

WLRN TELEVISION AND RADIO STATIONS

FINANCIAL STATEMENTS

JUNE 30, 2012

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2012**

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JUNE 30, 2012**

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SECTION I: WLRN - TV



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Independent Auditors' Report

To the Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - TV (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Station. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Friends of WLRN, Inc., which statements represent 4% and 30%, respectively, of the assets and revenues of the Station (government-wide financial statements). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based on the report of the other auditors.


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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of WLRN - TV are intended to present the financial position, and changes in financial position of the Station. They do not purport to, and do not, present fairly the financial position of the School Board of Miami-Dade County, Florida as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the WLRN - TV as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated November 19, 2012 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6, pages 20 through 21, respectively, 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.


November 19, 2012

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

As management of WLRN - TV (the "Station"), we offer readers of the Stations' financial statements this overview and analysis of the financial activities of the Station for fiscal year ended June 30, 2012. This summary should be read in conjunction with the financial statements and related notes which follow this section.

Overview

The purpose of the Station is to provide quality public television programming and services to the community in households in South Florida, from Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. WLRN also provides media support to the Miami-Dade County Public Schools, which has an enrollment of over 347,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$9.864 million. Of this amount, approximately \$8.986 million was invested in capital assets, approximately \$676,000 were restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses.

At the close of the current fiscal year, the Station's governmental fund reported an ending fund balance of approximately \$877,000, a decrease of approximately \$20,000 in comparison with the prior year. Approximately \$676,000 of this amount is reserved for the Corporation for Public Broadcasting.

Overview to the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the Station's basic financial statements. The Station's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Station reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

The Station is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 15 and 16 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Station's finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus).

The statement of net assets presents information on all of the Station's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The statement of activities presents information showing how the Station's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. The Station has one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 to 19 of this report.

Budgetary Highlights

The School Board of Miami-Dade County adopts a budget for the Station on an annual basis. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 20 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. The changes in final budget to actual revenues and expenditures were primarily attributed to in-kind support, depreciation, and the inclusion of Friends of WLRN, Inc. as a blended component unit. Revenues and expenses of Friends of WLRN, Inc. which are included in the Station's fiscal year 2012 financial statements are approximately \$2.384 million and \$2.386 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Our analysis of the financial statements of the Station begins below. The Statement of Net Assets and the Statement of Activities report information about the Station's activities that will help answer questions about the position of the Station. A summary is provided below.

Summary of Net Assets

	<u>6/30/12</u>	<u>6/30/11</u>
Current assets	\$ 1,222,992	\$ 1,498,321
Non-current assets	361,955	343,639
Capital assets, net	<u>8,986,469</u>	<u>8,930,676</u>
Total assets	10,571,416	10,772,636
Total liabilities	<u>707,916</u>	<u>945,341</u>
Total Net Assets	<u>\$ 9,863,500</u>	<u>\$ 9,827,295</u>

- Total assets decreased in the current year mainly as a result of a decrease in the amount due from the School Board of Miami-Dade County, Florida. (See Note 5 for further discussion).
- The largest portion of the Station's net assets of approximately \$8.986 million reflects its investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment). These net assets are not available for future spending.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide/Individual Fund Analysis (cont'd)

Summary of Changes in Net Assets		
	<u>6/30/12</u>	<u>6/30/11</u>
Revenues		
In-kind contributions from Florida		
Department of Education	\$ -	\$ 165,766
Grants from CPB	1,297,515	1,497,775
Other grants and subsidies	4,135,506	5,337,522
Federal Stimulus Grant-ARRA	-	71,637
Revenues of Friends	<u>2,383,580</u>	<u>2,371,209</u>
Total Revenues	<u>7,816,601</u>	<u>9,443,909</u>
Expenses		
Current	<u>7,780,396</u>	<u>8,715,405</u>
Change in net assets	36,205	728,504
Net assets, beginning of year	<u>9,827,295</u>	<u>9,098,791</u>
Net assets, end of year	<u>\$ 9,863,500</u>	<u>\$ 9,827,295</u>

- The decrease in net assets of approximately \$36,000 compared to the prior year is primarily due to an decrease in grant revenue.

Capital Assets

As of June 30, 2012, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$8.986 million increasing from approximately \$8.931 million as of June 30, 2011.

Summary of Capital Assets (Net of Depreciation)		
	<u>6/30/12</u>	<u>6/30/11</u>
Land	\$ 46,577	\$ 46,577
Building and improvements	7,693,754	7,687,039
Construction in progress	25,747	-
Furniture, fixture and equipment	1,056,402	1,000,569
Motor vehicles	<u>163,989</u>	<u>196,491</u>
Total Capital Assets	<u>\$ 8,986,469</u>	<u>\$ 8,930,676</u>

Additional capital asset information can be found in Note 6 on page 17 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Station's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 172 N.E. 15th Street, Miami, FL 33132.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
ASSETS			
Investment in marketable securities	\$ 258,442	\$ -	\$ 258,442
Membership contributions receivable, net	85,234	-	85,234
Accounts receivable, net	16,503	-	16,503
Other assets	31,001	-	31,001
Due from the School Board of Miami-Dade County, Florida	831,812	361,955	1,193,767
Capital assets, net of accumulated depreciation	<u>-</u>	<u>8,986,469</u>	<u>8,986,469</u>
Total Assets	<u>\$ 1,222,992</u>	<u>\$ 9,348,424</u>	<u>\$ 10,571,416</u>
LIABILITIES			
Current:			
Accounts payable and accrued expenses	\$ 296,003	\$ -	\$ 296,003
Compensated absences	<u>49,958</u>	<u>-</u>	<u>49,958</u>
Total current liabilities	<u>345,961</u>	<u>-</u>	<u>345,961</u>
Non-current:			
Compensated absences	<u>-</u>	<u>361,955</u>	<u>361,955</u>
Total liabilities	<u>345,961</u>	<u>361,955</u>	<u>707,916</u>
Fund balance/net assets:			
Fund balance:			
Non-spendable	31,001	(31,001)	-
Restricted	855,479	(855,479)	-
Unassigned	<u>(9,449)</u>	<u>9,449</u>	<u>-</u>
Total fund balance	<u>877,031</u>	<u>(877,031)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,222,992</u>	<u>\$ (515,076)</u>	<u>\$ 707,916</u>
NET ASSETS			
Invested in capital assets	\$ -	\$ 8,986,469	\$ 8,986,469
Restricted	-	886,480	886,480
Unrestricted	<u>-</u>	<u>(9,449)</u>	<u>(9,449)</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 9,863,500</u>	<u>\$ 9,863,500</u>

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

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement Of Activities</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ -	\$ -	\$ -
Grants from the Florida Department of Education	-	-	-
Federal Stimulus Grant -- ARRA	-	-	-
Grants from CPB	1,297,515	-	1,297,515
Grants from the School Board of Miami-Dade County, Florida and Subsidies	3,773,551	361,955	4,135,506
Support and revenues of Friends of WLRN, Inc.	<u>2,383,580</u>	<u>-</u>	<u>2,383,580</u>
Total revenues	<u>7,454,646</u>	<u>361,955</u>	<u>7,816,601</u>
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	2,381,391	-	2,381,391
Materials, supplies and services	4,376,491	361,955	4,738,446
Depreciation	-	609,516	609,516
Loss on disposal of capital assets	-	51,043	51,043
Capital outlay	<u>716,352</u>	<u>(716,352)</u>	<u>-</u>
Total expenditures/expenses	<u>7,474,234</u>	<u>306,162</u>	<u>7,780,396</u>
Change in fund balance/net assets	(19,588)	55,793	36,205
Fund balance/net assets at beginning of year	<u>896,619</u>	<u>8,930,676</u>	<u>9,827,295</u>
Fund balance/net assets at end of year	<u>\$ 877,031</u>	<u>\$ 8,986,469</u>	<u>\$ 9,863,500</u>

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

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies

This summary of WLRN - TV (the "Station") significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the Station conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting entity

The Station, which operates non-commercial public television in Miami-Dade County, Florida, is an administrative department included in the governmental funds of the School Board of Miami-Dade County, Florida (the "School Board"). The School Board holds the license to operate the Station. The accompanying financial information of the Station has been extracted from the activity contained in the accounts of the School Board, and are intended to present the financial position and changes in financial position of only the Station and not the financial position and changes in financial position of the School Board.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Friends of WLRN, Inc. has been included in the Station's General Fund as a blended component unit. Friends of WLRN, Inc., a Florida not-for-profit entity, was established to support and enhance the program services of the Station, as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board. The financial statements of Friends of WLRN, Inc. are reported using the AICPA's non-profit model. As a result, the financial information has been converted to governmental fund accounting for inclusion in the Station's financial statements.

Complete financial information for Friends of WLRN, Inc. can be obtained at their administrative offices located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Station. *Governmental activities*, which normally are supported by grants and contributions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Station does not have any *business-type activities* and has only one governmental activity. The accounts of the Station are reported as a General Fund. The General Fund is the Station's only fund and thus the Station's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Station's only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Station including general operations.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

New accounting pronouncements

During fiscal year 2012, the Station implemented GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans (Issued 12/09). The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. This Statement did not have an impact on the Station's financial statements, including required disclosures.

During fiscal year 2012, the Station implemented GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53 (Issued 06/11). The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. This Statement did not have an impact on the Station's financial statements, including required disclosures.

Investments

Investments in marketable securities held by Friends of WLRN, Inc. are measured at fair value (quoted market price or the best available estimate thereof), which include corporate and other bonds, U.S. Government securities and equity securities.

Accounts receivable

Accounts receivable includes underwriting on-air recognition invoiced but not received.

The Friends of WLRN, Inc. extends credit based on periodic evaluations of the customer's financial condition. Exposure to losses on receivables varies by customer. The Friends of WLRN, Inc. monitors exposure to credit losses and records allowances for anticipated losses as needed.

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NOTES TO FINANCIAL STATEMENTS
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Note 1 - Summary of Significant Accounting Policies (cont'd)

Capital assets

Capital assets include land, building improvements, furniture, fixtures and equipment, and motor vehicles. The capitalization threshold for furniture, fixtures, and equipment and motor vehicles is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

	<u>Useful Life (Years)</u>
Buildings and improvements	20-50
Furniture, fixtures, and equipment	5-20
Motor vehicles	7-18

Other current assets

Other current assets consist primarily of prepaid expenses and security deposits in the ordinary course of business.

Donated administrative support and services

Donated administrative support and services are recorded as in-kind contributions at fair market value when received and when there is an objective basis for determining such values.

Fund equity

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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Note 1 - Summary of Significant Accounting Policies (cont'd)

Fund equity (cont'd)

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with prepaid items. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The Station reports the following fund classifications:

Non-spendable fund balance. Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as prepaid amounts or security or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Station did not have any committed fund balance as of June 30, 2012.

Assigned fund balance. This classification reflects the amounts constrained by the School Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board and Station General Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed. The Station did not have any assigned fund balance as of June 30, 2012.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balance amounts.

When both restricted and unrestricted resources are available for use, it is the Station's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

Fund deficit

At June 30, 2012, the Station reported a negative unassigned fund balance in the general fund. These deficiencies are anticipated to be eliminated during the next fiscal year.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 2 - Explanation of Differences Between Governmental Fund Balance Sheet and the Statement of Net Assets

The fund balance of the governmental fund of approximately (\$877,000) reported in the governmental fund balance sheet differs from total net assets of governmental activities of approximately \$9.864 million reported in the statement of net assets. The differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance	\$ 877,031
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in the governmental fund. However, the statement of net assets includes those capital assets among the assets of the Station as a whole.	8,986,469
(b) Due from the School Board of Miami-Dade County, Florida is a non-current asset that is not available to pay for current expenditures, and, therefore, is deferred.	361,955
(c) Compensated absences are long-term liabilities that are not due and payable in the current period and therefore are not reported in the governmental fund.	<u>(361,955)</u>
(d) Net assets of governmental activities	<u>\$ 9,863,500</u>

WLRN - TV
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JUNE 30, 2012

Note 3 - Explanation of Differences between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

The change in fund balance for the governmental fund of approximately (\$20,000) reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net assets of approximately \$36,000 reported in the statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund operating statement. Explanations of the differences are as follows:

Net change in fund balance	\$ (19,588)
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year. Depreciation expense (\$609,516), net of capital outlay \$716,352, and loss on disposal of fixed assets (\$51,043).	55,793
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	361,955
(c) Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(361,955)</u>
Change in net assets of governmental activities	<u>\$ 36,205</u>

Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist of investment accounts maintained by the Friends of WLRN at broker/dealers, which from time to time may exceed SIPC insurance limits; and pledges. Management believes that the risk of loss with respect to the financial institutions and broker/dealers has been limited by choosing strong institutions with which to do business. Credit risk relating to pledges is limited by the viability of the organization or individual making the pledge.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Note 5 - Due From the School Board of Miami-Dade County, Florida

Due from the School Board of Miami-Dade County represents cash and cash equivalent held on behalf of the Station as of June 30, 2012 for restricted grants, compensated absences, accounts payable and accrued payroll expenses. At June 30, 2012, amount due was approximately \$1.194 million.

Note 6 - Capital Assets

Capital asset balances and activity during fiscal year 2012 were as follow:

	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2012</u>
Capital assets, not being depreciated:				
Land	\$ 46,577	\$ -	\$ -	\$ 46,577
Construction in progress	<u>-</u>	<u>259,101</u>	<u>(233,354)</u>	<u>25,747</u>
Total capital assets, not being depreciated	<u>46,577</u>	<u>259,101</u>	<u>(233,354)</u>	<u>72,324</u>
Capital assets, being depreciated:				
Building and improvements	10,035,626	224,577	-	10,260,203
Furniture, fixtures & equipment	6,040,175	466,028	(51,997)	6,454,206
Motor vehicles	<u>526,579</u>	<u>-</u>	<u>(55,973)</u>	<u>470,606</u>
Total capital assets, being depreciated	<u>16,602,380</u>	<u>690,605</u>	<u>(107,970)</u>	<u>17,185,015</u>
Less accumulated depreciation for:				
Building and improvements	2,348,587	217,862	-	2,566,449
Furniture, fixtures & equipment	5,039,606	363,552	(56,927)	5,346,231
Motor vehicles	<u>330,088</u>	<u>28,102</u>	<u>-</u>	<u>358,190</u>
Total accumulated depreciation	<u>7,718,281</u>	<u>609,516</u>	<u>(56,927)</u>	<u>8,270,870</u>
Total capital assets, being depreciated, net	<u>8,884,099</u>	<u>81,089</u>	<u>(51,043)</u>	<u>8,914,145</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 8,930,676</u>	<u>\$ 340,190</u>	<u>\$ (284,397)</u>	<u>\$ 8,986,469</u>

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Note 7 - Compensated Absences

The Station's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80 % of their unused sick leave which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time and have a remaining balance, after payment, of twenty-one days. These policies also provided for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.

The statement of net assets reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2012, the current and long-term portions were \$49,958 and \$361,955, respectively.

Note 8 - Reconciliation of CPB Grant Award to Revenues and Restricted Net Assets

CPB restricted net assets at beginning of year	\$ 696,364
Add: CPB grant award for fiscal year	1,297,514
Deduct: CPB revenue expended	<u>(1,317,833)</u>
CPB restricted net assets at end of year	<u>\$ 676,045</u>

Restricted Net Assets

CPB	\$ 676,045
Restrictions from Friends of WLRN	<u>210,435</u>
Total	<u>\$ 886,480</u>

Note 9 - Reconciliation of Total Revenues to CPB Annual Financial Report

Non-Federal Financial Support

Direct revenues	\$ 5,557,825
Indirect revenues	270,657
Capital contributions	<u>690,605</u>
Total Non-Federal Financial Support	6,519,087
Excludable support	<u>(197,361)</u>
CPB grant revenues	1,297,514
Total Revenues	<u>\$ 7,619,240</u>

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Note 10 - Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term agreement of its Education Broadband Services frequencies to Clearwire Spectrum Holdings II LLC. Under current Federal Communications Corporations (FCC) rules, licensees are allowed to lease out their "Excess capacity" to commercial entities. Friends of WLRN, Inc. remain the licensee and will have the responsibility for compliance with all educational and other requirements imposed by the FCC.

During 2009, Clearwire paid the Friends of WLRN \$3,000,000 at the inception of the agreement.

Lease payments will be made in monthly payment as follows:

<u>Years</u>	<u>Monthly</u>	<u>Annually</u>
1	\$ 55,000	\$ 660,000
2	55,000	660,000
3	55,000	660,000
4	55,000	660,000
5	55,000	660,000
6-10	75,000	900,000
11-15	110,000	1,320,000
16-20	145,000	1,740,000
21-25	189,000	2,268,000
26-30	235,000	2,820,000

During the year ending June 30, 2012, the Friends of WLRN received \$2,160,000, which includes the final bonus payment of \$1,500,000 under this agreement. Revenues under this lease agreement have been recognized on the statement of activities on a straight-line basis over 360 months. Total revenues recognized for the fiscal year ended June 30, 2012 under the straight-line basis was \$176,800.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ -	\$ -	\$ -
Grants from the Florida Department of Education	-	-	-
Federal Stimulus Grant -- ARRA	-	-	-
Grants from CPB	1,297,575	1,297,515	(60)
Grants from the School Board of Miami-Dade County, Florida and Subsidies	3,805,500	3,773,551	(31,949)
Support and revenues of Friends of WLRN, Inc.	<u>2,390,000</u>	<u>2,383,580</u>	<u>(6,420)</u>
Total Revenues	<u>7,493,075</u>	<u>7,454,646</u>	<u>(38,429)</u>
EXPENDITURES			
Current:			
Salaries and benefits	2,471,645	2,381,391	90,254
Materials, supplies and services	3,805,500	4,376,491	(570,991)
Capital outlay	<u>2,000,000</u>	<u>716,352</u>	<u>1,283,648</u>
Total Expenditures	<u>8,277,145</u>	<u>7,474,234</u>	<u>802,911</u>
Change in fund balance	(784,070)	(19,588)	764,482
Fund balance at beginning of year	<u>-</u>	<u>896,619</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 877,031</u>	<u>\$ -</u>

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NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

Note 1 - Budgetary Policy

The Station adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the fund level.



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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 Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - TV (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the Station's basic financial statements and have issued our report thereon dated November 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Station's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control over financial reporting.

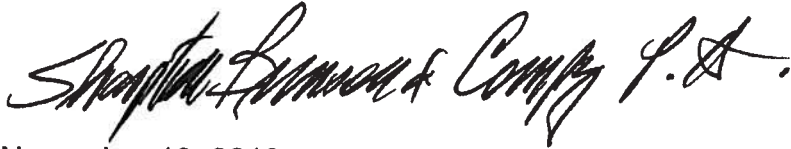
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free of 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.

This report is intended solely for the information and use of management, members of the Board of the Station, members of the School Board of Miami-Dade County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.



November 19, 2012

SECTION II: WLRN - RADIO



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Independent Auditor's Report

To the Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - Radio (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Station. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Friends of WLRN, Inc., which statements represent 80% and 83%, respectively, of the assets and revenues of the Station (government-wide financial statements). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based on the report of the other auditors.

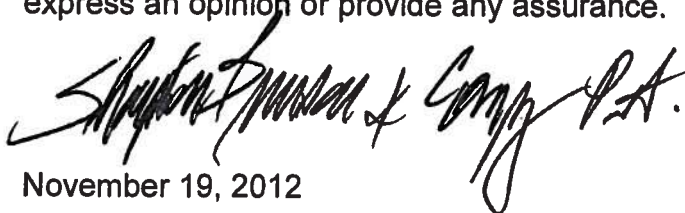
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of WLRN - Radio are intended to present the financial position, and changes in financial position of the Station. They do not purport to, and do not, present fairly the financial position of the School Board of Miami-Dade County, Florida as of June 30, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of WLRN - Radio as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have issued our report dated November 19, 2012 on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7, pages 22 through 23, respectively, 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.


November 19, 2012

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

As management of WLRN - Radio (the "Station"), we offer readers of the Stations' financial statements this overview and analysis of the financial activities of the Station for fiscal year ended June 30, 2012. This summary should be read in conjunction with the financial statements and related notes which follow this section.

Overview

The purpose of the Station is to provide quality public radio programming and services to the community in households in South Florida, from Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. WLRN also provides media support to the Miami-Dade County Public Schools, which has an enrollment of over 347,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$11.945 million. Of this amount, approximately \$2.065 million was invested in capital assets, approximately \$242,000 were restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses. The remaining \$9.637 million was unrestricted and available for spending at the Station's discretion.

At the close of the current fiscal year, the Station's governmental fund reported an ending fund balance of approximately \$9.880 million, an increase of approximately \$1.123 million in comparison with the prior year. Approximately \$242,000 of this amount is reserved for the Corporation for Public Broadcasting.

Overview to the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Station's basic financial statements. The Station's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Station reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

The Station is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 16 and 17 of this report.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Station's finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus).

The statement of net assets presents information on all of the Station's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The statement of activities presents information showing how the Station's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Station has one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 21 of this report.

Budgetary Highlights

The School Board of Miami-Dade County adopts a budget for the Station on an annual basis. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 22 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. The changes in final budget to actual revenues and expenditures were primarily attributed to in-kind support, depreciation, and the inclusion of Friends of WLRN, Inc. as a blended component unit. Revenues and expenses of Friends of WLRN, Inc. included in the Station's fiscal year 2012 financial statements are approximately \$6.791 million and \$5.559 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Our analysis of the financial statements of the Station begins below. The Statement of Net Assets and the Statement of Activities report information about the Station's activities that will help answer questions about the position of the Station. A summary is provided below.

Summary of Net Assets

	<u>6/30/12</u>	<u>6/30/11</u>
Current assets	\$ 10,702,156	\$ 9,722,577
Non-current assets	18,734	21,013
Capital assets, net	<u>2,065,108</u>	<u>2,092,815</u>
Total assets	12,785,998	11,836,405
Total liabilities	<u>(841,143)</u>	<u>(1,014,780)</u>
Total Net Assets	<u>\$ 11,944,855</u>	<u>\$ 10,821,625</u>

Total assets increased in the current year mainly as a result of the amount of support received from the Friends of WLRN and the Miami Dade County School Board.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Government-wide/Individual Fund Analysis (cont'd)

- A portion of the Station's net assets of approximately \$2.065 million reflects its investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment). These net assets are not available for future spending.
- Of the remaining \$9.880 million of the Station's net assets, approximately \$9.637 million represents resources that are unrestricted and available for any lawful use by the Station. The remaining net assets represent approximately \$242,000 of restricted funds for Corporation for Public Broadcasting (the "CPB") grant funded expenditures.

Summary of Changes in Net Assets

	<u>6/30/12</u>	<u>6/30/11</u>
Revenues		
In-kind contributions from		
Florida Department of Education	\$ -	\$ 21,563
Grants from CPB	626,728	699,114
Other grants and subsidies	777,239	1,932,735
Federal Stimulus Grant—ARRA	-	14,380
Revenue of Friends of WLRN	<u>6,790,585</u>	<u>7,330,363</u>
Total Revenues	<u>8,194,552</u>	<u>9,998,155</u>
Expenses		
Current	<u>7,071,322</u>	<u>6,470,664</u>
Change in net assets	1,123,230	3,527,491
Prior Period Adjustment	-	385,497
Net assets, beginning of year	<u>10,821,625</u>	<u>6,908,637</u>
Net assets, end of year	<u>\$ 11,944,855</u>	<u>\$ 10,821,625</u>

- The increase in net assets of approximately \$1.123 million compared to the prior year is primarily due to revenues received from the Friends of WLRN, Inc.

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A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Capital Assets

As of June 30, 2012, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$2.065 million decreasing from approximately \$2.093 million as of June 30, 2011.

Summary of Capital Assets
(Net of Depreciation)

	<u>6/30/12</u>	<u>6/30/11</u>
Land	\$ 22,941	\$ 22,941
Building and improvements	1,481,768	1,529,590
Furniture, fixtures and equipment	<u>560,399</u>	<u>540,284</u>
Total Capital Assets	<u>\$ 2,065,108</u>	<u>\$ 2,092,815</u>

Additional capital asset information can be found in Note 7 on page 18 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Station's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 172 N.E. 15th Street, Miami, FL 33132.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>General</u> <u>Fund</u>	<u>Adjustments</u> <u>(Note 2)</u>	<u>Statement of</u> <u>Net Assets</u>
ASSETS			
Cash and cash equivalents	\$ 751,959	\$ -	\$ 751,959
Investments in marketable securities	8,356,304	-	8,356,304
Membership contribution receivable, net	593,603	-	593,603
Accounts receivable, net	487,436	-	487,436
Other receivables	17,988	-	17,988
Other assets	43,798	-	43,798
Due from the School Board of Miami-Dade County, Florida	295,961	173,841	469,802
Capital assets, net of accumulated depreciation	-	2,065,108	2,065,108
Total Assets	<u>\$ 10,547,049</u>	<u>\$ 2,238,949</u>	<u>\$ 12,785,998</u>
LIABILITIES			
Current:			
Accounts payable and accrued expenses	\$ 431,220	\$ -	\$ 431,220
Compensated absences	18,734	-	18,734
Deferred revenue	217,348	-	217,348
Total current liabilities	<u>667,302</u>	<u>-</u>	<u>667,302</u>
Non-current:			
Compensated absences	-	173,841	173,841
Total liabilities	<u>667,302</u>	<u>173,841</u>	<u>841,143</u>
Fund balances/net assets:			
Fund balance:			
Non-spendable	43,798	(43,798)	-
Restricted	242,369	(242,369)	-
Unassigned	9,593,580	(9,593,580)	-
Total fund balances	<u>9,879,747</u>	<u>(9,879,747)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,547,049</u>	<u>\$ (9,705,906)</u>	<u>\$ 841,143</u>
NET ASSETS			
Invested in capital assets	\$ -	\$ 2,065,108	\$ 2,065,108
Restricted	-	242,369	242,369
Unrestricted	-	9,637,378	9,637,378
Total Net Assets	<u>\$ -</u>	<u>\$ 11,944,855</u>	<u>\$ 11,944,855</u>

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

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ -	\$ -	\$ -
Grants from the Florida Department of Education	-	-	-
Grants from CPB	626,728	-	626,728
Federal Stimulus Grant—ARRA	-	-	-
Grants from the School Board of Miami-Dade County, Florida and Subsidies	603,398	173,841	777,239
Support and revenues of Friends of WLRN, Inc.	<u>6,790,585</u>	<u>-</u>	<u>6,790,585</u>
Total Revenues	<u>8,020,711</u>	<u>173,841</u>	<u>8,194,552</u>
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	1,058,983	-	1,058,983
Materials, supplies and services	5,707,323	173,841	5,881,164
Depreciation	-	131,175	131,175
Capital outlay	<u>103,468</u>	<u>(103,468)</u>	<u>-</u>
Total Expenditures/Expenses	<u>6,869,774</u>	<u>201,548</u>	<u>7,071,322</u>
Change in fund balance/net assets	1,150,937	(27,707)	1,123,230
Fund balance/net assets at beginning of year	<u>8,728,810</u>	<u>2,092,815</u>	<u>10,821,625</u>
Fund balance/net assets at end of year	<u>\$ 9,879,747</u>	<u>\$ 2,065,108</u>	<u>\$ 11,944,855</u>

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

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies

This summary of WLRN - Radio (the "Station") significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the Station conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting entity

The Station, which operates non-commercial public radio in Miami-Dade County, Florida, is an administrative department included in the governmental funds of the School Board of Miami-Dade County, Florida (the "School Board"). The School Board holds the license to operate the Station. The accompanying financial information of the Station has been extracted from the activity contained in the accounts of the School Board, and is intended to present the financial position and changes in financial position of only the Station and not the financial position and changes in financial position of the School Board.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Friends of WLRN, Inc. has been included in the Station's General Fund as a blended component unit. Friends of WLRN, Inc., a Florida not-for-profit entity, was established to support and enhance the program services of the Station, as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board. The financial statements of Friends of WLRN, Inc. are reported using the AICPA's non-profit model. As a result, the financial information has been converted to governmental fund accounting for inclusion in the Station's financial statements.

Complete financial information for Friends of WLRN, Inc. can be obtained at their administrative offices located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

Government-wide financial statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Station. *Governmental activities*, which normally are supported by grants and contributions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Station does not have any *business-type activities* and has only one governmental activity. The accounts of the Station are reported as a General Fund. The General Fund is the Station's only fund and thus the Station's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers revenue available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Station's only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Station including general operations.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

New Pronouncements

During fiscal year 2012, the Station implemented GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans (Issued 12/09). The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011. This Statement did not have an impact on the Station's financial statements, including required disclosures.

During fiscal year 2012, the Station implemented GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53 (Issued 06/11). The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. This Statement did not have an impact on the Station's financial statements, including required disclosures.

Cash and cash equivalents

Cash and cash equivalents held by Friends of WLRN, Inc. include liquid investments with original maturities of three months or less when acquired.

In addition to insurance provided by the Federal Depository Insurance Corporation, all time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

Investments

Investments in marketable securities held by Friends of WLRN, Inc. are measured at fair value (quoted market price or the best available estimate thereof), which include corporate and other bonds, U.S. Government securities and equity securities.

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

Accounts receivable

Accounts receivable includes underwriting on-air recognition invoiced but not received.

The Friends of WLRN, Inc. extends credit based on periodic evaluations of the customer's financial condition. Exposure to losses on receivables varies by customer. The Friends of WLRN, Inc. monitors exposure to credit losses and records allowances for anticipated losses as needed.

Capital assets

Capital assets include land, buildings and building improvements, furniture, fixtures and equipment. The capitalization threshold for furniture, fixtures, and equipment is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Assets are recorded at historical costs. Assets purchased under capital leases are recorded at cost, which approximates fair value at acquisition date and does not exceed the present value of future minimum lease payments.

Capital assets are depreciated using the straight-line method on the following estimated useful lives:

	<u>Useful Life (Years)</u>
Buildings and improvements	20-50
Furniture, fixtures, and equipment	5-20

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statements.

Deferred revenue

Deferred revenue reported by Friends of WLRN, Inc. is comprised of Educational Broadband Services (EBS) lease revenue received but not yet recognized in accordance with generally accepted accounting principles and underwriting fees received in advanced. Deferred revenue at year ended June 30, 2012 amounted to approximately \$217,000.

Donated administrative support and services

Donated administrative support and services are recorded as in-kind contributions at fair market value when received and when there is an objective basis for determining such values.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

Fund equity

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered non-spendable, such as fund balance associated with prepaid items. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The Station reports the following fund classifications:

Non-spendable fund balance. Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as prepaid amounts or security or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board—the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Station did not have any committed fund balance as of June 30, 2012.

Assigned fund balance. This classification reflects the amounts constrained by the School Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board and Station General Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable and are neither restricted nor committed. The Station did not have any assigned fund balance as of June 30, 2012.

WLRN - RADIO
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THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (cont'd)

Fund equity (cont'd)

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balance amounts.

When both restricted and unrestricted resources are available for use, it is the Station's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 2 - Explanation of Differences between Governmental Fund Balance Sheet and the Statement of Net Assets

The fund balances of the governmental fund of approximately \$9.880 million reported in the governmental fund balance sheet differs from total net assets of the governmental activities of approximately \$11.945 million reported in the statement of net assets. The differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance	\$ 9,879,747
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in the governmental fund. However, the statement of net assets includes those capital assets among the assets of the Station as a whole.	2,065,108
(b) Due from the School Board of Miami-Dade County, Florida is a non-current asset that is not available to pay for current expenditures, and, therefore, is deferred.	173,841
(c) Compensated absences are long-term liabilities that are not due and payable in the current period and therefore are not reported in the governmental fund.	<u>(173,841)</u>
Net assets of governmental activities	<u>\$ 11,944,855</u>

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 3 - Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

The change in fund balance for the governmental fund of approximately \$1.151 million reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net assets of approximately \$1.123 million reported in the statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund operating statement. Explanations of the differences are as follows:

Net change in fund balance	\$ 1,150,937
(a) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year. Depreciation expense of (\$131,175) net of capital outlay \$103,468.	(27,707)
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	173,841
(c) Expenses reported in the statement of activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(173,841)</u>
Change in net assets of governmental activities	<u>\$ 1,123,230</u>

Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist of cash and cash equivalents accounts maintained by the Friends of WLRN in financial institutions which, from time to time, may exceed the federal depository insurance coverage limits; investment accounts maintained by the Friends of WLRN at broker/dealers, which from time to time may exceed SIPC insurance limits; and contributions. Management believes that the risk of loss with respect to the financial institutions and broker/dealers has been limited by choosing strong institutions with which to do business.

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 5 - Accounts Receivable

Accounts receivables are comprised of underwriting on-air recognition invoiced but not received. At June 30, 2012, the Friends of WLRN, Inc. recorded accounts receivable in the amount of approximately \$487,000, net of allowance for doubtful accounts in the amount of \$171,000.

Note 6 - Due From the School Board of Miami-Dade County, Florida

Due from the School Board of Miami-Dade County represents cash and cash equivalent held on behalf of the Station as of June 30, 2012 for restricted grants and accounts payable, accrued payroll expenses and compensated absences. At June 30, 2012, amount due was approximately \$470,000.

Note 7 - Capital Assets

Capital asset balances and activity during fiscal year 2011 were as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets, not being depreciated:				
Land	\$ 22,941	\$ -	\$ -	\$ 22,941
Total capital assets, not being depreciated	<u>22,941</u>	<u>-</u>	<u>-</u>	<u>22,941</u>
Capital assets, being depreciated:				
Building and improvements	2,065,357	-	-	2,065,357
Furniture, fixtures & equipment	<u>1,513,821</u>	<u>103,468</u>	<u>-</u>	<u>1,617,289</u>
Total capital assets, being depreciated	<u>3,579,178</u>	<u>103,468</u>	<u>-</u>	<u>3,682,646</u>
Less accumulated depreciation for:				
Building and improvements	535,767	47,823	-	583,590
Furniture, fixtures & equipment	<u>973,537</u>	<u>83,351</u>	<u>-</u>	<u>1,056,888</u>
Total accumulated depreciation	<u>1,509,304</u>	<u>131,174</u>	<u>-</u>	<u>1,640,478</u>
Total capital assets, being depreciated, net	<u>2,069,874</u>	<u>(27,706)</u>	<u>-</u>	<u>2,042,168</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 2,092,815</u>	<u>\$ (27,706)</u>	<u>\$ -</u>	<u>\$ 2,065,109</u>

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8 - Compensated Absences

The Station's employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80% of their unused sick leave which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time and have a remaining balance, after payment, of twenty-one days. These policies also provided for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.

The statement of net assets reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2012, the current and long-term portions were \$18,734 and \$173,841, respectively.

Note 9 - Reconciliation of CPB Grant Award to Revenue and Restricted Net Assets

CPB restricted net assets at beginning of year	\$ 325,736
Add: CPB grant award for fiscal year	626,768
Deduct: CPB revenue expended	<u>(710,135)</u>
CPB restricted net assets at end of year	<u>\$ 242,369</u>

Note 10 - Reconciliation of Total Revenue to CPB Annual Financial Report

Non-Federal Financial Support	
Direct revenue	\$ 7,498,225
Indirect revenue	69,559
In-kind contributions	<u>-</u>
Total Non-Federal Financial Support	7,567,784
Excludable Support	(1,834,745)
CPB grant revenue	<u>626,768</u>
Total Revenue	<u>\$ 6,359,807</u>

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11 - Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term agreement of its Education Broadband Services frequencies to Clearwire Spectrum Holdings II LLC. Under current Federal Communications Corporations (FCC) rules, licensees are allowed to lease out their "Excess capacity" to commercial entities. Friends of WLRN, Inc. remain the licensee and will have the responsibility for compliance with all educational and other requirements imposed by the FCC.

During 2009, Clearwire paid Friends of WLRN, Inc. \$3,000,000 at the inception of the agreement.

Lease payments will be made in monthly payment as follows:

<u>Years</u>	<u>Monthly</u>	<u>Annually</u>
1	\$ 55,000	\$ 660,000
2	55,000	660,000
3	55,000	660,000
4	55,000	660,000
5	55,000	660,000
6-10	75,000	900,000
11-15	110,000	1,320,000
16-20	145,000	1,740,000
21-25	189,000	2,268,000
26-30	235,000	2,820,000

During the year ending June 30, 2012, Friends of WLRN, Inc. received \$660,000 under this agreement. Revenues under this lease agreement have been recognized on the statement of activities on a straight-line basis over 360 months. Total revenues recognized for the fiscal year ended June 30, 2012 was approximately \$1,591,000.

WLRN - RADIO
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

Note 12 Prior Period Adjustment

In the current year, it was determined that the July 1, 2009 assets and net assets were to be restated to correct an accounting error.

An adjustment to membership contributions receivable was made to recognize the portion that was promised to the Corporation by donors as membership pledges. Since the membership pledges are not exchange transactions and are contributions, they are recognized when the promise is made. Since annual membership can be paid over one year's time, a contribution receivable net of the allowance for uncollectible membership pledges, was recorded for the membership contributions promised that have not been paid as of each year-end.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
In-kind contributions from the Florida Department of Education	\$ -	\$ -	\$ -
Grants from the Florida Department of Education	-	-	-
Federal Stimulus Grant--ARRA	-	-	-
Grants from CPB	626,728	626,728	-
Grants from the School Board of Miami-Dade County, Florida and Subsidies	609,000	603,398	(5,602)
Support and revenue of Friends of WLRN, Inc.	<u>6,852,000</u>	<u>6,790,585</u>	<u>(61,415)</u>
Total Revenues	<u>8,087,728</u>	<u>8,020,711</u>	<u>(67,017)</u>
EXPENDITURES			
Current:			
Salaries and benefits	1,026,601	1,058,983	(32,382)
Materials, supplies and services	5,956,000	5,707,323	248,677
Capital outlay	<u>76,686</u>	<u>103,468</u>	<u>(26,782)</u>
Total Expenditures	<u>7,059,287</u>	<u>6,869,774</u>	<u>189,513</u>
Change in fund balance	1,028,441	1,150,937	122,496
Fund balance at beginning of year	<u>-</u>	<u>8,728,810</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 9,879,747</u>	<u>\$ -</u>

WLRN - RADIO
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THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012

Note 1 - Budgetary Policy

The Station adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the fund level.



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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 Members of the School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN - Radio (the "Station"), a public telecommunications activity operated by the School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2012, which collectively comprise the Station's basic financial statements and have issued our report thereon dated November 19, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Station's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control over financial reporting.

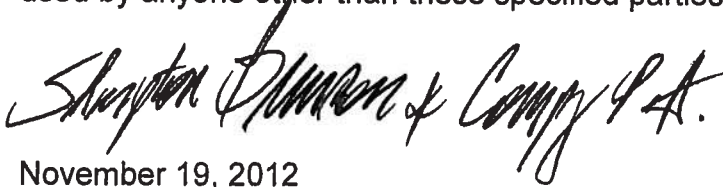
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free of 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.

This report is intended solely for the information and use of management, members of the Board of the Station, members of the School Board of Miami-Dade County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.



November 19, 2012