

WLRN TELEVISION AND RADIO STATIONS

FINANCIAL STATEMENTS

June 30, 2015 and 2014

SECTION I: WLRN - TV

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

TABLE OF CONTENTS

SECTION I: WLRN - TV

	PAGE(S)
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-7
Basic Financial Statements	
Governmental Fund Balance Sheets/Statements of Net Position	8
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities	9
Notes to Financial Statements.....	10-20
Required Supplementary Information (Unaudited)	
Budgetary Comparison Schedules	21
Notes to Required Supplementary Information	22
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 represent 5 percent and 37 percent and 4 percent and 28 percent, respectively, of the assets and revenues of the governmental activities (government-wide financial statements) as of and for the years ended June 30, 2015 and 2014, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely 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 from material misstatement.

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

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

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. The financial statements 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, 2015 and 2014, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of WLRN - TV as of June 30, 2015 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 21-22, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2015

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

As management of WLRN - TV (the "Station"), we offer readers of the accompanying financial statements this overview and analysis of the financial activities of the Station for the fiscal years ended June 30, 2015 and 2014. This summary should be read in conjunction with the financial statements and related notes, which immediately 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, consisting of Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. The Station also provides media support to the Miami-Dade County Public Schools, which has an enrollment of approximately over 350,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal years ended June 30, 2015 and 2014 by approximately \$9.368 million and \$9.318 million, respectively. Of this amount, as of June 30, 2015 and 2014 approximately \$8.150 million and \$8.550 million was invested in capital assets, approximately \$1,097,000 and \$768,000 was restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses, and approximately \$15,000 and \$13,000 was restricted for other purposes. After accounting for the restrictions, there was an unrestricted balance (deficit) of approximately \$105,000 and (\$13,000), respectively.

At the close of the fiscal years ended June 30, 2015 and 2014, the Station's governmental fund reported an ending fund balance of approximately \$1,217,000 and \$768,000, an increase (decrease), respectively, of approximately \$449,444 and \$162,000 in comparison with the prior year. Approximately \$1,217,000 and \$768,000 of this amount is restricted for the CPB.

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 Sheets/Statements of Net Position and the Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 15 and 16 of this report.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

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 position presents information on all of the Station's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

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 20 of this report.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

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 21 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. During the fiscal year ended June 30, 2015, the changes in final budget to actual revenues and expenditures were primarily attributed to capital outlays 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 ended June 30, 2015 financial statements, are approximately \$2.261 and \$2.141 million, respectively.

During the fiscal year ended June 30, 2014, the changes in final budget to actual revenues and expenditures were primarily attributed to capital outlays 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 ended June 30, 2014 financial statements, are approximately \$1.953 and \$1.950 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Analysis of the financial statements of the Station begins below. As noted earlier, net position over time, may serve as a useful indicator of the Station's financial position. Assets exceeded liabilities by \$9,367,757 and \$9,317,940 at the close of the fiscal years ended June 30, 2015 and 2014, respectively. A summary is provided below.

Summary of Net Position		
	<u>6/30/2015</u>	<u>6/30/2014</u>
Current assets	\$ 1,701,199	\$ 1,275,918
Non-current assets	269,302	376,510
Capital assets, net	<u>8,150,331</u>	<u>8,549,958</u>
Total assets	<u>10,120,832</u>	<u>10,202,386</u>
Current liabilities	483,773	507,936
Non-current liabilities	<u>269,302</u>	<u>376,510</u>
Total liabilities	<u>753,075</u>	<u>884,446</u>
Net position		
Net investment in capital assets	8,150,331	8,549,958
Restricted	1,112,603	780,847
Unrestricted	<u>104,823</u>	<u>(12,865)</u>
Total net position	<u>\$ 9,367,757</u>	<u>\$ 9,317,940</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

- Total assets decreased in the current year mainly as a result of an increase in depreciation on capital assets when compared to the prior year. Depreciation fluctuates each year based on the remaining useful lives of existing capital assets and the amount of acquisitions/additions of capital assets.
- The largest portion of the Station's net position of approximately \$8.150 million reflects its net investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment, and motor vehicles). This net position is not available for future spending.

Summary of Changes in Net Position

	<u>6/30/2015</u>	<u>6/30/2014</u>
Revenues		
Grants from the Florida Department of Education	\$ 307,447	\$ 307,447
Grants from CPB	1,256,198	1,197,105
Other grants and subsidies	2,256,631	3,643,417
Support and revenues of Friends of WLRN, Inc.	<u>2,261,180</u>	<u>1,952,747</u>
Total revenues	<u>6,081,456</u>	<u>7,100,716</u>
Expenses		
Current	<u>6,031,639</u>	<u>6,947,949</u>
Change in net position	49,817	152,767
Net position, beginning of year	<u>9,317,940</u>	<u>9,165,173</u>
Net position, end of year	<u>\$ 9,367,757</u>	<u>\$ 9,317,940</u>

- The increase in net position of \$49,817 compared to the prior year is primarily due to a decrease in total expenses, including salaries.

Capital Assets

As of June 30, 2015 and 2014, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$8.150 million and \$8.560 million, respectively.

Summary of Capital Assets

(Net of Depreciation)

	<u>6/30/2015</u>	<u>6/30/2014</u>
Land	\$ 46,577	\$ 46,577
Buildings and improvements	7,040,103	7,258,087
Furniture, fixtures and equipment	975,499	1,132,783
Motor vehicles	<u>88,152</u>	<u>112,511</u>
Total Capital Assets	<u>\$ 8,150,331</u>	<u>\$ 8,549,958</u>

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

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

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 SHEETS/STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015			2014		
	General Fund	Adjustments (Note 2)	Statement of Net Position	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS						
Investment in marketable securities	\$ 170,649	\$ -	\$ 170,649	\$ 165,928	\$ -	\$ 165,928
Membership contributions receivable, net	126,964	-	126,964	124,650	-	124,650
Accounts receivable, net	37,422	-	37,422	26,179	-	26,179
Other assets	102,445	-	102,445	72,592	-	72,592
Due from the School Board of Miami-Dade County, Florida	1,263,719	269,302	1,533,021	886,569	376,510	1,263,079
Capital assets, net of accumulated depreciation	-	8,150,331	8,150,331	-	8,549,958	8,549,958
Total Assets	\$ 1,701,199	\$ 8,419,633	\$ 10,120,832	\$ 1,275,918	\$ 8,926,468	\$ 10,202,386
LIABILITIES AND FUND BALANCE						
Current:						
Accounts payable and accrued expenses	\$ 406,739	\$ -	\$ 406,739	\$ 447,883	\$ -	\$ 447,883
Compensated absences	77,034	-	77,034	28,803	-	28,803
Line of credit	-	-	-	31,250	-	31,250
Total current liabilities	483,773	-	483,773	507,936	-	507,936
Non-current:						
Compensated absences	-	269,302	269,302	-	376,510	376,510
Total liabilities	483,773	269,302	753,075	507,936	376,510	884,446
Fund balance:						
Non-spendable	15,227	(15,227)	-	12,635	(12,635)	-
Restricted	1,097,376	(1,097,376)	-	768,212	(768,212)	-
Unassigned	104,823	(104,823)	-	(12,865)	12,865	-
Total fund balance	1,217,426	(1,217,426)	-	767,982	(767,982)	-
Total Liabilities and Fund Balance	\$ 1,701,199	\$ (948,124)	\$ 753,075	\$ 1,275,918	\$ (391,472)	\$ 884,446
NET POSITION						
Net investment in capital assets	\$ -	\$ 8,150,331	\$ 8,150,331	\$ -	\$ 8,549,958	\$ 8,549,958
Restricted	-	1,112,603	1,112,603	-	780,847	780,847
Unrestricted	-	104,823	104,823	-	(12,865)	(12,865)
Total Net Position	\$ -	\$ 9,367,757	\$ 9,367,757	\$ -	\$ 9,317,940	\$ 9,317,940

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
STATEMENTS OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	General Fund	Adjustments (Note 3)	Statement of Activities	General Fund	Adjustments (Note 3)	Statement of Activities
REVENUES						
Grants from the Florida Department of Education	\$ 307,447	\$ -	\$ 307,447	\$ 307,447	\$ -	\$ 307,447
Grants from CPB	1,256,198	-	1,256,198	1,197,105	-	1,197,105
Grants from the School Board of Miami-Dade County, Florida and Subsidies	2,363,839	(107,208)	2,256,631	3,555,851	87,566	3,643,417
Support and revenues of Friends of WLRN, Inc.	2,261,180	-	2,261,180	1,952,747	-	1,952,747
Total Revenues	6,188,664	(107,208)	6,081,456	7,013,150	87,566	7,100,716
EXPENDITURES/EXPENSES						
Current:						
Salaries and benefits	1,821,352	(107,208)	1,714,144	2,112,608	87,566	2,200,174
Materials, supplies and services	3,807,053	-	3,807,053	4,247,287	-	4,247,287
Depreciation	-	504,568	504,568	-	480,879	480,879
Loss on disposal of capital assets	-	5,874	5,874	-	19,609	19,609
Capital outlay	110,815	(110,815)	-	490,939	(490,939)	-
Total Expenditures/Expenses	5,739,220	292,419	6,031,639	6,850,834	97,115	6,947,949
Change in fund balance/net position	449,444	(399,627)	49,817	162,316	(9,549)	152,767
Fund balance/net position at beginning of year	767,982	8,549,958	9,317,940	605,666	8,559,507	9,165,173
Fund balance/net position at end of year	\$ 1,217,426	\$ 8,150,331	\$ 9,367,757	\$ 767,982	\$ 8,549,958	\$ 9,317,940

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, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of WLRN - TV (the “Station”) 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.

A. 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 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* and GASB No. 61, *The Financial Reporting Entity: Omnibus*, 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 office located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position 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.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide financial statements (continued)

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 directly benefit from goods, services, 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.

C. 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.

D. 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.

E. Accounts receivable

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

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

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

F. Membership contributions receivable

Memberships are recognized as contributions by Friends of WLRN, Inc. and are initially reported at fair value. Contributions are recognized when the donor makes a promise to give to Friends of WLRN, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unassigned fund balance/unrestricted net position if the restrictions expire in the year in which the contributions are recognized, or as restricted fund balance/net position depending on the nature of the restrictions.

Friends of WLRN, Inc. uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made.

G. Other assets

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

At June 30, 2015 and 2014, other assets also include a deferred lease asset/receivable comprised of Educational Broadband Services lease revenue recognized but not yet collected in accordance with generally accepted accounting principles (see Note 12).

H. Capital assets

Capital assets purchased are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets include land, buildings and improvements, furniture, fixtures and equipment, and motor vehicles. The capitalization threshold for furniture, fixtures, and equipment and motor vehicles is \$1,000 or greater. Buildings and improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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.

I. 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 - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

J. Fund balance

In the fund financial statements, the governmental fund reports fund balance in classifications based on the extent to which the Station is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, it is the Station's policy to use the committed amounts first, followed by assigned and unassigned amounts. The Station reports the following fund balance classifications:

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

Restricted fund balance – Restricted fund balance are amounts with constraints imposed on resources by external sources such as (a) creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Committed fund balance are amounts limited to specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board - the Station's highest level of decision-making authority. 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, 2015 and 2014.

Assigned fund balance – Assigned fund balance are 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, restricted, or committed. The Station did not have any assigned fund balance as of June 30, 2015 and 2014.

Unassigned fund balance – Unassigned fund balance consists of General Fund positive fund balances that are not otherwise classified. It is also used to report negative fund balance amounts.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

K. Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are external limitations imposed on its use through sources such as creditors, grantors, or laws or regulations of other governments, and when resources are nonexpendable.

L. 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.

M. Fund deficit

At June 30, 2014, the Station reported a negative unassigned fund balance in the General Fund. The Station does not substantially receive direct unrestricted contributions. Consequently, the deficit was caused by expenditures from Friends of WLRN, Inc. being slightly greater than the related support and revenues, and a significant portion of amounts due from the School Board are restricted as related to grant funding not yet spent. At June 30, 2015, the Station reported a positive unassigned fund balance in the General Fund of \$104,823.

N. New accounting pronouncements

During the fiscal year ended June 30, 2013, the Station implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of these statements is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Governmental entities enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. Concepts Statement No. 4, *Elements of Financial Statements*, identifies those consumptions or acquisitions as *deferred outflows of resources* and *deferred inflows of resources*, respectively, and distinguishes them from assets and liabilities. Concepts Statement 4 also identifies *net position* as the residual of all other elements presented in a statement of financial position. This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances, and for reporting net position within the framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities. The provisions of these Statements were effective for periods beginning after December 15, 2011 and 2012, with earlier application encouraged. These Statements did not have a significant impact on the Station's financial statements, other than presentation and disclosure requirements.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 2 – Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

As of June 30, 2015, the fund balance of the governmental fund of \$1,217,426 reported in the governmental fund balance sheet differs from total net position of governmental activities of approximately \$9.368 million reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (Page 8)	\$ 1,217,426
Amounts reported for governmental activities in the statement net position are different because:	
(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 position includes those capital assets among the assets of the Station as a whole.	8,150,331
(b) Certain amounts due from the School Board of Miami-Dade County, Florida are a non-current asset that is not available to pay for current expenditures, and, therefore, are not reported in the governmental fund.	269,302
(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>(269,302)</u>
Net position of governmental activities (Page 8)	<u>\$ 9,367,757</u>

As of June 30, 2014, the fund balance of the governmental fund of \$767,982 reported in the governmental fund balance sheet differs from total net position of governmental activities of approximately \$9.318 million reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (Page 8)	\$ 767,982
Amounts reported for governmental activities in the statement net position are different because:	
(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 position includes those capital assets among the assets of the Station as a whole.	8,549,958
(b) Certain amounts due from the School Board of Miami-Dade County, Florida are a non-current asset that is not available to pay for current expenditures, and, therefore, are not reported in the governmental fund.	376,510
(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>(376,510)</u>
Net position of governmental activities (Page 8)	<u>\$ 9,317,940</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

During the fiscal year ended June 30, 2015, the change in fund balance for the governmental fund of \$449,444 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of \$49,817 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 (Page 9)	\$ 449,444
(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 (\$504,568), net of capital outlay \$110,815, and loss on disposal of fixed assets (\$5,874).	(399,627)
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	(107,208)
(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>107,208</u>
Change in net position of governmental activities (Page 9)	<u>\$ 49,817</u>

During the fiscal year ended June 30, 2014, the change in fund balance for the governmental fund of \$162,316 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of \$152,767 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 (Page 9)	\$ 162,316
(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 (\$480,879), net of capital outlay \$490,939, and loss on disposal of fixed assets (\$19,609).	(9,549)
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	87,566
(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>(87,566)</u>
Change in net position of governmental activities (Page 9)	<u>\$ 152,767</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 4 – Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist principally of investment accounts maintained by Friends of WLRN, Inc. 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.

Note 5 – Investments

Friends of WLRN, Inc. follows ASC 820-10 *Fair Value Measurement and Disclosure* for measuring fair value of investments. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from external market participants while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions, and specific knowledge of the assets/liabilities and related markets.

The three levels are defined as follows:

Level 1 – valuation based on quoted prices in active markets for identical assets and liabilities

Level 2 – valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market

Level 3 – valuation is derived from model-based techniques inputs that are unobservable for the asset or liability; unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity

At June 30, 2015 and 2014, Friends of WLRN, Inc. held investments in equity securities and mutual funds with a total fair value of \$170,649 and \$165,928, respectively. The fair value measurements were based on level 1 and level 2 valuations of observable inputs. As of June 30, 2015 and 2014, these investments include a board-designated endowment of \$167,921 and \$163,153, respectively. The term endowment fund as defined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) does not include assets that an institution designates as an endowment fund for its own use. The endowment fund maintained by Friends of WLRN, Inc. is a board-designated endowment fund as of June 30, 2015 and 2014; therefore, the requirements of UPMIFA do not apply.

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

Amounts due from the School Board of Miami-Dade County, Florida represents cash and cash equivalents held on behalf of the Station as of June 30, 2015 and 2014 for restricted grants, compensated absences, accounts payable, and accrued payroll expenses. At June 30, 2015 and 2014, the total amount due was \$1,533,021 and \$1,263,079, respectively.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 7 – Capital Assets

Capital asset balances and activity during the fiscal years ended June 30, 2015 and 2014 were as follows:

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Capital assets, not being depreciated:				
Land	\$ 46,577	\$ -	\$ -	\$ 46,577
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	46,577	-	-	46,577
Capital assets, being depreciated:				
Building and improvements	10,263,161	-	-	10,263,161
Furniture, fixtures and equipment	6,532,866	110,815	229,329	6,414,352
Motor vehicles	470,606	-	-	470,606
Total capital assets, being depreciated	17,266,633	110,815	229,329	17,148,119
Less accumulated depreciation for:				
Building and improvements	3,005,074	217,984	-	3,223,058
Furniture, fixtures and equipment	5,400,083	262,225	223,455	5,438,853
Motor vehicles	358,095	24,359	-	382,454
Total accumulated depreciation	8,763,252	504,568	223,455	9,044,365
Total capital assets, being depreciated, net	8,503,381	393,753	5,874	8,103,754
Total capital assets, net	<u>\$ 8,549,958</u>	<u>\$ 393,753</u>	<u>\$ 5,874</u>	<u>\$ 8,150,331</u>

	Balance 06/30/13	Additions	Deletions	Balance 6/30/2014
Capital assets, not being depreciated:				
Land	\$ 46,577	\$ -	\$ -	\$ 46,577
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	46,577	-	-	46,577
Capital assets, being depreciated:				
Building and improvements	10,263,161	-	-	10,263,161
Furniture, fixtures and equipment	6,730,360	490,939	688,433	6,532,866
Motor vehicles	470,606	-	-	470,606
Total capital assets, being depreciated	17,464,127	490,939	688,433	17,266,633
Less accumulated depreciation for:				
Building and improvements	2,784,432	220,642	-	3,005,074
Furniture, fixtures and equipment	5,833,875	235,032	668,824	5,400,083
Motor vehicles	332,890	25,205	-	358,095
Total accumulated depreciation	8,951,197	480,879	668,824	8,763,252
Total capital assets, being depreciated, net	8,512,930	10,060	19,609	8,503,381
Total capital assets, net	<u>\$ 8,559,507</u>	<u>\$ 10,060</u>	<u>\$ 19,609</u>	<u>\$ 8,549,958</u>

Note 8 – Line of Credit

Friends of WLRN, Inc. has a credit agreement with a banking institution for an amount of \$200,000. The line bears interest at an annual percentage rate as defined in the agreement and expired on March 14, 2015. As of June 30, 2014, the total balance outstanding on the line of credit, as allocated to WLRN - TV, amounted to \$31,250.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 9 – Compensated Absences

The Station's employee vacation and sick leave polices 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 position reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2015 and 2014, the current and long-term portions were \$77,034 and \$28,803 and \$269,302 and \$376,510, respectively.

Note 10 – Reconciliation of CPB Grant Award to Revenues and Restricted Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
CPB restricted net position at beginning of year	\$ 768,212	\$ 608,545
Add: CPB grant award for fiscal year	1,256,198	1,197,105
Deduct: CPB revenue expended	(927,034)	(1,037,438)
CPB restricted net position at end of year	<u>\$ 1,097,376</u>	<u>\$ 768,212</u>
Restricted Net Position		
CPB	\$ 1,097,376	\$ 768,212
Restrictions from Friends of WLRN, Inc.	15,227	12,635
Total	<u>\$ 1,112,603</u>	<u>\$ 780,847</u>

Note 11 – Reconciliation of Total Revenue to CPB Annual Financial Report

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Non-Federal Financial Support		
Direct revenues	\$ 4,338,197	\$ 4,856,779
Indirect revenues	242,132	254,367
Total Non-Federal Financial Support	4,580,329	5,111,146
Excludable support	134,114	301,526
Capital funds exclusion	110,815	490,939
CPB grant revenues	1,256,198	1,197,105
Total Revenues	6,081,456	7,100,716
Indirect revenues	(242,132)	(254,367)
Total Revenues AFR Schedule A	<u>\$ 5,839,324</u>	<u>\$ 6,846,349</u>

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 12 – Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term lease agreement for its Educational Broadband Services frequencies to Clearwire Spectrum Holdings II LLC (“Clearwire”). 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.

Lease payments will be made in monthly payments 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 years ended June 30, 2015 and 2014, Friends of WLRN, Inc. received \$900,000 and \$900,000, respectively, under this agreement. Revenue under this lease agreement has been recognized on the statement of activities on a straight-line basis over 360 months. Total revenue recognized for the fiscal years ended June 30, 2015 and 2014 under the straight-line basis was \$1,768,000 each year, of which approximately 10%, or \$178,600, is recognized in WLRN - TV each year.

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Original Budget	General Fund Actual	Variance Positive (Negative)	Original Budget	General Fund Actual	Variance Positive (Negative)
REVENUES						
Grants from the Florida Department of Education	\$ 307,447	\$ 307,447	-	\$ 307,447	\$ 307,447	-
Grants from CPB	1,256,198	1,256,198	-	1,197,105	1,197,105	-
Grants from the School Board of Miami-Dade County, Florida and Subsidies	4,075,429	2,363,839	(1,711,590)	5,419,466	3,555,851	(1,863,615)
Support and revenues of Friends of WLRN, Inc.	2,280,100	2,261,180	(18,920)	1,950,000	1,952,747	2,747
Total Revenues	7,919,174	6,188,664	(1,730,510)	8,874,018	7,013,150	(1,860,868)
EXPENDITURES						
Current:						
Salaries and benefits	1,727,000	1,821,352	(94,352)	2,160,572	2,112,608	47,964
Materials, supplies and services	3,987,000	3,807,053	179,947	4,787,782	4,247,287	540,495
Capital outlay	2,205,174	110,815	2,094,359	2,205,174	490,939	1,714,235
Total Expenditures	7,919,174	5,739,220	2,179,954	9,153,528	6,850,834	2,302,694
Change in fund balance	-	449,444	449,444	(279,510)	162,316	441,826
Fund balance at beginning of year	767,982	767,982	-	605,666	605,666	-
Fund balance at end of year	\$ 767,982	\$ 1,217,426	\$ 449,444	\$ 326,156	\$ 767,982	\$ 441,826

WLRN - TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015 AND 2014

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.



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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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 years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2015

SECTION II: WLRN - RADIO

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

TABLE OF CONTENTS

SECTION II: WLRN - RADIO

	PAGE(S)
Independent Auditors' Report	1-2
Management's Discussion and Analysis (Required Supplementary Information)	3-7
Basic Financial Statements	
Governmental Fund Balance Sheets/Statements of Net Position	8
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities	9
Notes to Financial Statements.....	10-22
Required Supplementary Information (Unaudited)	
Budgetary Comparison Schedules	23
Notes to Required Supplementary Information	24
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 represent 81 percent and 85 percent and 84 percent and 84 percent, respectively, of the assets and revenues of the governmental activities (government-wide financial statements) as of and for the years ended June 30, 2015 and 2014, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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. The financial statements 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, 2015 and 2014, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of WLRN - Radio as of June 30, 2015 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 23-24, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2015

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

As management of WLRN - Radio (the "Station"), we offer readers of the accompanying financial statements this overview and analysis of the financial activities of the Station for the fiscal years ended June 30, 2015 and 2014. This summary should be read in conjunction with the financial statements and related notes, which immediately 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, consisting of Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to the School Board of Miami-Dade County, Florida. The Station also provides media support to the Miami-Dade County Public Schools, which has an enrollment of approximately over 350,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal years ended June 30, 2015 and 2014 by approximately \$16.902 million and \$16.194 million, respectively. Of this amount, as of June 30, 2015 and 2014 approximately \$1.968 million and \$2.028 million was invested in capital assets, approximately \$272,000 and \$373,000 was restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses, and approximately \$30,000 and \$27,000 was restricted for other purposes. The remaining \$14.632 million and \$13.765 million was unrestricted and available for spending at the Station's discretion.

At the close of the fiscal years ended June 30, 2015 and 2014, the Station's governmental fund reported an ending fund balance of approximately \$14.934 million and \$14.166 million, an increase of approximately \$0.768 million and \$2.631 million in comparison with the prior year. Approximately \$272,000 and \$373,000 of this amount is restricted for the CPB.

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 Sheets/Statements of Net Position and the Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 15 through 18 of this report.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

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 position presents information on all of the Station's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

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 22 of this report.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

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 23 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. During the fiscal year ended June 30, 2015, the changes in final budget to actual revenues and expenditures were primarily attributed to 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 ended June 30, 2015 financial statements, are approximately \$7.781 million and \$6.912, respectively.

During the fiscal year ended June 30, 2014, the changes in final budget to actual revenues and expenditures were primarily attributed to 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 ended June 30, 2014 financial statements, are approximately \$9.353 million and \$6.760 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Analysis of the financial statements of the Station begins below. As noted earlier, net position over time, may serve as a useful indicator of the Station's financial position. Assets exceeded liabilities by \$16,902,105 and \$16,193,786 at the close of the fiscal years ended June 30, 2015 and 2014, respectively. A summary is provided below.

Summary of Net Position		
	<u>6/30/2015</u>	<u>6/30/2014</u>
Current assets	\$ 15,419,840	\$ 15,018,024
Non-current assets	180,864	147,087
Capital assets, net	<u>1,968,279</u>	<u>2,028,079</u>
Total assets	<u>17,568,983</u>	<u>17,193,190</u>
Current liabilities	380,383	687,278
Non-current liabilities	<u>180,864</u>	<u>147,087</u>
Total liabilities	<u>561,247</u>	<u>834,365</u>
Deferred inflows of resources	<u>105,631</u>	<u>165,039</u>
Net position		
Net investment in capital assets	1,968,279	2,028,079
Restricted	302,108	400,369
Unrestricted	<u>14,631,718</u>	<u>13,765,338</u>
Total net position	<u>\$ 16,902,105</u>	<u>\$ 16,193,786</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

- Total assets increased in the current year mainly as a result of the amount of support received from Friends of WLRN, Inc. and the Miami-Dade County School Board.
- A portion of the Station's net position of approximately \$1.968 million reflects its net investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment, and motor vehicles). These net assets are not available for future spending.
- Of the remaining \$14.934 million of the Station's net position, approximately \$14.632 million represents resources that are unrestricted and available for any lawful use by the Station. The remaining net position represents approximately \$302,000 of restricted funds, predominantly restricted for the Corporation for Public Broadcasting (the "CPB") grant funded expenses.

Summary of Changes in Net Position

	<u>6/30/2015</u>	<u>6/30/2014</u>
Revenues		
Grants from the Florida Department of Education	\$ 100,000	\$ -
Grants from CPB	457,295	604,170
Other grants and subsidies	858,109	1,193,677
Support and revenues of Friends of WLRN, Inc.	<u>7,781,308</u>	<u>9,353,354</u>
Total revenues	<u>9,196,712</u>	<u>11,151,201</u>
Expenses		
Current	<u>8,488,393</u>	<u>8,468,203</u>
Change in net position	708,319	2,682,998
Net position, beginning of year	<u>16,193,786</u>	<u>13,510,788</u>
Net position, end of year	<u>\$ 16,902,105</u>	<u>\$ 16,193,786</u>

- The increase in net position of approximately \$0.708 million compared to the prior year is primarily due to revenues received from Friends of WLRN, Inc.

Capital Assets

As of June 30, 2015 and 2014, the Station's investment in capital assets, net of accumulated depreciation, amounted to approximately \$1.968 million and \$2.028 million, respectively.

Summary of Capital Assets

(Net of Depreciation)

	<u>6/30/2015</u>	<u>6/30/2014</u>
Land	\$ 22,941	\$ 22,941
Buildings and improvements	1,343,834	1,391,684
Furniture, fixtures and equipment	601,504	613,454
Total Capital Assets	<u>\$ 1,968,279</u>	<u>\$ 2,028,079</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015 AND 2014

Additional capital asset information can be found in Note 8 on page 20 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 SHEETS/STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

	2015			2014		
	General Fund	Adjustments (Note 2)	Statement of Net Position	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 366,745	\$ -	\$ 366,745	\$ 937,050	\$ -	\$ 937,050
Investment in marketable securities	11,115,025	-	11,115,025	10,558,962	-	10,558,962
Membership contributions receivable, net	463,573	-	463,573	576,972	-	576,972
Accounts receivable, net	467,618	-	467,618	524,078	-	524,078
Other receivables	58,550	-	58,550	47,556	-	47,556
Other assets	2,639,743	-	2,639,743	1,795,192	-	1,795,192
Due from the School Board of Miami-Dade County, Florida	308,586	180,864	489,450	578,214	147,087	725,301
Capital assets, net of accumulated depreciation	-	1,968,279	1,968,279	-	2,028,079	2,028,079
Total Assets	\$ 15,419,840	\$ 2,149,143	\$ 17,568,983	\$ 15,018,024	\$ 2,175,166	\$ 17,193,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Current:						
Accounts payable and accrued expenses	\$ 366,627	\$ -	\$ 366,627	\$ 582,275	\$ -	\$ 582,275
Compensated absences	13,756	-	13,756	11,253	-	11,253
Line of credit	-	-	-	93,750	-	93,750
Total current liabilities	380,383	-	380,383	687,278	-	687,278
Non-current:						
Compensated absences	-	180,864	180,864	-	147,087	147,087
Total liabilities	380,383	180,864	561,247	687,278	147,087	834,365
Deferred inflows of resources:						
Deferred revenue	105,631	-	105,631	165,039	-	165,039
Fund balance:						
Non-spendable	30,023	(30,023)	-	27,432	(27,432)	-
Restricted	272,085	(272,085)	-	372,937	(372,937)	-
Unassigned	14,631,718	(14,631,718)	-	13,765,338	(13,765,338)	-
Total fund balance	14,933,826	(14,933,826)	-	14,165,707	(14,165,707)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 15,419,840	\$ (14,752,962)	\$ 666,878	\$ 15,018,024	\$ (14,018,620)	\$ 999,404
NET POSITION						
Net investment in capital assets	\$ -	\$ 1,968,279	\$ 1,968,279	\$ -	\$ 2,028,079	\$ 2,028,079
Restricted	-	302,108	302,108	-	400,369	400,369
Unrestricted	-	14,631,718	14,631,718	-	13,765,338	13,765,338
Total Net Position	\$ -	\$ 16,902,105	\$ 16,902,105	\$ -	\$ 16,193,786	\$ 16,193,786

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
STATEMENTS OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	General Fund	Adjustments (Note 3)	Statement of Activities	General Fund	Adjustments (Note 3)	Statement of Activities
REVENUES						
Grants from the Florida Department of Education	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -
Grants from CPB	457,295	-	457,295	604,170	-	604,170
Grants from the School Board of Miami-Dade County, Florida and Subsidies	824,332	33,777	858,109	1,229,170	(35,493)	1,193,677
Support and revenues of Friends of WLRN, Inc.	7,781,308	-	7,781,308	9,353,354	-	9,353,354
Total Revenues	9,162,935	33,777	9,196,712	11,186,694	(35,493)	11,151,201
EXPENDITURES/EXPENSES						
Current:						
Salaries and benefits	750,770	33,777	784,547	1,003,125	(35,493)	967,632
Materials, supplies and services	7,588,380	-	7,588,380	7,382,245	-	7,382,245
Depreciation	-	114,177	114,177	-	102,832	102,832
Loss on disposal of capital assets	-	1,289	1,289	-	15,494	15,494
Capital outlay	55,666	(55,666)	-	170,000	(170,000)	-
Total Expenditures/Expenses	8,394,816	93,577	8,488,393	8,555,370	(87,167)	8,468,203
Change in fund balance/net position	768,119	(59,800)	708,319	2,631,324	51,674	2,682,998
Fund balance/net position at beginning of year	14,165,707	2,028,079	16,193,786	11,534,383	1,976,405	13,510,788
Fund balance/net position at end of year	\$ 14,933,826	\$ 1,968,279	\$ 16,902,105	\$ 14,165,707	\$ 2,028,079	\$ 16,193,786

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, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of WLRN - Radio (the “Station”) 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.

A. 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* and GASB No. 61, *The Financial Reporting Entity: Omnibus*, 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 office located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position 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.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government-wide financial statements (continued)

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 directly benefit from goods, services, 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.

C. 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.

D. 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.

E. 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
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

F. Accounts receivable

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

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

G. Membership contributions receivable

Memberships are recognized as contributions by Friends of WLRN, Inc. and are initially reported at fair value. Contributions are recognized when the donor makes a promise to give to Friends of WLRN, Inc. that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unassigned fund balance/unrestricted net position if the restrictions expire in the year in which the contributions are recognized, or as restricted fund balance/net position depending on the nature of the restrictions.

Friends of WLRN, Inc. uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made.

H. Other assets

Other assets consist of prepaid expenses and security deposits in the ordinary course of operations.

At June 30, 2015 and 2014, other assets also include a deferred lease asset/receivable comprised of Educational Broadband Services lease revenue recognized but not yet collected in accordance with generally accepted accounting principles (see Note 13).

I. Capital assets

Capital assets purchased are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. Capital assets include land, buildings and improvements, and furniture, fixtures and equipment. The capitalization threshold for furniture, fixtures, and equipment is \$1,000 or greater. Buildings and improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Other costs incurred for repairs and maintenance are expensed as incurred.

	<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.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

J. Deferred inflows of resources

In addition to liabilities, the balance sheet/statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Station has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred revenue, is reported in the balance sheet/statement of net position. Deferred revenue reported by Friends of WLRN, Inc. is comprised of underwriting fees received in advance and amounted to \$105,631 and \$165,039 at June 30, 2015 and 2014, respectively.

K. 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.

L. Fund balance

In the fund financial statements, the governmental fund reports fund balance in classifications based on the extent to which the Station is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the Station's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, it is the Station's policy to use the committed amounts first, followed by assigned and unassigned amounts. The Station reports the following fund balance classifications:

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

Restricted fund balance – Restricted fund balance are amounts with constraints imposed on resources by external sources such as (a) creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Committed fund balance are amounts limited to specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board - the Station's highest level of decision-making authority. 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, 2015 and 2014.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 1 – Summary of Significant Accounting Policies (continued)

L. Fund balance (continued)

Assigned fund balance – Assigned fund balance are amounts constrained by the School Board’s “intent” to be used for specific purposes, but are neither restricted not 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, restricted, or committed. The Station did not have any assigned fund balance as of June 30, 2015 and 2014.

Unassigned fund balance – Unassigned fund balance consists of General Fund positive fund balances that are not otherwise classified. It is also used to report negative fund balance amounts.

M. Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are external limitations imposed on its use through sources such as creditors, grantors, or laws or regulations of other governments, and when resources are nonexpendable.

N. 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.

O. New accounting pronouncements

During the fiscal year ended June 30, 2013, the Station implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of these statements is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

**WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

Note 1 – Summary of Significant Accounting Policies (continued)

O. New accounting pronouncements (continued)

Governmental entities enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. Concepts Statement No. 4, *Elements of Financial Statements*, identifies those consumptions or acquisitions as *deferred outflows of resources* and *deferred inflows of resources*, respectively, and distinguishes them from assets and liabilities. Concepts Statement 4 also identifies *net position* as the residual of all other elements presented in a statement of financial position. This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances, and for reporting net position within the framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities. The provisions of these Statements were effective for periods beginning after December 15, 2011 and 2012, with earlier application encouraged. These Statements did not have a significant impact on the Station's financial statements, other than presentation and disclosure requirements.

Note 2 – Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

As of June 30, 2015, the fund balance of the governmental fund of approximately \$14.934 million reported in the governmental fund balance sheet differs from total net position of the governmental activities of approximately \$16.902 million reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (Page 8)	\$ 14,933,826
------------------------------------	----------------------

Amounts reported for governmental activities in the statement net position are different because:

- | | |
|--|------------------|
| (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 position includes those capital assets among the assets of the Station as a whole. | 1,968,279 |
| (b) Certain amounts due from the School Board of Miami-Dade County, Florida are a non-current asset that is not available to pay for current expenditures, and, therefore, are not reported in the governmental fund. | 180,864 |
| (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>(180,864)</u> |

Net position of governmental activities (Page 8)	<u>\$ 16,902,105</u>
---	-----------------------------

**WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

Note 2 – Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (continued)

As of June 30, 2014, the fund balance of the governmental fund of approximately \$14.166 million reported in the governmental fund balance sheet differs from total net position of the governmental activities of approximately \$16.194 million reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (Page 8)	\$ 14,165,707
------------------------------------	----------------------

Amounts reported for governmental activities in the statement net position are different because:

- | | |
|--|------------------|
| (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 position includes those capital assets among the assets of the Station as a whole. | 2,028,079 |
| (b) Certain amounts due from the School Board of Miami-Dade County, Florida are a non-current asset that is not available to pay for current expenditures, and, therefore, are not reported in the governmental fund. | 147,087 |
| (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>(147,087)</u> |

Net position of governmental activities (Page 8)	<u>\$ 16,193,786</u>
---	-----------------------------

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

During the fiscal year ended June 30, 2015, the change in fund balance for the governmental fund of \$768,119 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of approximately \$708,319 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 (Page 9)	\$ 768,119
(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 (\$114,177), net of capital outlay \$55,666, and loss on disposal of fixed assets (\$1,289).	(59,800)
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	33,777
(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>(33,777)</u>
Change in net position of governmental activities (Page 9)	<u>\$ 708,319</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 3 – Explanation of Differences Between Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities (continued)

During the fiscal year ended June 30, 2014, the change in fund balance for the governmental fund of approximately \$2.631 million reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of approximately \$2.682 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 (Page 9)	\$ 2,631,324
(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 (\$102,832), net of capital outlay \$170,000, and loss on disposal of fixed assets (\$15,494).	51,674
(b) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	(35,493)
(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>35,493</u>
Change in net position of governmental activities (Page 9)	<u>\$ 2,682,998</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, Inc. in financial institutions which, from time to time, may exceed the federal depository insurance coverage limits; investment accounts maintained by the Friends of WLRN, Inc. at broker/dealers, which from time to time may exceed SIPC insurance limits; and pledge 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. Credit risk relating to pledges is limited by the viability of the organization or individual making the pledge.

Note 5 – Accounts Receivable

Accounts receivable are comprised of underwriting on-air recognition invoiced but not received. At June 30, 2015 and 2014, Friends of WLRN, Inc. recorded accounts receivable in the amounts of approximately \$468,000 and \$524,000, net of an allowance for doubtful accounts in the amount of \$16,000 and \$16,000, respectively.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 6 – Investments

Friends of WLRN, Inc. follows ASC 820-10 *Fair Value Measurement and Disclosure* for measuring fair value of investments. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from external market participants while unobservable inputs are generally developed internally, utilizing management's estimates, assumptions, and specific knowledge of the assets/liabilities and related markets.

The three levels are defined as follows:

Level 1 – valuation based on quoted prices in active markets for identical assets and liabilities

Level 2 – valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market

Level 3 – valuation is derived from model-based techniques inputs that are unobservable for the asset or liability; unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity

At June 30, 2015 and 2014, Friends of WLRN, Inc. held investments in equity securities and mutual funds with a total fair value of \$11,115,025 and \$10,558,962, respectively. The fair value measurements were based on level 1 and level 2 valuations of observable inputs. As of June 30, 2015, these investments include a board-designated endowment of \$11,213,100 of which \$186,276 is included in cash and cash equivalents and \$11,026,824 is included in investments in marketable securities. As of June 30, 2014, these investments include a board-designated endowment of \$10,798,855 of which \$329,633 is included in cash and cash equivalents and \$10,469,222 is included in investments in marketable securities. The term endowment fund as defined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA) does not include assets that an institution designates as an endowment fund for its own use. The endowment fund maintained by Friends of WLRN, Inc. is a board-designated endowment fund as of June 30, 2015 and 2014; therefore, the requirements of UPMIFA do not apply.

Note 7 – Due From the School Board of Miami-Dade County, Florida

Amounts due from the School Board of Miami-Dade County represents cash and cash equivalents held on behalf of the Station as of June 30, 2015 and 2014 for restricted grants, compensated absences, accounts payable, and accrued payroll expenses. At June 30, 2015 and 2014, the total amount due was \$489,450 and \$725,301, respectively.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 8 – Capital Assets

Capital asset balances and activity during the fiscal years ended June 30, 2015 and 2014 were as follow:

	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
Capital assets, not being depreciated:				
Land	\$ 22,941	\$ -	\$ -	\$ 22,941
Capital assets, being depreciated:				
Building and improvements	2,068,317			2,068,317
Furniture, fixtures and equipment	1,692,276	55,666	50,340	1,697,602
Total capital assets, being depreciated	3,760,593	55,666	50,340	3,765,919
Less accumulated depreciation for:				
Building and improvements	676,633	47,850		724,483
Furniture, fixtures and equipment	1,078,822	66,327	49,051	1,096,098
Total accumulated depreciation	1,755,455	114,177	49,051	1,820,581
Total capital assets, being depreciated, net	2,005,138	58,511	1,289	1,945,338
Total capital assets, net	<u>\$ 2,028,079</u>	<u>\$ 58,511</u>	<u>\$ 1,289</u>	<u>\$ 1,968,279</u>

	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>
Capital assets, not being depreciated:				
Land	\$ 22,941	\$ -	\$ -	\$ 22,941
Capital assets, being depreciated:				
Building and improvements	2,068,317	-	-	2,068,317
Furniture, fixtures and equipment	1,674,758	170,000	152,482	1,692,276
Total capital assets, being depreciated	3,743,075	170,000	152,482	3,760,593
Less accumulated depreciation for:				
Building and improvements	631,441	45,192	-	676,633
Furniture, fixtures and equipment	1,158,170	57,640	136,988	1,078,822
Total accumulated depreciation	1,789,611	102,832	136,988	1,755,455
Total capital assets, being depreciated, net	1,953,464	67,168	15,494	2,005,138
Total capital assets, net	<u>\$ 1,976,405</u>	<u>\$ 67,168</u>	<u>\$ 15,494</u>	<u>\$ 2,028,079</u>

Note 9 – Line of Credit

Friends of WLRN, Inc. has a credit agreement with a banking institution for an amount of \$200,000. The line bears interest at an annual percentage rate as defined in the agreement and expired on March 14, 2015. As of June 30, 2014, the total outstanding balance due on the line of credit, as allocated to WLRN-Radio, amounted to \$93,750.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 10 – Compensated Absences

The Station's employee vacation and sick leave polices 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 position reflects both the current and long-term portions of compensated absences including fringe benefits. At June 30, 2015 and 2014, the current and long-term portions were \$13,756 and \$180,864 and \$11,253 and \$147,087, respectively.

Note 11 – Reconciliation of CPB Grant Award to Revenue and Restricted Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
CPB restricted net position at beginning of year	\$ 372,937	\$ 335,067
Add: CPB grant award for fiscal year	457,295	604,170
Deduct: CPB revenue expended	(558,147)	(566,300)
CPB restricted net position at end of year	<u>\$ 272,085</u>	<u>\$ 372,937</u>
Restricted Net Position		
CPB	\$ 272,085	\$ 372,937
Restrictions from Friends of WLRN, Inc.	30,023	27,432
Total	<u>\$ 302,108</u>	<u>\$ 400,369</u>

Note 12 – Reconciliation of Total Revenue to CPB Annual Financial Report

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Non-Federal Financial Support		
Direct revenues	\$ 7,492,316	\$ 7,759,266
Indirect revenues	55,605	53,034
Total Non-Federal Financial Support	7,547,921	7,812,300
Excludable support	1,191,496	2,734,731
CPB grant revenues	457,295	604,170
Total Revenues	9,196,712	11,151,201
Indirect revenues	(55,605)	(53,034)
Total Revenues AFR Schedule A	<u>\$ 9,141,107</u>	<u>\$ 11,098,167</u>

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

Note 13 – Long-Term Broadband Frequency Lease

On July 24, 2008, the Station through Friends of WLRN, Inc. entered into a long-term agreement for its Educational Broadband Services frequencies to Clearwire Spectrum Holdings II LLC (“Clearwire”). 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.

Lease payments will be made in monthly payments 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 years ended June 30, 2015 and 2014, Friends of WLRN, Inc. received \$900,000 and \$900,000, respectively, under this agreement. Revenues under this lease agreement has been recognized on the statement of activities on a straight-line basis over 360 months. Total revenues recognized for the fiscal years ended June 30, 2015 and 2014 under the straight-line basis was \$1,768,000 each year, of which approximately 90%, or \$1,589,400, is recognized in WLRN - Radio each year.

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Original Budget	General Fund Actual	Variance Positive (Negative)	Original Budget	General Fund Actual	Variance Positive (Negative)
REVENUES						
Grants from the Florida Department of Education	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Grants from CPB	457,295	457,295	-	604,170	604,170	-
Grants from the School Board of Miami-Dade County, Florida and Subsidies	803,044	824,332	21,288	1,295,464	1,229,170	(66,294)
Support and revenues of Friends of WLRN, Inc.	7,758,000	7,781,308	23,308	9,295,000	9,353,354	58,354
Total Revenues	9,118,339	9,162,935	44,596	11,194,634	11,186,694	(7,940)
EXPENDITURES						
Current:						
Salaries and benefits	726,458	750,770	(24,312)	718,983	1,003,125	(284,142)
Materials, supplies and services	7,564,657	7,588,380	(23,723)	7,884,840	7,382,245	502,595
Capital outlay	50,000	55,666	(5,666)	137,078	170,000	(32,922)
Total Expenditures	8,341,115	8,394,816	(53,701)	8,740,901	8,555,370	185,531
Change in fund balance	777,224	768,119	(9,105)	2,453,733	2,631,324	177,591
Fund balance at beginning of year	14,165,707	14,165,707	-	11,534,383	11,534,383	-
Fund balance at end of year	\$ 14,942,931	\$ 14,933,826	\$ (9,105)	\$ 13,988,116	\$ 14,165,707	\$ 177,591

WLRN - RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015 AND 2014

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.



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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 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 years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rodriguez, Trueba & Company

Rodriguez, Trueba & Co., CPA, PA
Doral, Florida
November 20, 2015