

**WFSU/WFSG - TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
FLORIDA STATE UNIVERSITY
FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

WFSU/WFSG-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA STATE UNIVERSITY
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JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Florida State University:

Report on the Financial Statements

We have audited the accompanying financial statements of WFSU/WFSG-TV (the "Station"), a public telecommunications entity operated by the Florida State University, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

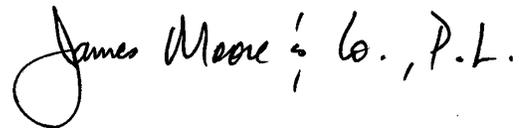
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's basic financial statements. The Schedule of Functional Expenses (Exhibit I) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Functional Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Functional Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2017, 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.

James Moore & Co., P.L.

Tallahassee, Florida
February 13, 2017

WFSU/WFSG-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA STATE UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the net position and activities of WFSU/WFSG-TV ("the Station") for the years ended June 30, 2016 and 2015. Management of WFSU/WFSG-TV 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 with 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. Please read this overview in conjunction with our comparative summaries of revenues and expenses on page 7 and our financial statements, which begin on page 8.

WFSU/WFSG-TV is a public service of Florida State University (FSU), licensed by the Federal Communications Commission to the Board of Trustees of The Florida State University. The University is governed by the Board of Trustees. The President of the University is responsible for the management of the University and WFSU/WFSG-TV operates as a department of the University under the management of the station General Manager.

The mission of WFSU/WFSG-TV is to provide the general public with a means of expanding and enriching its knowledge by extending the University's traditional role as a cultural and scientific resource. With over 50 years experience as a member station of the Public Broadcasting Service (PBS), WFSU/WFSG-TV serve approximately 447,000 television households in northwest Florida and southwest Georgia and continues a longstanding tradition in the delivery of award-winning public affairs, children's, cultural, and information programming.

WFSU/WFSG-TV studios and production facilities are located in Tallahassee, Florida at Florida State University Public Broadcast Center. Transmission facilities are located 19 miles West in the Apalachicola National Forest. WFSU also owns and operates a full powered satellite station, WFSG-TV in Panama City, Florida. The coverage area for WFSU/WFSG-TV includes 20 counties in North Florida and Southwest Georgia. The signal is also carried by numerous cable systems in the immediate and in fringe viewing areas. WFSU/WFSG-TV provides three distinct programming services 24 hours a day – 7 days a week: It is a main channel for PBS and local programs, CREATE with lifestyle and travel programming and The Florida Channel.

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In addition to its over-the-air broadcast services, WFSU-TV manages 4FSU, the University's cable access channel. This cable channel provides coverage of major events affecting viewers throughout the Big Bend, University-related programming, and production services to FSU, the community, and state agencies. Operating 24 hours a day, seven days a week, the 4FSU offers a mix of local public television, Florida governmental affairs, and FSU programs. FSU-related programming continues to be expanded including coverage of lectures, ceremonies, concerts, and other events highlighting campus activities.

WFSU-TV provides gavel-to-gavel coverage of Florida's Legislature and Supreme Court when these bodies are in session, under the umbrella of The Florida Channel, our government affairs programming unit. The Florida Channel is offered as a 24-hour-a-day, 7-days-a-week program service, delivered to other public television stations and cable systems across the state. The Florida Channel is 100% closed captioned. Besides offering citizens an up-close view of government in action, these productions are great opportunities for training FSU students and recent graduates in television production.

WFSU-TV's website, <http://wfsu.org>, is rapidly expanding as a major means of distributing programming to people without easy access to its broadcast services. Most gavel-to-gavel coverage of Florida government is streamed on the Internet. Many programs are archived and are available to the public on demand.

The Station also continues its management of the state's leased satellite transponder and associated transmission facilities under an agreement with the Department of Education.

FINANCIAL HIGHLIGHTS

Fiscal Year 2016: The Station's net position decreased by \$249,522 from June 30, 2015 to June 30, 2016. Operating expenses increased by \$228,401. This increase was primarily due to an increase in programming expenses.

Fiscal Year 2015: The Station's net position increased by \$285,650 from June 30, 2014 to June 30, 2015. Revenue increased by approximately \$417,000

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USING THESE FINANCIAL STATEMENTS

These financial statements consist of statements of net position and statements of revenues, expenses, and changes in net position and the statement of cash flows. The statements of net position and the statements of revenues, expenses, and changes in net position 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 REPORTING ENTITY

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

CONDENSED STATEMENTS OF NET POSITION

TABLE 1

	June 30, 2016	June 30, 2015	June 30, 2014
Current assets	\$ 3,986,027	\$ 4,379,910	\$ 3,858,890
Noncurrent assets	5,963,742	5,871,759	6,196,742
Total assets	<u>9,949,769</u>	<u>10,251,669</u>	<u>10,055,632</u>
Current liabilities	515,467	567,845	292,426
Noncurrent liabilities	-	-	171,672
Total liabilities	<u>515,467</u>	<u>567,845</u>	<u>464,098</u>
Net position			
Net investment in capital assets	5,963,742	5,871,759	6,196,742
Unrestricted	1,326,578	1,958,429	3,263,166
Restricted:			
Expendable	2,143,982	1,853,636	131,626
Total net position	<u>\$ 9,434,302</u>	<u>\$ 9,683,824</u>	<u>\$ 9,591,534</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015

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

TABLE 2

	June 30, 2016	June 30, 2015	June 30, 2014
Revenues			
Operating revenues	\$ 12,688,856	\$ 12,091,387	\$ 11,674,430
Non-operating revenues (expenses)	(181,149)	723,091	2,367,653
Total revenues	<u>12,507,707</u>	<u>12,814,478</u>	<u>14,042,083</u>
Expenses			
Program services			
Programming and production	8,006,089	7,605,134	7,871,629
Broadcasting	2,318,874	2,533,501	2,462,574
Program information and promotion	583,656	444,991	431,865
Total program services	<u>10,908,619</u>	<u>10,583,626</u>	<u>10,766,068</u>
Supporting services			
Management and general	1,145,191	1,242,181	1,223,918
Fundraising and membership development	435,190	464,813	418,862
Underwriting and grant solicitation	268,229	238,208	214,086
Total supporting services	<u>1,848,610</u>	<u>1,945,202</u>	<u>1,856,866</u>
Total expenses	<u>12,757,229</u>	<u>12,528,828</u>	<u>12,622,934</u>
Change in net position	<u>\$ (249,522)</u>	<u>\$ 285,650</u>	<u>\$ 1,419,149</u>

CONTACTING MANAGEMENT

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

WFSU-TV
1600 Red Barber Plaza
Tallahassee, FL 32310
(850) 645-7200

WFSU/WFSG-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

<u>ASSETS</u>	2016	2015
Current assets		
Cash and cash equivalents	\$ 3,625,351	\$ 4,156,756
Accounts receivable	234,253	70,151
Due from Florida State University	27,793	70,280
Due from WFSU-FM	1,201	-
Prepaid expenses	97,429	82,723
Total current assets	3,986,027	4,379,910
Capital assets, net	5,963,742	5,871,759
Total Assets	9,949,769	10,251,669
 <u>LIABILITIES</u> 		
Current liabilities		
Accounts payable and accrued expenses	309,297	307,800
Unearned revenue	1,549	405
Due to WFSU-FM	-	20,164
Current portion of compensated absences	204,621	239,476
Total current liabilities	515,467	567,845
Noncurrent liabilities		
Compensated absences, less current portion	-	-
Total Liabilities	515,467	567,845
 <u>NET POSITION</u> 		
Net position		
Net investment in capital assets	5,963,742	5,871,759
Unrestricted	1,326,578	1,958,429
Restricted:		
Expendable	2,143,982	1,853,636
Total Net Position	\$ 9,434,302	\$ 9,683,824

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 POSITION
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating revenues		
Community Service Grants donated by the Corporation for Public Broadcasting	\$ 1,764,098	\$ 1,693,652
Other grants donated by the Corporation for Public Broadcasting	197,405	94,265
Community Service Grants donated by the Department of Education, State of Florida	307,447	307,447
Appropriations from Florida State University	1,213,523	1,242,345
Business and industry support	273,708	267,222
Membership income	427,174	417,149
Donated facilities and administrative support from Florida State University	2,662,601	2,511,861
Production	5,687,533	5,346,988
In-kind contributions	42,642	33,104
Contributions and other	112,725	177,354
Total operating revenues	<u>12,688,856</u>	<u>12,091,387</u>
Operating expenses (Exhibit I)		
Programming and production	8,006,089	7,605,134
Broadcasting	2,318,874	2,533,501
Program information and promotion	583,656	444,991
Management and general	1,145,191	1,242,181
Fundraising and membership development	435,190	464,813
Underwriting and grant solicitation	268,229	238,208
Total operating expenses	<u>12,757,229</u>	<u>12,528,828</u>
Operating income (loss)	<u>(68,373)</u>	<u>(437,441)</u>
Non-operating revenues (expenses)		
Investment income	6,631	3,930
Capital grants donated by the State of Florida, Department of Education	286,798	217,178
Appropriations (to) from Florida State University for capital assets	(474,578)	568,983
Transfers to WFSU-FM for capital asset appropriations	-	(67,000)
Total non-operating revenues	<u>(181,149)</u>	<u>723,091</u>
Change in net position	<u>(249,522)</u>	<u>285,650</u>
Net position, beginning of year, as restated	9,683,824	9,398,174
Net position, end of year	<u>\$ 9,434,302</u>	<u>\$ 9,683,824</u>

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

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 8,649,619	\$ 8,367,224
Cash paid to employees for salaries and benefits	(5,015,616)	(5,165,874)
Cash paid to vendors	(3,126,865)	(2,704,137)
Net cash provided by by operating activities	507,138	497,213
Cash flows from capital and related financing activities		
Capital grants received	286,798	217,178
Appropriations from (to) Florida State University	(474,578)	568,983
Purchase of capital assets	(857,394)	(750,617)
Net cash provided by (used in) capital and related financing activities	(1,045,174)	35,544
Cash flows from investing activities		
Investment income	6,631	3,930
Net increase (decrease) in cash and cash equivalents	(531,405)	536,687
Cash and cash equivalents, beginning of year	4,156,756	3,620,069
Cash and cash equivalents, end of year	\$ 3,625,351	\$ 4,156,756
Reconciliation of operating loss to net cash provided by operating activities		
Operating net loss	\$ (68,373)	\$ (437,441)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	710,426	812,141
Loss on disposal of capital asset	54,985	22,099
Decrease (increase) in certain assets:		
Accounts and grants receivable	(164,102)	54,796
Due from Florida State University	42,487	17,931
Due from WFSU-FM	(1,201)	-
Prepaid expenses	(14,706)	(57,060)
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	1,497	114,383
Unearned revenue	1,144	(9,580)
Due to WFSU-FM	(20,164)	-
Current portion of compensated absences	(34,855)	(20,056)
Total adjustments	575,511	934,654
Net cash provided by operating activities	\$ 507,138	\$ 497,213

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

WFSU/WFSG-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA STATE UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

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

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

(a) **Reporting entity**—The Station is a department of Florida State University (the “University”) located in Tallahassee, Florida and conducts various public broadcasting functions. The President of the University 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 operation of the Station, including University funds as well as funds held by Florida State University Foundation, Inc. (the “Foundation”) and Florida State University Research Foundation, Incorporated (the “Research Foundation”). These statements do not purport to present the financial position or results of operations of the University as a whole.

(b) **Basis of accounting**—For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those 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 by the Governmental Accounting Standards Board (GASB).

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

Net investment in capital assets – This is the component of net position 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, 2016 and 2015, there is no related debt.

Restricted—The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation.

Unrestricted—The difference between the assets and liabilities that is not reported in *Net investment in capital assets* and *Restricted net position*.

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. 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**—Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, and requests that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. As such, pursuant to Section 218.415(17) and 1011.42(5), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969; direct obligations of the United States Treasury; interest-bearing time deposits or savings accounts in qualified public depositories, as defined in Section 280.02; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. The University's Board of Trustees has not adopted a written investment policy. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

(f) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to June 30. 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, 2016 and 2015, 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 value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 – 39 years.

(h) **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 position.

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

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

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

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

Membership contributions are recognized as 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 position. Revenue is recognized when the related program is aired.

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

(j) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs, as well as 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 viewers. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and are not shown as assets in the statements of net position. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

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

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

(m) **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.

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

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

The CSGs are reported on the accompanying financial statements as increases in restricted expendable net position.

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

(p) **Income taxes**—The Station is owned and operated by Florida State University 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 statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

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

(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) **Fair Value Measurement**— The Station categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs

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

The Station has an agreement with the Foundation and the Research Foundation, whereby Station funds are held and invested by the Foundation and the Research Foundation on behalf of the Station. These amounts are included in the accompanying financial statements of the Station in "Cash and cash equivalents". Total cash held by the Foundation is \$959,973 and \$1,112,965 as of June 30, 2016 and 2015, respectively. Total cash held by the Research Foundation is \$1,942,077 and \$1,766,359 as of June 30, 2016 and 2015, respectively.

All funds held and invested by the Foundation and the Research Foundation on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the Foundation and the Research Foundation. The Station has no policy requiring collateral or other security to support these amounts. All funds held and invested by the Foundation and the Research Foundation on behalf of the Station are reflected at fair value.

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(3) Capital Assets:

Capital asset activity for the years ended June 30, 2016 and 2015 was as follows:

	July 1, 2015 Beginning Balance	Increases	Decreases	June 30, 2016 Ending Balance
Buildings and improvements	\$ 3,944,227	\$ —	\$ (195,075)	\$ 3,749,152
Studio equipment	8,460,828	940,032	(403,881)	8,996,979
Office furniture, fixtures, and equipment	389,803	19,134	(75,723)	333,214
Transmitter and tower	3,833,093	665,670	(813,058)	3,685,705
Total	<u>16,627,951</u>	<u>1,624,836</u>	<u>(1,487,737)</u>	<u>16,765,050</u>
Less: Accumulated depreciation	<u>(10,756,192)</u>	<u>(710,426)</u>	<u>665,310</u>	<u>(10,801,308)</u>
Capital assets, net	<u>\$ 5,871,759</u>	<u>\$ 914,410</u>	<u>\$ (822,427)</u>	<u>\$ 5,963,742</u>

	July 1, 2014 Beginning Balance, Restated	Increases	Decreases	June 30, 2015 Ending Balance
Buildings and improvements	\$ 3,866,333	\$ 77,894	\$ —	\$ 3,944,227
Studio equipment	8,454,001	525,467	(518,640)	8,460,828
Office furniture, fixtures, and equipment	322,922	66,881	—	389,803
Transmitter and tower	3,800,718	32,375	—	3,833,093
Total	<u>16,443,974</u>	<u>702,617</u>	<u>(518,640)</u>	<u>16,627,951</u>
Less: Accumulated depreciation	<u>(10,440,592)</u>	<u>(812,141)</u>	<u>496,541</u>	<u>(10,756,192)</u>
Capital assets, net	<u>\$ 6,003,382</u>	<u>\$ (109,524)</u>	<u>\$ (22,099)</u>	<u>\$ 5,871,759</u>

(4) State Retirement Plans:

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

The Pension Plan provides vesting of benefits after six years of creditable service for those enrolled prior to July 1, 2011; for those enrolled on or after July 1, 2011 eight years of creditable service are required for vesting. Regular members are eligible for normal retirement after six years of service and attaining age 62 or 30 years of service regardless of age for those enrolled prior to July 1, 2011 and age 65 or 33 years of service for those enrolled on or after July 1, 2011. Early retirement may be taken at any time after completing the required years of service for vesting; however, there is a 5% benefit reduction for each year prior to normal retirement. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

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

(a) **Florida retirement system—**(Continued)

The Deferred Retirement Option Program (DROP), implemented on July 1, 1998, is a program that allows the employee to retire without terminating employment for up to five years while retirement benefits accumulate and earn interest compounded monthly at an effective annual rate of 6.5%. This was reduced to 1.3% per year for any member whose DROP participation date is effective on or after July 1, 2011. This program is available to eligible members of the Florida Retirement System who are in the FRS Pension Plan. Employee participation in DROP does not change the employee's condition of employment. When the DROP period ends, the employee must terminate employment. At that time, the employee will receive the accumulated DROP benefits and begin receiving monthly retirement benefits. Eligible members may participate in DROP when they are vested and have reached the normal retirement age or years of service. If an employee completes 30 years of service before the age of 57, the employee may elect to defer the DROP election until age 57.

The contribution rates for plan members during the fiscal years ended June 30, 2016 and 2015 are shown below:

	<u>2016</u>	<u>2015</u>
Regular	7.26%	7.37%
Senior Management	21.43%	21.14%
Deferred Retirement Option Program	12.88%	12.28%
SUS Optional Retirement Program (ORP)	7.80%	7.69%

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.

The Department's contributions to the plans for the years ended June 30, 2016, 2015, and 2014 were approximately \$180,000, \$206,000, and \$184,000, respectively.

Disclosures pertaining to the University's retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University's financial statements for the years ended June 30, 2016 and 2015.

(b) **Optional retirement program—**Pursuant to Section 121.35, Florida Statutes, the Florida legislature created an Optional Retirement Program ("Program" or "ORP") for eligible university faculty and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

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

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

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

The Station contributes, on behalf of the participant, 7.80% of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by salary deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. Required contributions to the ORP during the years ended June 30, 2016, 2015, and 2014 were approximately \$40,000, \$31,000, and \$28,000, respectively.

During the fiscal year ended June 30, 2016 and June 30, 2015, the ORP held no securities issued by the University.

Disclosures pertaining to the University's retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University's financial statements for the years ended June 30, 2016 and 2015.

(c) **Public employee optional retirement program—**Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular, Special Risk, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Required contributions to the PEORP during the years ended June 30, 2016, 2015, and 2014, were approximately \$37,000, \$33,000, and \$28,000 respectively.

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

Disclosures pertaining to the University's retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University's financial statements for the years ended June 30, 2016 and 2015.

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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 June 30, 2015 and 2016 fiscal years, the HIS program was funded by required contributions consisting of 1.26% and 1.66%, respectively, 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 2015-16 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 \$50. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled. The station is a department of the University, therefore any other post-employment benefit liability is reported by the University.

(6) Risk Management Programs:

Pursuant to Section 1001.72(2), Florida Statutes, the Station participates in State self-insurance programs providing insurance coverage for property and casualty, workers' compensation, general liability, and fleet automotive liability. During the 2015-16 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 aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named wind and flood. For perils other than named wind and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal civil rights and employment action coverage. All losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$100,000 per person and \$200,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past three years.

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

(7) Lien on Property and Equipment:

The Federal government has a ten-year priority lien on any facilities and equipment purchased with funds from the National Telecommunications and Information Administration. The lien is to ensure that telecommunications facilities funded with Federal monies will continue to be used to provide public telecommunications services to the public during the period of Federal interest. The original cost of the property acquired with NTIA funds was approximately \$594,000 and the liens expire in years through 2020.

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(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 FDIC limits are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. These deposits amounted to \$737,305 and \$804,809 at June 30, 2016 and 2015, respectively.

(b) **Accounts and grants receivable**—The Station has accounts and grants receivables of \$234,253 and \$70,151 from governmental and other sources at June 30, 2016 and 2015, 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 State of Florida, Department of Education and other departments provided 37% and 42%, the CPB provided 18% and 14%, and the University provided 29% and 34% in cash support and donated facilities during the years ended June 30, 2016 and 2015, respectively.

(9) Compensated Absences:

Compensated absences liability activity for the years ended June 30, 2016 and 2015, was as follows:

<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 239,476	\$ 274,759	\$ (309,614)	\$ 204,621	\$ 204,621

<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 259,532	\$ 354,631	\$ (374,687)	\$ 239,476	\$ 239,476

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(10) Subsequent Events:

The Station has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 13, 2017, the date which the financial statements were available to be issued.

(11) Grants for Corporation for Public Broadcasting:

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

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at June 30, 2016</u>
		<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	
2013-15	\$ 1,354,414	\$ –	\$ 1,321,904	\$ 32,510	\$ –
2014-16	\$ 1,693,652	\$ –	\$ –	\$ 1,554,964	\$ 138,688
2015-17	\$ 1,764,098	\$ –	\$ –	\$ 1,687	\$ 1,762,411

(12) Nonfederal Financial Support (NFFS):

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

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

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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 broadcasting services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$10,259,166 and \$9,850,256 in 2016 and 2015, respectively.

(13) **DCA Master Control Agreement:**

Digital Convergence Alliance (DCA) is a membership organization comprised of numerous public broadcasting stations in which the members have joined together to provide a centralized television video distribution hub (centralized master control). The purpose of this centralized master control, based in Jacksonville, Florida is to be more cost effective by sharing the costs of human resources for master control operations by reducing and/or eliminating the number of staff needed at each station member’s location to operate an on-site master control system. Additionally, sharing equipment and data storage in one central location for the large number of HD video files needed to operate a television station maximizes efficiencies of equipment. The DCA is a partnership that was spearheaded by five Florida public broadcast stations. This partnership formed a new membership organization, DCA, which includes WFSU/WFSG-TV, to seek a Corporation for Public Broadcasting (CPB) grant to reduce the initial cost of the equipment build out for the DCA facility.

Membership in the DCA allows for \$700,000 in grant funding as part of a seven million dollar total CPB grant for DCA infrastructure. WFSU/WFSG-TV’s current annual service fee is \$233,352, with 15 TV stations utilizing the DCA service.

The initial term of this Agreement extends through February 28, 2018. Subsequent to that date, the Agreement is subject to an automatic 5 year renewal term from March 1, 2018 to February 28, 2023, unless the Station gives written notice, at least twelve months prior to the end of the initial term, of its decision not to renew the Agreement.

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(13) **DCA Master Control Agreement:** (Continued)

In the event that the Station terminates its membership in DCA during the initial term, the Station may be subject to an assessment from CPB, to be determined solely in CPB's discretion, equal to ten (10%) percent of the grant amount, which would be \$700,000. In the event that the Station decides not to renew this Agreement for the renewal term, then the Station may be subject to an assessment for CPB to be determined solely at CPB's discretion, in an amount equal to five (5%) percent of the grant amount, which would be \$350,000. If CPB makes an assessment against the Station, the Station shall pay the assessment consistent with the terms mandated by CPB.

(14) **Restatement of Net Position**

Subsequent to the issuance of the June 30, 2015 financial statements, management became aware of overstatement of certain assets. The effect of the corrections resulted in a decrease in net position of \$121,832.

SUPPLEMENTAL INFORMATION

WFSU/WFSG-TV
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SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	Program Services				Supporting Services				2016	2015
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total	Total Expenses	Total Expenses
Salaries, payroll taxes and employee benefits	\$ 3,206,634	\$ 640,346	\$ 326,303	\$ 4,173,283	\$ 537,522	\$ 146,307	\$ 157,936	\$ 841,765	\$ 5,015,048	\$ 5,153,884
Professional services	429,275	180,471	21,214	630,960	72,577	10,814	-	83,391	714,351	657,267
Facilities and administrative support	1,702,473	339,974	173,242	2,215,689	285,383	77,679	83,850	446,912	2,662,601	2,511,861
Postage and freight	1,063	-	1,902	2,965	1,245	4,971	245	6,461	9,426	11,828
Office supplies	8,095	-	173	8,268	16,318	-	72	16,390	24,658	19,685
Telephone and utilities	98,890	243,147	7,187	349,224	36,891	6,718	6,718	50,327	399,551	391,732
Advertising	-	-	1,153	1,153	-	-	-	-	1,153	240
Repairs and maintenance of equipment	471,528	562,871	9,013	1,043,412	19,626	6,633	99	26,358	1,069,770	944,467
Printing and publications	500	-	6,411	6,911	1,508	24,718	120	26,346	33,257	28,994
Travel and training	77,695	3,239	16,661	97,595	5,025	7,426	8,015	20,466	118,061	101,915
Operating supplies	32,157	102	20,242	52,501	7,836	86,497	471	94,804	147,305	193,106
Programming	1,652,881	-	-	1,652,881	-	-	-	-	1,652,881	1,558,160
Subscriptions and fees	16,991	615	155	17,761	57,484	20,802	2,062	80,348	98,109	86,577
Ratings and research	-	-	-	-	-	-	1,536	1,536	1,536	6,986
Loss on disposal of fixed assets	54,985	-	-	54,985	-	-	-	-	54,985	22,099
Depreciation	241,545	348,109	-	589,654	71,042	42,625	7,105	120,772	710,426	812,141
Overhead	11,377	-	-	11,377	32,734	-	-	32,734	44,111	27,886
	<u>\$ 8,006,089</u>	<u>\$ 2,318,874</u>	<u>\$ 583,656</u>	<u>\$ 10,908,619</u>	<u>\$ 1,145,191</u>	<u>\$ 435,190</u>	<u>\$ 268,229</u>	<u>\$ 1,848,610</u>	<u>\$ 12,757,229</u>	<u>\$ 12,528,828</u>

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

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

To the Board of Trustees,
Florida State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of WFSU/WFSG-TV (the "Station"), a public telecommunications entity operated by the Florida State University, which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2017.

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 opinion 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 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 Station's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
February 13, 2017