

**WUWF-FM  
A PUBLIC TELECOMMUNICATIONS ENTITY  
OPERATED BY THE  
UNIVERSITY OF WEST FLORIDA**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**WUWF-FM**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
**THE UNIVERSITY OF WEST FLORIDA**  
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**JUNE 30, 2012 AND 2011**

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JAMES MOORE & CO., P.L.  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees,  
University of West Florida:

We have audited the accompanying financial statements of WUWF-FM (the "Station"), a public telecommunications entity operated by the WUWF-FM, as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

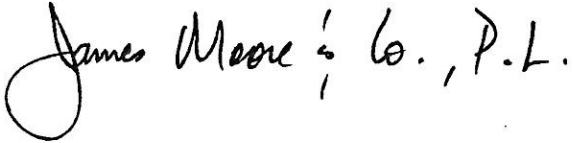
As discussed in Note 1, the financial statements herein present only the net assets and activities of the Station and do not purport to, and do not, present fairly the financial position of the University of West Florida as a whole, as of June 30, 2012 and 2011, and the changes in its net assets or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net assets of the Station, as of June 30, 2012 and 2011, and the respective changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's financial statements as a whole. The accompanying schedule of functional expenses (Exhibit I) is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of functional expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

James Moore & Co., P.L.

Tallahassee, Florida  
December 20, 2012



**WUWF-FM**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2012 AND 2011**

**INTRODUCTION AND REPORTING ENTITY**

The following discussion and analysis is an overview of the financial position and activities of WUWF Radio Station for the years ended June 30, 2012 and 2011. Management of WUWF Radio Station has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station's accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting (CPB), which generally follow published Governmental Accounting Standards. The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year.

WUWF-FM Radio Station is a public telecommunications entity operated by the University of West Florida. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Serving North-West Florida and South Alabama, WUWF is community and listener supported public radio from the University of West Florida. WUWF is a full-service, community-oriented public radio station with a professional staff of 12 and nearly 300 volunteers. Funds are provided primarily through listener and local corporate support, broadcasting 24 hours a day, 7 days a week, on 88.1 FM, with a non-directional power output of 100,000 watts. WUWF is affiliated with both NPR (National Public Radio) and PRI (Public Radio International) and we originate local news and music programs.

Broadcasting a wide variety of network programs, WUWF-FM is also known for outstanding locally produced programming like "Acoustic Interlude" and "Radio Live". Both of these programs have national and international followers who listen on the Station's very strong and high quality internet broadcast service.

Founded in 1981 by Thomas K. Perry, WUWF-FM has had an enormous impact on the Pensacola and NW Florida communities. Working with a core staff of multi-talented professionals and hundreds of volunteers, WUWF-FM has been responsible for arts resurgence in the area.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2012 AND 2011**  
(Continued)

With the cutback of federal funding in the 1990's, WUWF-FM began a course as a truly listener supported station. Today, it operates largely with contributions from local individual listeners with additional support from locally based businesses. The University of West Florida also provides funds, mainly for facilities upkeep and utility bills.

**FINANCIAL HIGHLIGHTS**

The Station's operating revenues totaled \$1,979,210, up \$12,847 from last year and operating expenses totaled \$2,129,078 which is up \$224,602 from last year. The increase in operating revenues was mainly due to increased fundraising activities. The increase in operating expenses was due mainly to programming expenses as a result of a programming format change, the replacement of the main transmission line, and the write-off of furniture and equipment costing less than \$5,000.

The Station experienced a decrease of \$52,091 in non-operating revenue due to losses on investments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Station is a unit of University of West Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity in funds which are under the control of the Station manager within the University and University of West Florida Foundation.

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

**THE STATEMENT OF NET ASSETS AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

The statement of net assets and the statement of revenues, expenses, and changes in net assets are valuable report information on WUWF's Current Fund and activities in a way that helps the reader determine if the Station is in a better position from one year to the next. When revenues and other support exceed expenses, the result is an increase in net assets. The relationship between revenues and expenses may be thought of as WUWF's operating results.

These two statements report WUWF's net assets and changes in them. The net asset amount, the difference between assets and liabilities, is one way to measure WUWF's financial health or financial position. Over time, increases or decreases in WUWF's net assets are one indicator of whether its financial health is improving or deteriorating. However, many other non-financial factors such as certain trends in funding, condition of facilities and sponsorships should be considered in assessing the overall health of the radio station.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2012 AND 2011**  
(Continued)

These statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net assets presents the assets, liabilities, and net assets of WUWF's Current Fund as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the station's current fund at a certain point in time. The statement of net assets presents end-of-year data concerning assets, (current and non-current), liabilities (current and non-current), and net assets (assets minus liabilities).

From the data presented, readers of the statement of net assets are able to determine the assets available to continue the operations of WUWF Radio Station. They are also able to determine how much the current fund owes vendors, employees, and others. Finally, the statement of net assets provides a picture of the net assets (assets minus liabilities) and their availability for use by WUWF.

**CONDENSED STATEMENTS OF NET ASSETS**  
**TABLE 1**

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
Current assets	\$ 545,550	\$ 574,117	\$ 501,822
Noncurrent assets	745,735	878,336	878,171
Total assets	<u>1,291,285</u>	<u>1,452,453</u>	<u>1,379,993</u>
Current liabilities	73,909	83,748	105,581
Noncurrent liabilities	97,629	89,409	99,413
Total liabilities	<u>171,538</u>	<u>173,157</u>	<u>204,994</u>
Net assets			
Invested in capital assets	745,735	878,336	872,405
Restricted	292,348	282,261	224,676
Unrestricted	81,664	118,699	77,918
Total net assets	<u>\$ 1,119,747</u>	<u>\$ 1,279,296</u>	<u>\$ 1,174,999</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2012 AND 2011**  
(Continued)

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

	<u>June 30,</u> <u>2012</u>	<u>June 30,</u> <u>2011</u>	<u>June 30,</u> <u>2010</u>
Revenues			
Operating revenues	\$ 1,979,210	\$ 1,966,363	\$ 2,013,913
Non-operating revenues	(9,681)	42,410	22,029
Total revenues	<u>1,969,529</u>	<u>2,008,773</u>	<u>2,035,942</u>
Expenses			
Total expenses	2,129,078	1,904,476	2,000,321
Increase (decrease) in net assets	<u>\$ (159,549)</u>	<u>\$ 104,297</u>	<u>\$ 35,621</u>

**REQUEST FOR INFORMATION**

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

WUWF  
11000 University Parkway  
Pensacola, FL 32514  
(800) 239-9893 (850) 474-2787

**WUWF-FM**  
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**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 305,675	\$ 271,756
Funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station	207,851	229,112
Accounts and grants receivable	20,093	12,598
Prepaid program costs	11,931	60,651
Total current assets	<u>545,550</u>	<u>574,117</u>
<b>Noncurrent assets</b>		
Capital assets, net of accumulated depreciation	745,735	878,336
<b>Total assets</b>	<u>1,291,285</u>	<u>1,452,453</u>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	15,856	11,826
Deferred revenue	6,168	4,009
Current portion of compensated absences	51,885	67,913
Total current liabilities	<u>73,909</u>	<u>83,748</u>
<b>Noncurrent liabilities</b>		
Long-term portion of compensated absences	97,629	89,409
<b>Total liabilities</b>	<u>171,538</u>	<u>173,157</u>
<b><u>NET ASSETS</u></b>		
<b>Net assets</b>		
Invested in capital assets	745,735	878,336
Unrestricted	81,664	176,284
Restricted:		
Expendable	142,348	74,676
Nonexpendable - Endowment	150,000	150,000
Total net assets	<u>\$ 1,119,747</u>	<u>\$ 1,279,296</u>

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

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**STATEMENTS OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<sup>07/12</sup> <u>2012</u>	<sup>10/11</sup> <u>2011</u>
<b>Operating revenues</b>		
Community service grants donated by the Corporation for Public Broadcasting	\$ 175,687	\$ 160,229
Community service grants donated by the State of Florida Department of Education	-	87,287
Appropriations from the University of West Florida	577,923	655,137
Business and industry support	144,859	108,491
Membership income	438,877	365,630
Donated facilities and administrative support from the University of West Florida	585,756	544,691
In-kind contributions	4,399	34,522
Other sources	51,709	10,376
Total operating revenues	<u>1,979,210</u>	<u>1,966,363</u>
<b>Operating expenses (Exhibit I)</b>		
Programming and production	836,551	749,040
Broadcasting	452,477	357,888
Program information and promotion	130,378	103,600
Management and general	300,780	289,482
Fundraising and membership development	305,548	274,476
Underwriting and grant solicitation	103,344	129,990
Total operating expenses	<u>2,129,078</u>	<u>1,904,476</u>
<b>Operating income (loss)</b>	<u>(149,868)</u>	<u>61,887</u>
<b>Non-operating revenues</b>		
Interest income	3,221	2,745
Net increase (decrease) in fair value of investments	(12,902)	39,665
Total non-operating revenues	<u>(9,681)</u>	<u>42,410</u>
<b>Increase (decrease) in net assets</b>	<u>(159,549)</u>	<u>104,297</u>
<b>Net assets, beginning of year</b>	1,279,296	1,174,999
<b>Net assets, end of year</b>	<u><u>\$ 1,119,747</u></u>	<u><u>\$ 1,279,296</u></u>

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

**WUWF-FM**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities</b>		
Cash received from grants, donors and fundraising activities	\$ 805,796	\$ 750,371
Cash paid to suppliers and vendors	(518,446)	(350,479)
Cash paid to employees for salaries and benefits	(265,011)	(275,436)
Net cash provided by operating activities	<u>22,339</u>	<u>124,456</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	<u>-</u>	<u>(90,884)</u>
<b>Cash flows from investing activities</b>		
Decrease in funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station	21,261	-
Increase in funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station	-	(37,623)
Investment income (loss)	(9,681)	42,410
Net cash provided by investing activities	<u>11,580</u>	<u>4,787</u>
<b>Net increase in cash and cash equivalents</b>	<u>33,919</u>	<u>38,359</u>
<b>Cash and cash equivalents, beginning of year</b>	271,756	233,397
<b>Cash and cash equivalents, end of year</b>	<u>\$ 305,675</u>	<u>\$ 271,756</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>		
<b>Operating income (loss)</b>	<u>\$ (149,868)</u>	<u>\$ 61,887</u>
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>		
Depreciation	76,802	84,953
(Increase) decrease in certain assets:		
Accounts and grants receivable	(7,495)	489
Pledges receivable	-	15,391
Prepaid program costs	48,720	(6,427)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	4,030	(30,313)
Compensated absences	(7,808)	(4,002)
Deferred revenue	2,159	2,478
Loss on disposal of capital assets	55,799	-
Total adjustments	<u>172,207</u>	<u>62,569</u>
<b>Net cash provided by operating activities</b>	<u>\$ 22,339</u>	<u>\$ 124,456</u>

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



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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

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

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

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

(b) **Basis of accounting**—For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those of private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. The Station's accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Station follows Financial Accounting Board Statements and Interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

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

*Invested in capital assets, net of related debt*—This is the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2012 and 2011, there is no related debt.

*Restricted assets*—The component of net assets that reports the constraints placed on the use of net assets by either external parties and/or enabling legislation. At June 30, 2012 and 2011 the expendable portion of restricted net assets includes certain grant funds and endowment earnings. At June 30, 2012 and 2011, the nonexpendable portion of restricted net assets represents endowment funds established by donors.

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

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

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



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

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net assets.

(f) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as long-term. At June 30, 2012 and 2011, there were no long-term costs incurred for programs not yet broadcast. As the programs are broadcast, the costs incurred will be included in program services. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

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

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

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

Program production grants are reported as deferred revenues for programs not yet broadcast until the specific program is broadcast. At such time, amounts are included as revenues and the expenditures are recorded.

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

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

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

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

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

(j) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and not shown as assets on the statements of net assets. Contributions and collected pledges are components of the unrestricted operating fund in as much as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(k) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two Federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

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

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

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

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

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

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

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

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

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

(t) **Advertising Costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2012 and 2011, were \$1,261 and \$0, respectively.

(u) **New accounting pronouncements**— In June, 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. Governmental entities often enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. These consumptions or acquisitions are considered *deferred outflows of resources* and *deferred inflows of resources*, respectively, and differentiated from assets and liabilities. This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances. The Station is currently evaluating the effect this Statement will have on its financial statements.

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

(u) **New accounting pronouncements** (Continued)

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

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

The Station has an agreement with the University of West Florida Foundation, Inc., whereby Station funds are held and invested by the University of West Florida Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying financial statements of the Station as "Funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station." Total funds held and invested by the Foundation were \$207,851 and \$229,112 as of June 30, 2012 and 2011, respectively.

All funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the University of West Florida Foundation, Inc. All funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station are reflected at fair value. Fair value for mutual funds is determined based upon publicly available trading values. Fair value for hedge funds is determined based upon values provided to the University of West Florida Foundation, Inc. by the respective hedge fund's manager.

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(3) **Capital Assets:**

Capital asset activity for the years ended June 30, 2012 and 2011, was as follows:

	<b>July 1, 2011</b>			<b>June 30, 2012</b>
	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Building	\$ 1,202,643	\$ -	\$ -	\$ 1,202,643
Furniture and fixtures	967,485	3,201	272,075	698,611
Total	2,170,128	3,201	272,075	1,901,254
Less: Accumulated depreciation	(1,291,792)	(80,003)	(216,276)	(1,155,519)
Capital assets, net	<u>\$ 878,336</u>	<u>\$ (76,802)</u>	<u>\$ 55,799</u>	<u>\$ 745,735</u>

	<b>July 1, 2010</b>			<b>June 30, 2011</b>
	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
Building	\$ 1,202,643	\$ -	\$ -	\$ 1,202,643
Furniture and fixtures	911,626	96,841	40,982	967,485
Total	2,114,269	96,841	40,982	2,170,128
Less: Accumulated depreciation	(1,241,864)	(90,910)	(40,982)	(1,291,792)
Capital assets, net	<u>\$ 872,405</u>	<u>\$ 5,931</u>	<u>\$ -</u>	<u>\$ 878,336</u>

On May 18, 2011, the Florida Board of Governors approved a revision to Board of Governors Regulation 9.001 relating to Tangible Property. The new regulation was designed to achieve administrative efficiencies and cost savings by increasing the capitalization threshold of university tangible personal property from \$1,000 to \$5,000 effective July 1, 2011. Previously capitalized tangible personal property costing between \$1,000 and \$4,999 and related accumulated depreciation amounts as of June 30, 2011 were removed from the accounting records during the 2011-12 fiscal year and are included in the reductions above. The resultant net loss of \$55,799 has been recorded in the statement of revenues, expenses, and changes in net assets.

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(4) **State Retirement Plans:**

(a) **Florida Retirement System**—The Station employees participate in the Florida Retirement System (FRS). The FRS is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, wherein Plan eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS. Benefits in the Plan vest at 6 years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments. A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The State of Florida establishes contribution rates for participating employers.

The contribution rates for plan members during the fiscal years ended June 30, 2012 and 2011 are shown below:

	<b>Years ended June 30,</b>	
	<b>2012</b>	<b>2011</b>
Regular	4.91%	10.77%
Senior Management	6.27%	14.57%
Deferred Retirement Option Program	4.42%	12.25%

The Station's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. For the years ended June 30, 2012 and 2011, total contributions were \$14,839 and \$27,275, respectively.

(b) **Optional retirement program**—Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program (ORP) for eligible State University System faculty and administrators. The program, which became effective July 1, 1984, was expanded in 1988 to include the State University System Executive Service. The program is designed to aid the University system in recruiting employees by offering more portability to those employees who are not expected to remain in the FRS for 6 or more years.



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

(b) **Optional retirement program** (Continued)

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

The Station contributes, on behalf of the participant, 10.43% of the participant's salary. A portion of the total contribution is transferred to the FRS Trust Fund to help amortize the unfunded actuarial accrued liability of the FRS, an additional small amount remains in ORP Trust Fund for program administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by salary reduction, an amount not to exceed the percentage contributed by the Station to his annuity account. Required contributions to the ORP during the years ended June 30, 2012 and 2011 were \$16,670 and \$22,686, respectively.

During the fiscal years ended June 30, 2012 and 2011 and as of June 30, 2012 and 2011, the ORP held no securities issued by the University.

(c) **Public employee optional retirement program**—Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular, Special Risk, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. There were no participants during the fiscal years ended June 30, 2012 and 2011.

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

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

Pursuant to Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS) to assist retirees of all State-administered retirement systems in paying health insurance costs. During the 2011-12 fiscal year, the HIS program was funded by required contributions consisting of 1.11% assessed against the payroll for all active employees covered in State-administered retirement systems. This assessment is included in the Florida Retirement System contribution rates presented in the State Retirement Plans footnote above. Eligible retirees, spouses, or financial dependents under any State-administered retirement system must provide proof of health insurance coverage, which can include Medicare. During the 2011-12 fiscal year, participants received an extra \$5 per month for each year of creditable service completed at the time of retirement; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

**(6) Risk Management Programs:**

Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance coverage for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal civil rights, and employment discrimination liability. During the 2011-12 fiscal year, for property losses, the State retained the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for named wind and flood losses and no aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$61 million for named wind and flood. For perils other than named wind and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage. All losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person and \$300,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three years.

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



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**(7) Lien on Property and Equipment:**

The Federal government has a ten-year priority lien on any facilities and equipment purchased with funds from the National Telecommunications and Information Administration. The lien is to ensure that telecommunications facilities funded with federal monies will continue to be used to provide public telecommunications services to the public during the period of Federal interest.

**(8) Significant Concentrations:**

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

(a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University which are secured up to FDIC limits. Amounts in excess of this limit are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. These deposits amounted to \$305,675 and \$271,756 at June 30, 2012 and 2011, respectively.

(b) **Funds held by the Foundation**—The Foundation holds cash/investments for the Station. The amount held by the Foundation for the Station was \$207,851 and \$229,112 at June 30, 2012 and 2011, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(c) **Revenues**—The Station received significant revenue from three sources. The CPB provided approximately 9% and 8%, the State of Florida Department of Education provided approximately 0% and 4%, and the University provided approximately 59% and 60% in cash support and donated facilities during the years ended June 30, 2012 and 2011, respectively.

(d) **Accounts, grants and pledges receivable**—The Station has grants and accounts receivable of \$20,093 and \$12,598 at June 30, 2012 and 2011, respectively. The Station has no policy requiring collateral or other security to support these amounts.

**(9) Compensated Absences:**

Compensated absences liability activity for the years ended June 30, 2012 and 2011, was as follows:

<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 157,322	\$ 50,203	\$ 58,010	\$ 149,515	\$ 51,885
<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 161,324	\$ 52,592	\$ 56,594	\$ 157,322	\$ 67,913

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**(10) Community Service Grants:**

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

<b>Year of Grant</b>	<b>Grants Received</b>	<b>Expended</b>			<b>Uncommitted Balance at June 30, 2012</b>
		<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	
2009-11	\$ 170,232	\$ 113,350	\$ 56,882	\$ -	\$ -
2010-12	\$ 160,229	\$ -	\$ 61,703	\$ 98,271	\$ 255
2011-13	\$ 175,687	\$ -	\$ -	\$ 49,116	\$ 126,571

**(11) Operating Lease:**

The Station leases a tower under an operating lease that expires January 31, 2013. Rent expense for the years ended June 30, 2012 and 2011, was \$19,103 and \$19,103, respectively.

Minimum future rental payments under the noncancellable operating lease having a remaining term in excess of one year as of June 30, 2012, for each of the remaining years are:

<b>Year Ending June 30,</b>	<b>Amount</b>
2013	\$ 11,676
2014	-
2015	-
2016	-
2017	-

**(12) Nonfederal Financial Support (NFFS):**

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

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the Federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

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

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$1,769,322 and \$1,788,588 for the years ended June 30, 2012 and 2011, respectively.

## **SUPPLEMENTAL INFORMATION**

WUWF-FM  
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
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SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012 WITH SUMMARIZED  
INFORMATION FOR THE YEAR ENDED JUNE 30, 2011

	Program Services			Supporting Services			2011 Total Expenses	
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development		Underwriting and Grant Solicitation
Salaries, payroll taxes and employee benefits	\$ 262,594	\$ 72,109	\$ 68,186	\$ 402,889	\$ 145,924	\$ 121,725	\$ 44,768	\$ 715,306
Professional services	5,776	52,186	-	57,962	20,195	9,680	-	87,837
Donated facilities and administrative support from the University of West Florida	146,439	87,863	58,576	292,878	117,151	117,151	58,576	585,756
Office supplies	608	9,706	481	10,795	9,613	1,123	-	21,531
Telephone and utilities	1,728	53,385	64	55,177	320	19	-	55,516
Postage and freight	-	832	2,317	3,149	6	2,638	-	5,793
Advertising	-	-	-	-	211	1,050	-	1,261
Repairs and maintenance of equipment	171	82,432	-	82,603	-	-	-	82,603
Printing and publications	-	-	-	-	208	6,016	-	6,224
Travel and training	-	1,144	754	1,898	2,118	454	-	2,572
Operating supplies	-	-	-	-	1,472	-	-	1,472
Programming	378,583	-	-	378,583	-	-	-	378,583
Subscriptions and fees	871	-	-	871	3,562	45,692	-	50,125
Ratings and research	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Depreciation	23,041	53,761	-	76,802	-	-	-	76,802
Loss on disposal of capital assets	16,740	39,059	-	55,799	-	-	-	55,799
	\$ 836,551	\$ 452,477	\$ 130,378	\$ 1,419,406	\$ 300,780	\$ 305,548	\$ 103,344	\$ 2,129,078
								\$ 1,904,476

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

JAMES MOORE & CO., P.L.  
CERTIFIED PUBLIC ACCOUNTANTS  
AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees,  
University of West Florida

We have audited the financial statements of WUWF-FM (the "Station"), a public telecommunications entity operated by the WUWF-FM, as of and for the year ended June 30, 2012, which collectively comprise the Station's basic financial statements and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of WUWF-FM, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered WUWF-FM's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WUWF-FM's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WUWF-FM's internal control over financial reporting.

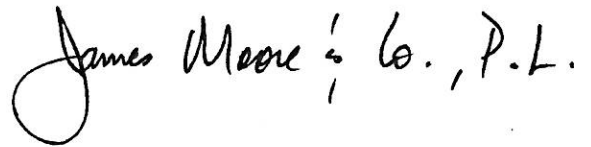
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

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

### Compliance and Other Matters

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

This report is intended solely for the information and use of management and boards of the Station, the Florida Department of Education and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Tallahassee, Florida  
December 20, 2012