affiliated station	218,088	2,853
Decrease in due to University of South Florida	(425,494)	(544,946)
Net cash used in non-capital financing activities	<u>(207,406)</u>	<u>(542,093)</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(24,297)	(319,279)
Payment on long-term debt with the University of South Florida Foundation, Inc.	(470,071)	(132,833)
Interest paid	(3,194)	(22,151)
Cash received from capital grants	-	80,737
Net cash used in capital and related financing activities	<u>(497,562)</u>	<u>(393,526)</u>
Cash flows from investing activities		
Decrease in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	(1,352,152)	(116,878)
Interest and dividends	14,315	10,459
Net cash used in investing activities	<u>(1,337,837)</u>	<u>(106,419)</u>
Net increase (decrease) in cash and cash equivalents	<u>101,750</u>	<u>(116,123)</u>
Cash and cash equivalents, beginning of year	156,038	272,161
Cash and cash equivalents, end of year	<u>\$ 257,788</u>	<u>\$ 156,038</u>
Shown on the Statements of Net Position as:		
Cash and cash equivalents	\$ 176,211	\$ 128,327
Restricted cash	81,577	27,711
Total cash and cash equivalents	<u>\$ 257,788</u>	<u>\$ 156,038</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	<u>\$ 920,791</u>	<u>\$ 1,060,502</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	261,128	254,315
Expenses paid for by affiliated station	715,139	-
In-kind capital asset donation	(61,500)	-
Decrease (increase) in certain assets:		
Accounts and underwriting receivables	24,301	153
Grants Receivable	(11,878)	-
Other prepaid assets	178,840	(194,027)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	65,519	(104,995)
Unearned revenue	52,215	(90,033)
Total adjustments	<u>1,223,764</u>	<u>(134,587)</u>
Net cash provided by operating activities	<u>\$ 2,144,555</u>	<u>\$ 925,915</u>

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

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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

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

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

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

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

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

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

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

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

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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

(e) **Restricted cash**—Restricted cash represents cash held with the University that is restricted as to withdrawal or use under the terms of external donor restrictions or certain contractual agreements. As of June 30, 2018, the restricted cash of \$81,577 is for funds received as part of a Community Service Grant from the Corporation for Public Broadcasting, as described in Note 9. As of June 30, 2017, the restricted cash of \$27,711 is for funds received as part of a loan for construction of a new tower from the University of South Florida, as described in Note 13.

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

(g) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (included in other prepaid assets) 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, 2018 and 2017, there were no long-term costs incurred for programs not yet broadcast. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

(h) **Capital assets**—Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 – 40 years. Depreciation expense for the years ended June 30, 2018 and 2017, was \$261,128 and \$254,315, respectively.

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

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

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.

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(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, facilities, and indirect administrative support. These amounts are recorded in revenue during the period in which the support is provided.

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

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

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

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

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

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. *General Provisions* mainly 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.

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

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

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

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

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

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

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

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

(t) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2018 and 2017, was \$725,205 and \$659,195, respectively.

(u) **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 statements.

In June 2018, GASB issued Statement No. 89, *Interest Cost in Construction*. GASB 89 was made to enhance the comparability of information about capital assets and the cost of borrowing for a reported period, and aims to simplify accounting for the interest cost incurred before the end of a construction period. The provisions in GASB 89 are effective for periods beginning after December 15, 2019. The Station is currently evaluating the impact this statement will have on its financial statements.

(v) **Reclassifications**—Certain amounts in the prior year financial statements and 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 and Invested by the University of South Florida Foundation, Inc. on Behalf of the Station:**

The Station has an agreement with the University of South Florida Foundation, Inc. (the "Foundation"), whereby Station funds are held and invested by the Foundation on behalf of the Station. These amounts are included in the accompanying financial statements of the Station as "Funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station." Total cash and investments held by the Foundation are \$2,164,266, and \$812,114 as of June 30, 2018 and 2017, respectively. These totals include \$972,105 and \$510,418 of restricted funds as of June 30, 2018 and 2017, respectively.

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

All funds held and invested by the Foundation on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the Foundation. All funds held and invested by the Foundation on behalf of the Station are reflected at fair value. The Foundation categorizes the fair value measurement of these investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Station has the following recurring fair value measurements as of June 30, 2018 and 2017:

Funds held and invested by the Foundation – recorded at the Station’s ownership of a share of an investment pool, not the underlying securities. These funds are valued at NAV of units held, as reported by the Foundation. The Station reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of these investments. Because the investment pool is not readily marketable, NAV is used as a practical expedient, and the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for such investment existed, and differences could be material. The Station relies on policies developed and administered by the University and the Foundation for managing interest rate risk or credit risk for these investment pools.

In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The following table discloses the nature and risk of investments for which fair value has been estimated using the net asset value per share (NAV) of the investments as a practical expedient as of June 30, 2018 and 2017, respectively.

Investments Measured at Net Asset Value as of June 30, 2018					
	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Funds held and invested by the Foundation	\$ 2,164,266	\$ -	Daily	N/A	

Investments Measured at Net Asset Value as of June 30, 2017					
	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Funds held and invested by the Foundation	\$ 812,114	\$ -	Daily	N/A	

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(3) **Capital Assets:**

Capital asset balances and activity for the years ended June 30, 2018 and 2017, were as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Capital assets, not being depreciated:					
Works of art	\$ -	\$ 61,500	\$ -	\$ -	\$ 61,500
License	1,173,736	-	-	-	1,173,736
Total capital assets, not being depreciated	<u>1,173,736</u>	<u>61,500</u>	<u>-</u>	<u>-</u>	<u>1,235,236</u>
Capital assets, being depreciated:					
Building and building improvements	2,204,710	-	-	-	2,204,710
Furniture, fixtures and equipment	4,406,232	24,297	-	-	4,430,529
Total capital assets, being depreciated	6,610,942	24,297	-	-	6,635,239
Less: Accumulated depreciation	<u>3,120,256</u>	<u>261,128</u>	<u>-</u>	<u>-</u>	<u>3,381,384</u>
Total capital assets, being depreciated, net	<u>3,490,686</u>	<u>(236,831)</u>	<u>-</u>	<u>-</u>	<u>3,253,855</u>
Total capital assets	<u>\$ 4,664,422</u>	<u>\$ (175,331)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,489,091</u>

	Balance July 1, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Construction in progress	\$ 1,958,603	\$ -	\$ -	\$ (1,958,603)	\$ -
License	1,173,736	-	-	-	1,173,736
Total capital assets, not being depreciated	<u>3,132,339</u>	<u>-</u>	<u>-</u>	<u>(1,958,603)</u>	<u>1,173,736</u>
Capital assets, being depreciated:					
Building and building improvements	2,204,710	-	-	-	2,204,710
Furniture, fixtures and equipment	2,128,350	319,279	-	1,958,603	4,406,232
Total capital assets, being depreciated	4,333,060	319,279	-	1,958,603	6,610,942
Less: Accumulated depreciation	<u>2,865,941</u>	<u>254,315</u>	<u>-</u>	<u>-</u>	<u>3,120,256</u>
Total capital assets, being depreciated, net	<u>1,467,119</u>	<u>64,964</u>	<u>-</u>	<u>1,958,603</u>	<u>3,490,686</u>
Total capital assets	<u>\$ 4,599,458</u>	<u>\$ 64,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,664,422</u>

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(4) State Retirement Plans:

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

(a) **Florida retirement system**—Essentially all regular employees of the University, including employees of the Station, are eligible to enroll as members of the State-administered Florida Retirement System (“FRS”). Provisions relating to 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. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. These include a defined-benefit pension plan (“Plan”), a Deferred Retirement Option Program (“DROP”), and a defined-contribution plan, referred to as the Florida Retirement System Investment Plan (“Investment Plan”).

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 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. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

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-participating employer. An employee may participate in 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, 2018, 2017, and 2016, were as follows:

	Years ended June 30,		
	2018	2017	2016
Regular	7.92%	7.52%	7.26%
Senior Management Service Class	22.71%	21.77%	21.43%
Deferred Option Program	13.26%	12.99%	12.88%

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

The Station's retirement liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. For the years ended June 30, 2018, 2017, and 2016, total contributions were approximately \$57,000, \$47,000 and \$50,000, respectively. Effective July 1, 2011, employees were required to contribute 3% of their salary to their FRS account.

(b) **Florida Retirement System Investment Plan (Investment Plan)**—As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

There were 19, 12, and 14 participants during the fiscal years ended June 30, 2018, 2017, and 2016, respectively. The contribution amounts were approximately \$63,000, \$47,000 and \$51,000 during the years ended June 30, 2018, 2017, and 2016, 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 FRS for 8 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 5.14 percent of the participant's salary to the participant's account, 2.83 percent to cover the unfunded actuarial liability of the FRS Pension Plan, and 0.01 percent to cover administrative costs, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

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

There were 22, 15, and 16 participants during the fiscal years ended June 30, 2018, 2017, and 2016. Required contributions to the Program were approximately \$88,000, \$70,000 and \$65,000 during the years ended June 30, 2018, 2017, and 2016, respectively.

During the fiscal years ended June 30, 2018, 2017, and 2016, and as of June 30, 2018, 2017 and 2016, the Program held no securities issued by the University.

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

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the Station are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit plan (“OPEB Plan”). The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB 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 OPEB 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 2016-2017 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$85 million for named windstorm and flood losses through February 14, 2017, and increased to \$92.5 million starting February 15, 2017. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million through February 14, 2017, and increased to \$225 million starting February 15, 2017; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers’ compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three fiscal years.

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

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

(7) **Significant Concentrations:**

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

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

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

(c) **Accounts and underwriting receivables**—Accounts and underwriting receivables represent support from local business and industry. At June 30, 2018 and 2017, one customer represented approximately 29% and 34% of accounts and underwriting receivables, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(d) **Revenues**—The Station received significant revenue from two sources in fiscal year 2018 and fiscal year 2017. The CPB provided approximately 5% during the years ended June 30, 2018 and 2017, respectively. The University provided approximately 16% and 17% in cash and donated facilities during the years ended June 30, 2018 and 2017, respectively.

(8) **Agreement:**

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

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(9) Community Service Grants (CSG):

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

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at June 30, 2018</u>
		<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	
2017-19	\$ 560,359	\$ -	\$ -	\$ 478,782	\$ 81,577
2016-18	\$ 463,985	\$ -	\$ 463,985	\$ -	\$ -
2015-17	\$ 456,909	\$ 456,909	\$ -	\$ -	\$ -

(10) Long-term Debt Obligations:

The Station entered into a \$1,275,000 loan agreement with the University of South Florida Foundation on October 22, 2010, for the purpose of purchasing another public radio station. Payments of principal and accrued interest totaling \$38,746 were due quarterly beginning January 1, 2011. Interest accrued at a rate of 4%. The remaining balance of principal and interest was due on November 1, 2020. This debt was collateralized by certain equipment and future revenues of the Station. On August 31, 2017, an affiliated station transferred \$473,265 to the Station, which was used to pay off the outstanding balance and accrued interest on the loan agreement with the University of South Florida Foundation.

Changes in long-term debt obligations for the years ended June 30, 2018 and 2017, were as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
Due to University of South Florida Foundation	\$ 470,071	\$ -	\$ 470,071	\$ -	\$ -
Total long-term debt obligations	<u>\$ 470,071</u>	<u>\$ -</u>	<u>\$ 470,071</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due Within One Year</u>
National Public Radio dues	\$ 12,900	\$ -	\$ 12,900	\$ -	\$ -
Due to University of South Florida Foundation	602,904	-	132,833	470,071	138,227
Total long-term debt obligations	<u>\$ 615,804</u>	<u>\$ -</u>	<u>\$ 145,733</u>	<u>\$ 470,071</u>	<u>\$ 138,227</u>

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(11) **Restricted Net Position:**

As of June 30, 2018 and 2017, funds received with external donor or grantor restrictions are reported as expendable net position. These funds are available for expenditure for the specific purpose established by the donor or grantor, such as the spendable portion of endowments and amounts restricted for education, capital and other projects. In addition, endowments held by the Station of \$306,877 are recorded as nonexpendable net position in accordance with the conditions set by the donors. The investment earnings on the endowment assets are available to be used for the general purposes of the Station.

(12) **Related Party Transactions:**

At June 30, 2018 and 2017, the Station owed net amounts of \$341,794 and \$123,706, respectively, to an affiliated station as reported in the statements of net position. At June 30, 2018, the net amounts are comprised of \$341,794 due to an affiliated Station and at June 30, 2017, the net amounts are comprised of \$302,523 due to an affiliated Station and \$178,817 due from an affiliated Station.

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

The Station was advanced funds from the University totaling \$2,016,532 during the fiscal year ended June 30, 2015. A loan for construction of a new tower represents \$1,750,000 of these funds. The remaining \$266,532 was advanced primarily to pay for payroll and other miscellaneous operating expenses. During fiscal year 2017, \$150,000 of the loan for construction of the new tower was repaid. As of June 30, 2017, the Station had \$600,474 due to the University of South Florida, which was comprised of \$420,000 in relation to the loan for construction of a new tower and \$180,474 in relation to an advance to pay for payroll and other miscellaneous operating expenses. On July 25, 2017, the Station returned unused tower loan funds in the amount of \$27,712 to the University. On August 28, 2017, an affiliated station transferred \$392,288 to the Station, which was used to payoff the outstanding balance on the tower loan agreement with the University. As of June 30, 2018, the Station had \$174,980 due to the University of South Florida, which was comprised of an advance to pay for payroll and other miscellaneous operating expenses.

(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.

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

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 or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$9,128,256 and \$8,746,229 for the years ended June 30, 2018 and 2017, respectively.

SUPPLEMENTAL INFORMATION

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SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Summarized Comparative Totals for the Year Ended June 30, 2017)

	Program Services				Supporting Services				2018 Total Expenses	2017 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	\$ 1,961,843	\$ 424,648	\$ 13,874	\$ 2,400,365	\$ 587,978	\$ 601,839	\$ 531,379	\$ 1,721,196	\$ 4,121,561	\$ 3,777,431
Professional services	7,016	79,107	66,062	152,185	64,584	41,928	242,488	349,000	501,185	381,543
Office supplies	6,763	10,342	416	17,521	123,699	22,986	186	146,871	164,392	111,224
On-Air pledge supplies	-	242	-	242	-	50,189	-	50,189	50,431	51,686
Telephone	12,065	19,109	-	31,174	20,782	4,659	4,890	30,331	61,505	36,888
Postage	-	56	-	56	62	66,251	125	66,438	66,494	47,066
Advertising	-	21	692,053	692,074	-	33,131	-	33,131	725,205	659,195
Rental and maintenance of equipment	415	56,701	-	57,116	-	-	-	-	57,116	22,047
Program acquisitions	1,053,693	-	-	1,053,693	-	-	-	-	1,053,693	1,081,742
Printing and publications	-	-	5,568	5,568	247	24,565	3,124	27,936	33,504	11,943
Travel and training	23,119	6,781	3,797	33,697	14,770	21,800	16,810	53,380	87,077	59,797
Computer fees and supplies	25,541	39,102	-	64,643	17,420	13,996	2,591	34,007	98,650	126,528
Subscriptions and dues	10,608	-	-	10,608	12,268	10,063	1,303	23,634	34,242	44,304
Ratings and research	69,090	1,100	-	70,190	-	-	-	-	70,190	48,485
Meetings and events	-	-	3,734	3,734	970	181,949	-	182,919	186,653	136,098
Utilities	-	28,785	-	28,785	75,515	-	-	75,515	104,300	96,211
Overhead charges	-	-	-	-	12,488	-	-	12,488	12,488	16,867
Depreciation	121,426	33,219	-	154,645	86,801	19,682	-	106,483	261,128	254,315
Donated facilities and administrative support from the University	578,815	125,287	4,093	708,195	173,475	177,564	156,776	507,815	1,216,010	1,092,014
Recruitment	559	-	-	559	4,500	-	-	4,500	5,059	1,683
Premiums	-	-	-	-	1,068	49,910	92	51,070	51,070	60,302
Facilities rental	263	63,951	-	64,214	-	6,570	1,120	7,690	71,904	68,766
Studio Maintenance	28,319	-	-	28,319	-	-	-	-	28,319	18,542
Vehicle	-	3,749	-	3,749	-	71	87	158	3,907	782
Direct mail	-	-	-	-	-	130,623	-	130,623	130,623	102,167
Bad debts	8,165	-	-	8,165	-	-	-	-	8,165	7
Member maintenance	-	-	-	-	-	9,134	-	9,134	9,134	51,355
Bank fees	-	-	-	-	232	115,120	-	115,352	115,352	62,359
	<u>\$ 3,907,700</u>	<u>\$ 892,200</u>	<u>\$ 789,597</u>	<u>\$ 5,589,497</u>	<u>\$ 1,196,859</u>	<u>\$ 1,582,030</u>	<u>\$ 960,971</u>	<u>\$ 3,739,860</u>	<u>\$ 9,329,357</u>	<u>\$ 8,421,347</u>

See accompanying notes to financial statements.