# FINANCIAL STATEMENTS

# WFSU/WFSQ/WFSL/WFSW-FM
# A PUBLIC TELECOMMUNICATIONS ENTITY
# OPERATED BY FLORIDA STATE UNIVERSITY

*Years ended June 30, 2017 and 2016*
*with Report of Independent Auditors*

Thomas Howell Ferguson P.A.
*Certified Public Accountants*

**WFSU/WFSQ/WFSL/WFSW-FM**
**A PUBLIC TELECOMMUNICATIONS ENTITY**
**OPERATED BY FLORIDA STATE UNIVERSITY**

**JUNE 30, 2017 AND 2016**

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Thomas Howell Ferguson P.A.
Certified Public Accountants

# Report of Independent Auditors

Board of Directors
WFSU/WFSQ/WFSL/WFSW-FM

## Report on the Financial Statements

We have audited the accompanying financial statements of WFSU/WFSQ/WFSL/WFSW-FM, a public telecommunications entity operated by Florida State University (the Station) which comprise the statement of net position as of June 30, 2017, the related statement of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

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 WFSU/WFSQ/WFSL/WFSW-FM, a public telecommunications entity operated by Florida State University, as of June 30, 2017, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

The financial statements of the Station as of and for the year ended June 30, 2016, were audited by other auditors whose report dated February 13, 2017, expressed an unmodified opinion on those statements.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 4 – 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 audits 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.

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of functional expenses on page 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 information 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 8, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's 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.

Thomas Howell Ferguson P.A.

Tallahassee, Florida
February 8, 2018

WFSU/WFSQ/WFSL/WFSW-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY FLORIDA STATE UNIVERSITY

# MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

## INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the net position and activities of WFSU/WFSQ/WFSL/WFSW-FM (the Station) for the years ended June 30, 2017 and 2016. Management of the 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 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.

The Station is licensed to Florida State University (the University). The University is governed by a Board of Trustees. 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 management of the station General Manager.

The radio facility includes a satellite uplink, a large studio, and eight production rooms, and is capable of producing and uplinking national productions.

Six distinct radio signals originate from the Station and cover a wide reaching area in north Florida, south Georgia, and southeast Alabama. All stations, WFSU-FM, WFSQ-FM, WFSL-FM and WFSW-FM, operate 24 hours-a-day:

- WFSU-FM operates in Tallahassee at 95,000 watts with a news and information format.
- WFSQ-FM, operating at 86,000 watts, broadcasts classical music as well as swing/big band programs, to Tallahassee and surrounding areas.
- WFSL-FM operates in Thomasville, Georgia at 250 watts and broadcasts the same classical music and swing/big band music heard on WFSQ-FM.
- WFSW-FM broadcasts at 100,000 watts to the Panama City and surrounding Bay County area with a format that is a mix of news, information, and entertainment programming.

- Other radio signals emanating from WFSU/WFSQ/WFSL/WFSW-FM include the Florida Public Radio Network which provides in-depth news and analysis to public radio stations around the State.

The Station's news team delivers coverage of statewide, regional and local news as well as featuring productions that highlight elements of local and statewide interest**.** The team produces daily news stories for broadcast along with a weekly local call-in program, two statewide news programs and a daily news feed of stories for public radio stations around the state.

Nationally and locally produced programs have won the Station the distinction of being honored with regional and national awards such as the Sunshine State Journalism, Society of Professional Journalists, and the Edward R. Murrow awards. WFSU/WFSQ/WFSL/WFSW-FM is also ranked as one of the top public radio stations in the country according to Metro Cume Ratings and Average Quarter Hour Share.

## FINANCIAL HIGHLIGHTS

**Fiscal Year 2017:** The Station's net position decreased $64,673, from June 30, 2016 to June 30, 2017. Operating revenues and expenses both decreased by approximately 1% over the prior fiscal year.

**Fiscal Year 2016:** The Station's net position decreased $78,405 from June 30, 2015 to June 30, 2016. Operating revenues increased 9% while operating expenses increased 5%; primarily due to reduced donated facilities and administrative support from Florida State University.

## USING THESE FINANCIAL STATEMENTS

These financial statements consist of statements of net position and statements of revenues, expenses, and changes in net position and statements of cash flows. The statement of net position and the statement 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 the 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, 2017 | June 30, 2016 | June 30, 2015 |
|---|---|---|---|
| Current assets | $ 1,966,590 | $ 2,169,186 | $ 2,209,500 |
| Capital assets | 2,443,173 | 2,281,947 | 2,339,626 |
| Total assets | 4,409,763 | 4,451,133 | 4,549,126 |
| Current liabilities | 159,777 | 149,245 | 147,092 |
| Noncurrent liabilities | 29,373 | 16,602 | 38,343 |
| Total liabilities | 189,150 | 165,847 | 185,435 |
| Net position: | | | |
| Net investment in capital assets | 2,443,173 | 2,281,947 | 2,339,626 |
| Unrestricted | 1,199,350 | 1,499,052 | 1,614,471 |
| Restricted: | | | |
| Expendable | 516,985 | 446,422 | 346,555 |
| Nonexpendable | 61,105 | 57,865 | 63,039 |
| Total net position | $ 4,220,613 | $ 4,285,286 | $ 4,363,691 |

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

**TABLE 2**

| | June 30, 2017 | 2016 | 2015 |
|---|---|---|---|
| Revenues: | | | |
| Operating revenues | $ 3,818,214 | $ 3,888,475 | $ 3,572,065 |
| Nonoperating revenues (expenses) | 39,712 | 8,435 | 76,380 |
| Total revenues | 3,857,926 | 3,896,910 | 3,648,445 |
| Expenses: | | | |
| Program services: | | | |
| Programming and production | 2,026,003 | 1,859,946 | 1,712,260 |
| Broadcasting | 641,232 | 437,072 | 436,564 |
| Total program services | 2,667,235 | 2,297,018 | 2,148,824 |
| Supporting services: | | | |
| Management and general | 393,908 | 693,072 | 633,682 |
| Fundraising and membership development | 332,940 | 366,501 | 369,364 |
| Underwriting and grant solicitation | 528,516 | 618,724 | 629,173 |
| Total supporting services | 1,255,364 | 1,678,297 | 1,632,219 |
| Total expenses | 3,922,599 | 3,975,315 | 3,781,043 |
| Decrease in net position | $ (64,673) | $ (78,405) | $ (132,598) |

## 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/WFSQ/WFSL/WFSW-FM
1600 Red Barber Plaza
Tallahassee, FL 32310
(850) 645-7200

WFSU/WFSQ/WFSL/WFSW-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY FLORIDA STATE UNIVERSITY

## Statements of Net Position

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | **$ 1,724,217** | $ 1,859,770 |
| Funds held and invested by Florida State University Foundation, Inc on behalf of the Station | **61,105** | 57,865 |
| Due from Florida State University | **28,000** | 24,648 |
| Accounts and grants receivable | **46,472** | 99,399 |
| Prepaid expenses | **106,796** | 127,504 |
| Total current assets | **1,966,590** | 2,169,186 |
| Noncurrent assets | | |
| Capital assets, net | **2,296,533** | 2,135,307 |
| Vintage equipment collection | **146,640** | 146,640 |
| Total noncurrent assets | **2,443,173** | 2,281,947 |
| Total assets | **$ 4,409,763** | $ 4,451,133 |
| **Liabilities** | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | **$ 113,150** | $ 98,513 |
| Unearned revenue | **4,656** | 6,976 |
| Compensated absences | **41,971** | 43,756 |
| Total current liabilities | **159,777** | 149,245 |
| Noncurrent liabilities | | |
| Compensated absences, less current portion | **29,373** | 16,602 |
| Total liabilities | **189,150** | 165,847 |
| Net position | | |
| Net investment in capital assets | **2,443,173** | 2,281,947 |
| Unrestricted | **1,199,350** | 1,499,052 |
| Restricted: | | |
| Expendable | **516,985** | 446,422 |
| Nonexpendable | **61,105** | 57,865 |
| Total net position | **4,220,613** | 4,285,286 |
| Total liabilities and net position | **$ 4,409,763** | $ 4,451,133 |

*See accompanying notes*

WFSU/WFSQ/WFSL/WFSW-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
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Statements of Revenues, Expenses, and Changes in Net Position

| | Years ended June 30, 2017 | 2016 |
|---|---|---|
| **Operating revenues** | | |
| Community service grants donated by the Corporation for Public Broadcasting | **$ 326,279** | $ 342,118 |
| Community service grant donated by the Florida Department of Education | **100,000** | 100,000 |
| Appropriations from Florida State University | **1,096,894** | 728,340 |
| Business and industry support | **888,034** | 949,911 |
| Membership income | **714,215** | 623,633 |
| Donated facilities and administrative support from Florida State University | **626,749** | 1,052,561 |
| Income from auxiliary sales | **4,800** | 4,700 |
| Other | **53,595** | 76,756 |
| In-kind revenue | **7,648** | 10,456 |
| Total operating revenues | **3,818,214** | 3,888,475 |
| **Operating expenses** | | |
| Programming and production | **2,026,003** | 1,859,946 |
| Broadcasting | **641,232** | 437,072 |
| Management and general | **393,908** | 693,072 |
| Fundraising and membership development | **332,940** | 366,501 |
| Underwriting and grant solicitation | **528,516** | 618,724 |
| Total operating expense | **3,922,599** | 3,975,315 |
| **Operating loss** | **(104,385)** | (86,840) |
| **Non-operating revenues (expenses)** | | |
| Investment income (loss) | **5,712** | (2,696) |
| Capital grants donated by Florida Department of Education | **-** | 11,131 |
| Capital asset transfers from WFSU-TV for capital asset appropriation | **34,000** | - |
| Total non-operating revenues | **39,712** | 8,435 |
| Decrease in net position | **(64,673)** | (78,405) |
| Net position, beginning of year | **4,285,286** | 4,363,691 |
| Net position, end of year | **$ 4,220,613** | $ 4,285,286 |

*See accompanying notes.*

WFSU/WFSQ/WFSL/WFSW-FM
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## Statements of Cash Flows

| | Years ended June 30, 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash received from grants, donors, and fundraising activities | **$ 3,865,469** | $ 2,161,273 |
| Cash paid to employees for salaries and benefits | **(1,853,900)** | (1,534,634) |
| Cash paid to vendors | **(1,896,388)** | (542,795) |
| Net cash provided by operating activities | **115,181** | 83,844 |
| **Cash flows from capital and related financing activities** | | |
| Capital grants received | **-** | 11,131 |
| Purchase of capital assets | **(253,206)** | (52,864) |
| Net cash provided by (used in) capital and related financing activities | **(253,206)** | (41,733) |
| **Cash flows from investing activities** | | |
| Investment loss | **-** | (2,696) |
| Proceeds from investment transactions | **2,472** | 3,522 |
| Net cash provided by (used in) investing activities | **2,472** | 826 |
| Net (decrease) increase in cash and cash equivalents | **(135,553)** | 42,937 |
| Cash and cash equivalents, beginning of year | **1,859,770** | 1,816,833 |
| Cash and cash equivalents, end of year | **$ 1,724,217** | $ 1,859,770 |
| **Reconciliation of operating loss to net cash provided by operating activities** | | |
| Operating loss | **$ (104,385)** | $ (86,840) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | |
| Depreciation | **125,980** | 112,195 |
| Changes in certain assets: | | |
| Accounts and grants receivable | **52,927** | (1,870) |
| Due from Florida State University | **(3,352)** | 56,573 |
| Due from WFSU-TV | **-** | 20,164 |
| Prepaid expense | **20,708** | 3,210 |
| Changes in certain liabilities: | | |
| Accounts payable and accrued expenses | **14,637** | (2,814) |
| Unearned revenue | **(2,320)** | (1,004) |
| Compensated absences | **10,986** | (15,770) |
| Net cash provided by operating activities | **$ 115,181** | $ 83,844 |
| **Supplemental cash flow information** | | |
| Capital assets transferred from WFSU-TV | $ 34,000 | $ - |

*See accompanying notes.*

## (1) Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies of WFSU/WFSQ/WFSL/WFSW-FM (the Station), which affect significant elements of the accompanying financial statements:

### Reporting entity

The Station is a department of The 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 Finance and Administration, that relate directly to the operations 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.

### 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 in accordance with financial reporting requirements for enterprise funds, which use the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. 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).

### Net position

In the statements of net position, net position includes the following:

*Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.

*Restricted* – consists of assets that have constraints placed upon their use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provisions or enabling legislation, reduced by any liabilities to be paid from these assets.

## (1) Summary of Significant Accounting Policies (continued)

### Net position (continued)

*Restricted (continued)*

**Nonexpendable restricted net position** – consists of endowment and similar type funds in which donors or other outside sources have stipulated that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

**Expendable restricted net position** – includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Unrestricted* – consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Station’s policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

### 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.

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

**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.

**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, 2017 and 2016, 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.

**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 5 - 40 years.

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

**Vintage equipment collection**

The Station was the recipient of a donation of vintage sound equipment in a previous year. The equipment is recorded at the appraised value of the date of donation and is included as a noncurrent asset in the accompanying statements of net position. These assets are used for display purposes only and, accordingly, no depreciation is recorded on them.

**Revenue recognition**

State appropriations are recorded as revenue in the statements of revenues, expenses and changes in net position when an expense is recorded.

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

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

Revenue related to program underwriting for subsequent fiscal years is reflected as unearned 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.

**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.

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

**In-kind contributions (continued)**

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

**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 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 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.

**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.

**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.

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

**Corporation for Public Broadcasting Community Service Grants (continued)**

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

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

**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.

**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.

**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.

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

**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**.**

**Income taxes**

The Station is owned and operated by The Florida State University which is a part of the State of Florida's educational system. Accordingly, the Station is exempt from Federal income taxes.

**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.

**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.

**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.

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

**Advertising costs**

Advertising costs are expensed in the period in which they are incurred. The Station incurred $8,675 and $0 in advertising costs during the years ended June 30, 2017 and 2016, respectively.

**Reclassification**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**(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 as "Funds held and invested by Florida State University Foundation, Inc. on behalf of the Station" and "Cash and cash equivalents." Total cash held by the Foundation is $1,284,949 and $1,437,971 as of June 30, 2017 and 2016, respectively, and is uninsured. Total cash held by the Research Foundation is $417,582 and $428,602 as of June 30, 2017 and 2016, and is uninsured. Total investments held by the Foundation are $61,105 and $57,865 as of June 30, 2017 and 2016, 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. All funds held and invested by the Foundation and the Research Foundation 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 Foundation and the Research Foundation by the respective hedge fund's manager. The objective is to provide a steady growing income stream to support the Station.

## (3) Capital Assets

Capital asset activity for the years ended June 30, 2017 and 2016, was as follows:

| | July 1, 2016 Beginning Balance | Increases | Decreases | June 30, 2017 Ending Balance |
|---|---|---|---|---|
| Land and building | **$ 3,749,153** | **$ 189,166** | **$ –** | **$ 3,938,319** |
| Studio, broadcast and other equipment | **279,863** | **6,150** | **(67,914)** | **218,099** |
| Office equipment and furniture | **10,650** | **–** | **–** | **10,650** |
| Transmitter, antenna, and tower | **1,115,330** | **91,890** | **(23,770)** | **1,183,450** |
| | **5,154,996** | **287,206** | **(91,684)** | **5,350,518** |
| Less accumulated depreciation | **(3,019,689)** | **(125,980)** | **91,684** | **(3,053,985)** |
| Total capital assets | **$ 2,135,307** | **$ 161,226** | **$ –** | **$ 2,296,533** |

| | July 1, 2015 Beginning Balance | Increases | Decreases | June 30, 2016 Ending Balance |
|---|---|---|---|---|
| Land and building | $ 3,944,228 | $ – | $ (195,075) | $ 3,749,153 |
| Studio, broadcast and other equipment | 286,168 | 52,864 | (59,169) | 279,863 |
| Office equipment and furniture | 29,231 | – | (18,581) | 10,650 |
| Transmitter, antenna, and tower | 564,078 | 551,252 | – | 1,115,330 |
| | 4,823,705 | 604,116 | (272,825) | 5,154,996 |
| Less accumulated depreciation | (2,630,719) | (424,470) | 35,500 | (3,019,689) |
| Total capital assets | $ 2,192,986 | $ 179,646 | $ (237,325) | $ 2,135,307 |

Depreciation expense was $125,980 and $112,195 in 2017 and 2016, respectively.

## (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.

**(4) State Retirement Plans (continued)**

**(a) Florida retirement system (continued)**

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.

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, 2017 and 2016, are shown below:

| | **2017** | **2016** |
|---|---|---|
| Regular | 7.52% | 7.26% |
| Senior Management | 21.77% | 21.43% |
| Deferred Retirement Option Program | 12.99% | 12.88% |
| SUS Optional Retirement Program (ORP) | 7.98% | 7.80% |

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, 2017, 2016, and 2015, total contributions were approximately $30,000, $37,000, and $36,000, respectively.

**(4) State Retirement Plans (continued)**

**(a) Florida retirement system (continued)**

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, 2017 and 2016.

**(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.

The Station contributes, on behalf of the participant, 7.98% 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, 2017, 2016, and 2015 were approximately $42,000, $29,000, and $25,000, respectively.

As of and for the fiscal year ended June 30, 2017 and 2016, 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, 2017 and 2016.

**(4) State Retirement Plans (continued)**

**(c) Public employee optional retirement program**

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular, Special Risk, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Required contributions to the PEORP during the years ended June 30, 2017, 2016, and 2015 were approximately $12,000, $10,000, and $8,000, 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, 2017 and 2016.

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

## (5) Post-Employment Benefits

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 2017 and 2016 fiscal years, the HIS program was funded by required contributions consisting of 1.66% 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 2016-2017 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. As the station is a department of the University, any other post-employment benefit 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 2016-17 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.

**(6) Risk Management Programs (continued)**

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 (NTIA). 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 $140,000 and the liens expire in years through 2020.

**(8) Significant Concentrations**

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

**(a) Cash and cash equivalents**

The Station has demand deposits held at financial institutions for the University 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.

**(b) Accounts and grants receivable**

The Station has accounts and grants receivables of $46,472 and $99,399 from governmental and other sources at June 30, 2017 and 2016, respectively. The Station has no policy requiring collateral or other security to support these amounts.

## (8) Significant Concentrations (continued)

### (c) Revenues

The Station received significant revenue from three sources. The CPB provided approximately 8% and 9% and the University provided approximately 46% and 46% in cash support and donated facilities in 2017 and 2016, respectively.

## (9) Compensated Absences

Compensated absences liability activity for the years ended June 30, 2017 and 2016, was as follows:

| Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 | Amount Due Within 1 Year |
|---|---|---|---|---|
| **$ 60,358** | **$ 48,186** | **$ (37,200)** | **$ 71,344** | **$ 41,971** |

| Balance July 1, 2015 | Additions | Deletions | Balance June 30, 2016 | Amount Due Within 1 Year |
|---|---|---|---|---|
| $ 76,128 | $ 30,248 | $ (46,018) | $ 60,358 | $ 43,756 |

## (10) 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:

| Years of Grant | Grants Received | Expended 2014-15 | Expended 2015-16 | Expended 2016-17 | Uncommitted Balance at June 30, 2017 |
|---|---|---|---|---|---|
| 2014-16 | $ 316,321 | $ – | $ 227,718 | $ 88,603 | – |
| 2015-17 | 342,118 | – | 2,119 | 248,696 | 91,303 |
| 2016-18 | 326,279 | – | – | – | 326,279 |

## (11) 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.

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 $3,486,686 and $3,492,921 for the years ended June 30, 2017 and 2016, respectively.

## (12) Risks and Uncertainties

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

**(13) Subsequent Events:**

The Station has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 8, 2018, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

# SUPPLEMENTARY INFORMATION

WFSU/WFSQ/WFSL/WFSW-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY FLORIDA STATE UNIVERSITY

## Schedule of Functional Expenses

| | Program Services | | | Supporting Services | | | | Years ended June 30, 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | **Programming and Production** | **Broadcasting** | **Total** | **Management and General** | **Fundraising and Membership Development** | **Underwriting and Grant Solicitation** | **Total** | **Total Expenses** | **Total Expenses** |
| Salaries, payroll taxes, and employee benefits | $ 906,155 | $ 228,310 | $ 1,134,465 | $ 214,835 | $ 135,193 | $ 380,393 | $ 730,421 | **$ 1,864,886** | $ 1,645,186 |
| Professional Services | 24,396 | 78,767 | 103,163 | 24,856 | 12,303 | 450 | 37,609 | **140,772** | 71,001 |
| Facilities and administrative support | 304,540 | 76,730 | 381,270 | 72,201 | 45,436 | 127,842 | 245,479 | **626,749** | 1,052,561 |
| Office Supplies | - | - | - | 7,194 | 86 | 244 | 7,524 | **7,524** | 9,874 |
| Telephone and utilities | 30,647 | 72,755 | 103,402 | 25,580 | 2,137 | 2,137 | 29,854 | **133,256** | 136,810 |
| Advertising | 50 | - | 50 | 8,625 | - | - | 8,625 | **8,675** | - |
| Postage and freight | - | - | - | 71 | 5,838 | 297 | 6,206 | **6,206** | 7,453 |
| Repairs and maintenance | 929 | 51,151 | 52,080 | 4,608 | 13,041 | - | 17,649 | **69,729** | 140,010 |
| Printing and publications | 8 | - | 8 | - | 48,720 | - | 48,720 | **48,728** | 40,112 |
| Travel and training | 14,452 | 665 | 15,117 | 4,544 | 2,159 | 11,790 | 18,493 | **33,610** | 30,406 |
| Operating supplies | 8,597 | 70,979 | 79,576 | 8,028 | 28,914 | 1,142 | 38,084 | **117,660** | 49,849 |
| Programming | 667,443 | - | 667,443 | - | - | - | - | **667,443** | 607,887 |
| Subscriptions and fees | 12,803 | 144 | 12,947 | 9,687 | 31,553 | 2,963 | 44,203 | **57,150** | 52,124 |
| Depreciation | 42,833 | 61,731 | 104,564 | 12,598 | 7,560 | 1,258 | 21,416 | **125,980** | 112,195 |
| Ratings and research | 13,150 | - | 13,150 | - | - | - | - | **13,150** | 19,141 |
| Overhead | - | - | - | 1,081 | - | - | 1,081 | **1,081** | 706 |
| | $ 2,026,003 | $ 641,232 | $ 2,667,235 | $ 393,908 | $ 332,940 | $ 528,516 | $ 1,255,364 | **$ 3,922,599** | $ 3,975,315 |

*See report of independent auditors.*

**REPORT OF INDEPENDENT AUDITORS 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***

**Thomas Howell Ferguson P.A.**
*Certified Public Accountants*

# Report of Independent Auditors 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*

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/WFSQ/WFSL/WFSW-FM (the Station), which comprise the statement of financial position as of June 30, 2017, and the related statements of revenues, expenses, and changes in net position and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2018.

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

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

Thomas Howell Ferguson P.A.
*Certified Public Accountants*



**Compliance and Other Matters**

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

**Purpose of this Report**

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

Thomas Howell Ferguson P.A.

Tallahassee, Florida
February 8, 2018