

**WGCU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
FLORIDA GULF COAST UNIVERSITY**

FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

WGPU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
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JUNE 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Florida Gulf Coast University:

Report on the Financial Statements

We have audited the accompanying financial statements of WGCU-TV (the "Station"), a public telecommunications entity operated by the Florida Gulf Coast University, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WGPU-TV as of June 30, 2013 and 2012, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WGPU-TV'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 December 12, 2013 on our consideration of WGPU-TV'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 WGPU-TV's internal control over financial reporting and compliance.

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

Gainesville, Florida
December 12, 2013

WGPU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012

Introduction and Reporting Entity

The following discussion and analysis is an overview of the financial position of activities of WGPU-FM (the Station) for the years ended June 30, 2013 and June 30, 2012. Management of WGPU Public Media has prepared the following discussion and it should be read with the financial statements and related footnotes, which follow this section.

WGPU Public Media operates and manages WGPU-TV, WGPU-FM, and WMKO-FM for Florida Gulf Coast University in Fort Myers, Florida. WGPU-TV serves a population of over 1.3 million in six counties of southwest Florida and reaches over 300,000 households in an average month. Our radio stations are consistently among the top rated radio stations in the market. Combined, WGPU-FM, and WMKO-FM consistently receive a weekly cumulative audience of over 110,000 listeners and reaches across seven of southwest Florida's counties.

We offer a variety of local and national programming. On WGPU-TV, we air the PBS national programming service during primetime, children's programming during mornings and late afternoons, and "how-to" programming from 12:00 pm to 2:00 pm weekdays. We carry BBC World News, the Nightly Business Report, and The PBS NewsHour each weekday evening. WGPU-TV produces a quarterly children's program titled *Curious Kids*. The cast of the program consists of local children who serve as program hosts and 'ambassadors' and is produced in cooperation with the Golisano Children's Museum of Naples (C'mon) . WGPU-TV also launched the MAKERS initiative in FY '12-1. This multiplatform media project recognized the contributions of women to the "making" of Southwest Florida as we know it today. Twenty-one women in seven different categories were selected from over 150 nominees to be honored as MAKERS in the inaugural year of this initiative.

WGPU-FM programming, which is simulcast on WMKO-FM, is predominantly a News and Information service which provides national and international programming from NPR, American Public Media, Public Radio International and the BBC. The station produced over 200 hours of local newscasts annually in addition to over 50 hours of live, local, interactive radio programming represented by the station's production of *Gulf Coast Live!* During FY '12-'13 the station also began producing hour-long music concerts featuring local musicians. The programs aired on WGPU 90.1 HD-2.

WGPU Public Media's online presence provides a content-rich environment for viewers, listeners, parents, kids and educators. All WGPU produced content is available for free on the website as are many PBS and NPR national programs. WGPU Public Media provides a portal to the Florida PBS LearningMedia site available free of charge to classroom teachers and homeschoolers throughout our coverage area. The site consists of a library of over 30,000 digital learning objects ranging from audio and video clips to common core-based lesson plans.

As a joint licensee, we continue to promote a single "membership" in WGPU Public Media, as opposed to the historical trend of promoting two separate memberships, i.e., one for TV and one for FM. This approach continues to save costs on mailings while increasing our total membership level. The trend continues to be that approximately 2/3 of the new members and dollars come through TV on-air pledge and 1/3 through FM. Therefore, individual member revenues are split 70/30.

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JUNE 30, 2013 AND 2012
(Continued)

WGPU publishes and provides *Expresssions* magazine as a member benefit. The monthly magazine includes TV and FM program information and also articles on local artists, the environment and essays on topics of interest to Southwest Floridians and WGPU-TV/FM audiences and members.

Overview of the Financial Statements

The financial statements of WGPU-TV consist of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The adoption of Statement 34 had no significant effect on the financial statements except for the reformatting of the basic financial statements and classification of net assets in conformity with Statement 34. Statement 34 requires the classification of nets assets into three categories – invested in capital assets, net of related debt; restricted; and unrestricted.

The Statements of Net Position includes Assets, Liabilities and Net Position of WGPU-TV as of June 30, 2013 and June 30, 2012. This statement is classified into Current and Non-Current Assets and Liabilities, with Net Position classified in the categories as noted above. The Statements of Revenues, Expenses and Changes in Net Position depicts the operating revenues and expenses resulting in Net Operating Income (Loss), which is then combined with Non-Operating Revenues (Expenses) to provide the total Change in Net Position. The Statements of Cash Flows shows the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities and cash flows from investing activities. The financial statements also include notes that explain some of the information.

Financial Highlights

WGPU-TV continued to operate at a loss in FY2013 but again had sufficient reserves to absorb another very challenging year. Net position decreased to \$2,549,260 for the year ended June 30, 2013 from \$2,976,374 for the year ended June 30, 2012. Our operating revenue increased from \$4,916,052 in FY 2012 to \$5,056,648 in FY 2013. Our net operating loss was \$428,386, a decrease of \$769,724 from the prior year. The Station's property and equipment net of accumulated depreciation totaled \$3,637,591 in FY2013.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(Continued)

Financial Analysis of the Statements

WGCU-TV's condensed financial statements are presented below for FY 2013, FY 2012 and FY 2011.

TABLE 1
CONDENSED STATEMENT OF NET POSITION

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current assets	\$ 743,537	\$ 1,498,269	\$ 1,702,851
Noncurrent assets	<u>3,660,756</u>	<u>4,141,450</u>	<u>4,169,074</u>
Total assets	<u>4,404,293</u>	<u>5,639,719</u>	<u>5,871,925</u>
Current liabilities	829,396	1,458,736	841,910
Non-current liabilities	<u>1,025,637</u>	<u>1,204,609</u>	<u>1,346,587</u>
Total liabilities	<u>1,855,033</u>	<u>2,663,345</u>	<u>2,188,499</u>
Net Position			
Unrestricted	(1,088,331)	(1,137,883)	(484,500)
Restricted	-	-	13,115
Invested in capital assets	<u>3,637,591</u>	<u>4,114,257</u>	<u>4,154,811</u>
Total net position	<u>2,549,260</u>	<u>2,976,374</u>	<u>3,683,426</u>
Total liabilities and net position	<u>\$ 4,404,293</u>	<u>\$ 5,639,719</u>	<u>\$ 5,871,925</u>

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

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
State appropriations - operations	\$ 508,695	\$ 596,386	\$ 434,837
Other operating revenues	4,547,953	4,808,707	5,147,678
Operating expenses	<u>(5,485,034)</u>	<u>(6,114,162)</u>	<u>(6,540,962)</u>
Operating loss (loss)	<u>(428,386)</u>	<u>(709,069)</u>	<u>(958,447)</u>
Other non-operating revenues	<u>1,272</u>	<u>2,017</u>	<u>3,667</u>
Net Non-operating revenues	<u>1,272</u>	<u>2,017</u>	<u>3,667</u>
Decrease in net position	(427,114)	(707,052)	(954,780)
Net position beginning of year	<u>2,976,374</u>	<u>3,683,426</u>	<u>4,638,206</u>
Net position end of year	<u>\$ 2,549,260</u>	<u>\$ 2,976,374</u>	<u>\$ 3,683,426</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013 AND 2012
(Continued)

TABLE 3
CONDENSED STATEMENT OF CASH FLOWS

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Net cash flows from operating activities	\$ (277,251)	\$ 145,892	\$ 302,549
Net cash used in non-capital financing activities	-	-	-
Net cash flows from capital & related financing activities	-	(598,703)	(704,984)
Net cash flows from investing activities	171,701	578,569	(62,252)
Net increase (decrease) in cash	(105,550)	125,758	(464,687)
Cash and cash equivalents, beginning of year	246,985	121,227	585,914
Cash and cash equivalents, end of year	<u>\$ 141,435</u>	<u>\$ 246,985</u>	<u>\$ 121,227</u>

Current Assets consist primarily of cash and cash equivalents, accounts receivable and grants receivable due from affiliated station, investments, and prepaid program costs. Non-Current Assets consist primarily of capital assets (property and equipment). Property and equipment are presented net of accumulated depreciation of \$3,637,591 at June 30, 2013 and \$4,114,257 at June 30, 2012 respectively. Current Liabilities consist of accounts payable and accrued expenses, and compensated absences.

Operating revenues consist primarily of State Appropriations, membership contributions, community service grants, contributed support, and non-cash donated facilities and administrative support from the University. Operating expenses consist primarily of broadcasting, programming and production, management and general, depreciation, non-cash University donated facilities and administrative support, and grants expense. Non-operating revenues and expenses consist primarily of interest and investment income and losses. WGPU TV had non-operating revenues of \$1,272 in FY2013, a decrease from \$491,058 in FY 2012.

Other Significant Matters

WGPU Public Media staff and Advisory Board members began work on a comprehensive Strategic Plan that will carry the stations through FY 2019. The plan will be published in FY'14 and will inform the creation of case statements and campaign materials for the launch of a serious Major Donor cultivation effort that will be instituted in FY 2014. WGPU welcomed two new additions to the WGPU staff. Ashley Lopez was hired as reporter with the WGPU-FM news department and Brian Zittlau took the position of WGPU's Director of Engineering.

Contacting Management

This financial report is designed to provide donors, members, investment managers, foundations and taxpayers with a general overview of WGPU-TV's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

WGPU Public Media
10501 FGCU Boulevard South
Ft. Myers, FL 33965

WGCU-TV
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FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2013 AND 2012

	2013	2012 (as restated)
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 141,435	\$ 246,985
Funds held by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	521,329	691,757
Accounts and grants receivables	68,586	547,216
Current portion of prepaid program costs	12,187	12,311
Total current assets	<u>743,537</u>	<u>1,498,269</u>
Noncurrent assets		
Capital assets, net	3,637,591	4,114,257
Prepaid program costs, less current portion	23,165	27,193
Total noncurrent assets	<u>3,660,756</u>	<u>4,141,450</u>
Total assets	<u>\$ 4,404,293</u>	<u>\$ 5,639,719</u>
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 59,649	\$ 72,237
Due to Florida Gulf Coast University	522,714	1,148,019
Current portion of compensated absences	123,700	104,800
Current portion of deferred revenue	123,333	133,680
Total current liabilities	<u>829,396</u>	<u>1,458,736</u>
Noncurrent liabilities		
Long-term portion of compensated absences	90,358	145,997
Long-term portion of deferred revenue	935,279	1,058,612
Total noncurrent liabilities	<u>1,025,637</u>	<u>1,204,609</u>
Total liabilities	<u>\$ 1,855,033</u>	<u>\$ 2,663,345</u>
<u>NET POSITION</u>		
Net position		
Invested in capital assets	\$ 3,637,591	\$ 4,114,257
Unrestricted	(1,088,331)	(1,137,883)
Restricted, expendable	-	-
Total net position	<u>\$ 2,549,260</u>	<u>\$ 2,976,374</u>

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

WGCU-TV
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, 2013 AND 2012

	2013	2012 (as restated)
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 886,113	\$ 877,706
Other grants donated by the Corporation for Public Broadcasting	27,564	24,960
Community service grants donated by the Department of Education, State of Florida	307,447	-
Appropriations from Florida Gulf Coast University	508,695	596,386
Underwriting support	434,524	400,105
Membership income	1,602,974	1,470,483
Donated facilities and administrative support from Florida Gulf Coast University	885,584	1,101,679
In-kind contributions	112,417	82,955
Other income	291,330	291,563
Other miscellaneous grants	-	70,215
Total operating revenues	5,056,648	4,916,052
Operating expenses (Exhibit I)		
Programming and production	2,014,638	2,103,234
Broadcasting	919,463	1,271,686
Program information and promotion	521,330	619,132
Management and general	868,513	954,579
Fundraising and membership development	770,574	750,901
Underwriting and grant solicitation	390,516	414,630
Total operating expenses	5,485,034	6,114,162
Operating loss	(428,386)	(1,198,110)
Non-operating revenues		
Investment income	1,272	2,017
Capital grant from Corporation for Public Broadcasting	-	489,041
Total non-operating revenues	1,272	491,058
Decrease in net position	(427,114)	(707,052)
Net position, beginning of year	2,976,374	3,683,426
Net position, end of year	\$ 2,549,260	\$ 2,976,374

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

WGCU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012 (as restated)
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 3,894,902	\$ 3,263,238
Cash paid for payroll and related benefits	(1,880,434)	(1,982,089)
Cash paid to suppliers and employees	(2,291,719)	(1,135,257)
Net cash provided by (used in) operating activities	<u>(277,251)</u>	<u>145,892</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>-</u>	<u>(598,703)</u>
Cash flows from investing activities		
Decrease in funds held by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	170,429	576,552
Investment income	1,272	2,017
Net cash provided by investing activities	<u>171,701</u>	<u>578,569</u>
Net increase (decrease) in cash and cash equivalents	<u>(105,550)</u>	<u>125,758</u>
Cash and cash equivalents, beginning of year	246,985	121,227
Cash and cash equivalents, end of year	<u><u>\$ 141,435</u></u>	<u><u>\$ 246,985</u></u>
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	<u>\$ (428,386)</u>	<u>\$ (1,198,110)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	476,665	496,325
Loss on disposal of fixed assets	-	142,932
Decrease (increase) in certain assets:		
Accounts and grants receivable	478,630	241,467
Prepaid program costs	4,152	(10,919)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(12,588)	(4,125)
Due to Florida Gulf Coast University	(625,305)	583,430
Compensated absences	(36,739)	8,153
Deferred revenue	(133,680)	(113,261)
Total adjustments	<u>151,135</u>	<u>1,344,002</u>
Net cash provided by (used in) operating activities	<u><u>\$ (277,251)</u></u>	<u><u>\$ 145,892</u></u>

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

WGPU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of WGPU-TV (the “Station”), a public telecommunications entity operated by the Florida Gulf Coast University, which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Station is a department of Florida Gulf Coast University (the “University”) located in Fort Myers, Florida and conducts various public broadcasting functions. The University, as part of the State University System of Florida, is governed, regulated and coordinated by the State of Florida Department of Education, and the University’s Board of Trustees and is subject to the general supervision of the Florida Department of Education. The President of Florida Gulf Coast University is responsible for the management of the University. The Station operates as a department of the University under the control of the Station manager. The Station’s financial statements include the state accounts and the Station-related accounts of Florida Gulf Coast University 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 follows Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

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

(i) *Invested in capital assets, net of related debt*—This is the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2013 and 2012, there is no related debt.

(ii) *Restricted assets*—The component of net assets that reports the constraints placed on the use of net assets by either external parties and/or enabling legislation. At June 30, 2013 and 2012, \$- and \$- was included in restricted-expendable net assets.

(iii) *Unrestricted assets*—The difference between the assets and liabilities that is not reported in *Invested in capital assets, net of related debt* and *Restricted assets*.

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

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

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash on hand and cash in demand accounts that have 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) **Investments**—Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, and requests that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. As such, pursuant to Section 218.415(17) and 1011.42(5), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interest in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. The University's Board of Trustees has not adopted a written investment policy. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

(f) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as noncurrent. At June 30, 2013 and 2012, long-term costs incurred for programs not yet broadcast were \$23,165 and \$27,193 respectively. 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.

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

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

Membership contributions are recognized as operating revenues 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.

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NOTES TO FINANCIAL STATEMENTS
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(1) **Summary of Significant Accounting Policies:** (Continued)

Revenue related to program underwriting for subsequent fiscal years is reflected as deferred revenues in the accompanying statements of net assets. Revenue is recognized when the related program is aired.

Contributed support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support.

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

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.

(j) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and 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 assets. 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.

(k) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking 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. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission. The CSGs are reported on the accompanying financial statements as increases in restricted-expendable net assets.

(l) **Indirect support provided by Florida Gulf Coast University**—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 assets as donated facilities and administrative support and is allocated as an expense to each of the functional expense categories.

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

(n) **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.

(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.

(p) **Income taxes**—The Station is owned and operated by Florida Gulf Coast 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.

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

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

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

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

(t) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2013 and 2012, was approximately \$118,000 and \$69,000, respectively.

(u) **New accounting pronouncements**—In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of GASB 65 are effective for fiscal year 2014. The Station is currently evaluating the effect this Statement will have on its financial statements.

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

The Station has an agreement with the Florida Gulf Coast University Foundation, Inc., whereby Station funds are held and invested by the Florida Gulf Coast University Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying financial statements of the Station as "Funds held and invested by the Florida Gulf Coast University Foundation, Inc. on behalf of the Station." Total cash held by the Foundation is \$521,329 and \$691,757 as of June 30, 2013 and 2012, respectively.

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(3) Capital Assets:

Capital asset activity for the years ended June 30, 2013 and 2012, was as follows:

	Balance July 1, 2012	Increases	Decreases	Transfers	Re- classifications	Balance June 30, 2013
Land and land improvements	\$ 247,234	\$ -	\$ -	\$ -	\$ -	\$ 247,234
Buildings	3,735,643	-	-	-	-	3,735,643
Furniture, fixtures and equipment	4,950,611	-	-	-	-	4,950,610
Website	110,425	-	-	-	-	110,425
Total	9,043,913	-	-	-	-	9,043,912
Less: Accumulated depreciation	4,929,656	476,665	-	-	-	5,406,321
Capital assets, net	<u>\$ 4,114,257</u>	<u>\$ (476,665)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,637,591</u>

	Balance July 1, 2011	Increases	Decreases	Transfers	Re- classifications	Balance June 30, 2012
Land and land improvements	\$ 247,234	\$ -	\$ -	\$ -	\$ -	\$ 247,234
Buildings	3,735,643	-	-	-	-	3,735,643
Furniture, fixtures and equipment	5,077,797	598,478	741,157	15,493	-	4,950,611
Website	110,425	-	-	-	-	110,425
Total	9,171,099	598,478	741,157	15,493	-	9,043,913
Less: Accumulated depreciation	5,016,288	496,325	598,450	15,493	-	4,929,656
Capital assets, net	<u>\$ 4,154,811</u>	<u>\$ 102,153</u>	<u>\$ 142,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,114,257</u>

(4) State Retirement Plans:

(a) **Florida retirement system**—The Station employees participate in the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

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

Benefits in the Plan vest at 6 years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

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

The State of Florida establishes contribution rates for participating employers. Contribution rates during the years ended June 30, 2013 and 2012 were as follows:

	Year ended June 30,	
	2013	2012
Regular	5.18%	4.91%
DROP	5.44%	4.42%

The Station's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. For the years ended June 30, 2013 and 2012, total contributions were approximately \$39,000 and \$36,000, respectively.

(b) **Optional retirement program**—Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program (Program) for eligible State University System faculty and administrators. The program is designed to aid the University system in recruiting employees by offering more portability to those employees who are not expected to remain in the FRS for six or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions are allowed to make an irrevocable election to participate in the Program rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers.

The Station contributes, on behalf of the participant, 10.43% of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by salary deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. Required contributions to the Program during the years ended June 30, 2013 and 2012 were approximately \$20,000 and \$24,000, respectively.

During the fiscal years ended June 30, 2013 and 2012 and as of June 30, 2013 and 2012, the Program held no securities issued by the University.

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

(c) **Public employee optional retirement program**—Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular, Special Risk, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Required contributions to the PEORP during the years ended June 30, 2013 and 2012 were approximately \$9,000 and \$14,000, respectively.

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

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

Employees who retire from the University are eligible to participate in a post retirement healthcare program that is administered by the State Group Health Insurance Program. A general description of the plan is as follows:

(a) **Plan description**—Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. As the Station is a department of the University, any other post-employment benefit liability is reported by the University.

(b) **Funding policy**—Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis.

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(6) Risk Management Programs:

Pursuant to Section 1001.72(2), Florida Statutes, the Station participates in State self-insurance programs providing insurance coverage for property and casualty, workers' compensation, general liability, and fleet automotive liability. During the 2012-13 fiscal year, for property losses, the State retained the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named wind and flood. For perils other than named wind and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal civil rights and employment action coverage. All losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three years.

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

(7) Lien on Property and Equipment:

The Federal government has a ten-year priority lien on any facilities and equipment purchased with funds from the National Telecommunications and Information Administration. The lien is to ensure that telecommunications facilities funded with Federal monies will continue to be used to provide public telecommunications services to the public during the period of Federal interest. The original cost of the property acquired with NTIA funds was approximately \$867,856 and the liens expire in years through 2020.

(8) Significant Concentrations:

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

- (a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University and the Foundation, which are secured up to FDIC limits. Amounts over FDIC limits are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. These deposits amounted to \$141,435 and \$246,985 as of June 30, 2013 and 2012, respectively.

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(8) **Significant Concentrations:** (Continued)

(b) **Accounts and grants receivable**—The Station has grants and accounts receivables of \$68,586 and \$547,216 at June 30, 2013 and 2012, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(c) **Revenues**—The Station received significant revenue from three sources. The CPB provided approximately 18%, the Department of Education, State of Florida provided approximately 6%, and the University provided approximately 27% in cash and donated facilities during the year ended June 30, 2013. For the year ended June 30, 2012, the CPB provided approximately 26% and the University provided approximately 31% in cash and donated facilities.

(9) **Compensated Absences:**

Compensated absences liability activity for the years ended June 30, 2013 and 2012, were as follows:

<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 250,797	\$ 73,318	\$ 110,057	\$ 214,058	\$ 123,700

<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 242,644	\$ 134,140	\$ 125,987	\$ 250,797	\$ 104,800

(10) **Community Service Grants:**

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

<u>Year of Grant</u>	<u>Grants</u> <u>Received</u>	<u>Expended</u>			<u>Uncommitted</u> <u>Balance at</u> <u>June 30, 2013</u>
		<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	
2009-11	\$ 830,282	\$ 371,051	\$ -	\$ -	\$ -
2010-12	\$ 873,065	\$ 859,950	\$ 13,115	\$ -	\$ -
2011-13	\$ 877,706	\$ -	\$ 877,706	\$ -	\$ -
2012-14	\$ 901,487	\$ -	\$ -	\$ 901,487	\$ -

(11) **Risks and Uncertainties:**

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

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(12) Nonfederal Financial Support (NFFS):

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

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

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, 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 public 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 \$3,482,298 and \$3,298,415 for the years ended June 30, 2013 and 2012, respectively.

(13) Due to Florida Gulf Coast University:

The Station was advanced funds from the University totaling \$522,714 over a two year period ended June 30, 2012. These funds were used to acquire certain items of equipment and the amounts advanced do not bear interest. A portion of the funds (\$216,964) were borrowed under a written agreement with scheduled repayments of \$43,393 per year starting in 2014. All other funds advanced have no set repayment terms.

(14) Prior Period Adjustment:

The accompanying financial statements for the year ended June 30, 2012 have been restated to correct an error for an understatement of accounts receivable and understatement of grant revenue for this period. The effect of the restatement was to increase non-operating revenue and net position by \$489,041.

SUPPLEMENTAL INFORMATION

WGCU-TV
A PUBLIC COMMUNICATIONS ENTITY OPERATED BY
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
(With Summarized Comparative Totals for the Year Ended June 30, 2012)

	Program Services				Supporting Services				2013 Total Expenses	2012 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	\$ 523,770	\$ 426,292	\$ 198,399	\$ 1,148,461	\$ 299,089	\$ 208,077	\$ 191,131	\$ 698,297	\$ 1,846,758	\$ 1,993,236
Commissions to advertising agencies	-	-	-	-	-	-	46,015	46,015	46,015	34,579
Professional services	93,231	32,082	19,965	145,278	68,634	44,071	590	113,295	258,573	226,166
Office supplies	588	-	-	588	3,004	1,717	40	4,761	5,349	2,900
Operating supplies	9,267	15	277	9,559	-	29,880	-	29,880	39,439	34,703
Telephone	-	13,850	-	13,850	26,434	-	-	26,434	40,284	40,695
Postage	402	30	813	1,245	247	44,540	350	45,137	46,382	52,868
Advertising	1,182	-	65,390	66,572	50,000	1,085	-	51,085	117,657	68,874
Rental and maintenance of equipment	784	38,271	40	39,095	-	-	-	-	39,095	126,328
Program acquisitions	928,704	-	-	928,704	-	-	-	-	928,704	1,032,345
Program production costs	13,961	-	-	13,961	-	-	-	-	13,961	18,468
Printing and publications	188	-	81,150	81,338	1,333	873	-	2,206	83,544	93,279
Travel and training	1,461	858	914	3,233	19,781	1,464	9,625	30,870	34,103	28,675
Freight	502	1,333	705	2,540	463	15	-	478	3,018	2,164
Premiums	-	-	-	-	-	216,193	-	216,193	216,193	194,454
Direct mail	-	-	-	-	-	48,803	-	48,803	48,803	41,321
Facility rental and maintenance	-	-	-	-	-	-	-	-	-	45,126
Computer fees and supplies	3,642	24,165	958	28,765	1,761	13,110	145	15,016	43,781	31,810
Subscriptions and dues	2,250	-	-	2,250	35,237	2,118	-	37,355	39,605	35,324
Ratings and research	36,048	-	-	36,048	-	-	-	-	36,048	35,404
Meetings and events	4,389	-	639	5,028	8,304	5,141	358	13,803	18,831	22,300
Utilities	-	64,615	-	64,615	42,527	-	-	42,527	107,142	98,503
Station maintenance	40	3,501	-	3,541	898	-	-	898	4,439	5,937
Overhead charges	7,874	-	5,732	13,606	90,180	-	-	90,180	103,786	107,237
Depreciation	135,189	110,029	51,209	296,427	77,198	53,707	49,333	180,238	476,665	496,325
Donated facilities and administrative support from Florida Gulf Coast University	251,166	204,422	95,139	550,727	143,423	99,780	91,654	334,857	885,584	1,101,679
Loss on disposal of fixed assets	-	-	-	-	-	-	-	-	-	142,932
Bad debt expense	-	-	-	-	-	-	1,275	1,275	1,275	530
	<u>\$ 2,014,638</u>	<u>\$ 919,463</u>	<u>\$ 521,330</u>	<u>\$ 3,455,431</u>	<u>\$ 868,513</u>	<u>\$ 770,574</u>	<u>\$ 390,516</u>	<u>\$ 2,029,603</u>	<u>\$ 5,485,034</u>	<u>\$ 6,114,162</u>

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

**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,
Florida Gulf Coast University:

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 WGCU-TV (the "Station"), a public telecommunications entity operated by the Florida Gulf Coast University, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2013.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

James Moore & Co., P.L.

Gainesville, Florida
December 12, 2013