WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
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JUNE 30, 2012 AND 2011

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

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of South Florida:

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

We conducted our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2013, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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

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

James Moore & Co., P.L.

Gainesville, Florida
January 29, 2013

This report is provided for your convenience and understanding of WUSF-TV's (the Station) financial condition and operating activities for the years ended June 30, 2012, June 30, 2011 and June 30, 2010. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station's accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follow published Governmental Accounting Standards. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Colleges and Universities*. The overview presented below highlights the significant financial activities which 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 net assets and revenues, expenses and changes in net assets on pages 4 – 5 and our financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

The financial position of the Station at June 30, 2012 (FY 2012) show net assets of $5,610,951 compared to $5,545,345 for the year ended June 30, 2011 (FY 2011) and $6,320,267 for the year ended June 30, 2010 (FY 2010). The Station's net assets increased by $65,606 or 1.2% in FY 2012 compared to a decrease of $774,922 or 12.3% FY 2011. Causes for the decreases are detailed below in the revenue and expense discussions.

For FY 2012, Station operating revenues decreased by $116,184 or 2.3% from FY 2011, compared to a decrease of $437,250 between FY 2011 and FY 2010. Operating revenues totaled $4,886,840 in FY 2012 compared to $5,003,024 in FY 2011 and $5,440,274 in FY 2010. When comparing FY 2012 to FY 2011 the major changes were reductions in grant funds donated by the Department of Education, State of Florida, in the amount of $434,837, production services of $121,770, and in-kind contributions of $62,673 which were offset by increases in planned giving (membership income) of $260,000 and solicited grants in the amount of $240,000.

The Station's expenses decreased $755,170 or 12.8% in FY 2012. Operating expenses totaled $5,152,178 in FY 2012 compared to $5,907,348 in FY 2011 and $5,998,773 in FY 2010. The overall reduction in cost was part of an effort to reduce the overall cost base of the operation. There are some major swings when looking at individual departments; these are attributable to the reallocation of costs among said departments.

USING THESE FINANCIAL STATEMENTS

These financial statements consist of statements of net assets and statements of revenues, expenses, and changes in net assets and cash flows. The statements of net assets and the statements of revenues, expenses, and changes in net assets help to answer the question of whether the Station is better or worse off 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 department of the University of South Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity within the University, as well as the University of South Florida Foundation, Inc. (the Foundation), which are under the control of the Station Management.

TABLE 1
CONDENSED STATEMENTS OF NET ASSETS

	June 30, 2012	June 30, 2011	June 30, 2010
Current assets	$ 599,154	$ 629,219	$ 719,048
Noncurrent assets	6,836,182	6,780,034	7,521,924
Total assets	$ 7,435,336	$ 7,409,253	$ 8,240,972
Current liabilities	$ 676,349	$ 927,892	$ 789,004
Noncurrent liabilities	1,148,036	936,016	1,131,701
Total liabilities	$ 1,824,385	$ 1,863,908	$ 1,920,705
Net assets			
Unrestricted	$ (437,015)	$ (610,258)	$ (615,080)
Restricted, expendable	9,307	175,092	212,946
Restricted, permanent	32,477	30,477	30,477
Invested in capital assets	6,006,182	5,950,034	6,691,924
Total net assets	$ 5,610,951	$ 5,545,345	$ 6,320,267

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

	June 30, 2012	June 30, 2011	June 30, 2010
Revenues			
Operating	$ 4,886,840	$ 5,003,024	$ 5,440,274
Non-operating	330,944	129,402	(96,429)
Total revenues	5,217,784	5,132,426	5,343,845
Expenses			
Program services			
Programming and production	2,970,184	3,257,152	3,521,497
Broadcasting	463,837	609,313	561,764
Program information	82,443	116,339	187,563
Total program services	3,516,464	3,982,804	4,270,824
Supporting services			
Management and general	750,756	997,957	750,220
Fundraising and membership development	583,898	751,459	767,234
Underwriting and grants	301,060	175,128	210,495
Total supporting services	1,635,714	1,924,544	1,727,949
Total expenses	5,152,178	5,907,348	5,998,773
Increase (decrease) in net assets	$ 65,606	$ (774,922)	$ (654,928)

TABLE 3
CONDENSED STATEMENTS OF CASH FLOWS

	June 30, 2012	June 30, 2011	June 30, 2010
Net cash provided by operating activities	$ 271,285	$ 283,932	$ 353,529
Net cash flows provided by (used in) noncapital financing activities	47,313	(243,290)	58,876
Net cash used in capital and related financing activities	(399,105)	(133,247)	(630,202)
Net cash provided by (used in) investing activities	(51,351)	(114,937)	161,317
Net increase (decrease) in cash and cash equivalents	(131,858)	(207,542)	(56,480)
Cash and cash equivalents, beginning of year	178,607	386,149	442,629
Cash and cash equivalents, end of year	$ 46,749	$ 178,607	$ 386,149

Current assets consist primarily of cash and cash equivalents, accounts receivable, and prepaid programming expenses. Non-current assets mainly consist of property and equipment, which totals \$6,836,182 for FY 2012 compared to \$6,780,034 for FY 2011 with the decrease attributable to depreciation. Property and equipment are presented net of accumulated depreciation. Property and equipment additions totaled \$721,866 for FY 2012.

Current liabilities consist of accounts payable, accrued expenses, and the current portions of employee leave balances and amounts due to an affiliated station. Noncurrent liabilities consist of the noncurrent portions of the employee leave balances and amounts due to an affiliated station, and a note payable to the Foundation.

Operating revenues consist primarily of Corporation for Public Broadcasting Grants (16%), appropriations from the University of South Florida (USF) (12%), Business and Industry Support – includes IntellisMedia (31%), Membership Support (24%), Facilities and Support provided by USF (10%), and In-kind contributions and Other (7%). Operating expenses consist primarily of Programming & Production (58%), Broadcasting (9%), Program Information & Promotion (2%), Management & General (15%), Fundraising & Membership (11%) and Underwriting and Grant Solicitation (6%). Non-operating expense was \$67,014 for FY 2012.

BUDGETS

While certain Station accounts are under University budgeting control, the University of South Florida Foundation accounts and certain other expenditures, such as in-kind and indirect support amounts, are not budgeted. Accordingly, budget information amounts are not presented within these financial statements.

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 a need for additional financial information, contact the Station at:

WUSF-TV
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(813) 905-6900

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 46,749	$ 178,607
Funds held by the University of South Florida Foundation, Inc. on behalf of the Station	223,491	169,713
Accounts and underwriting receivables	197,815	217,251
Due from affiliated station	25,171	-
Grants receivable	11,700	-
Prepaid program costs	94,228	63,648
Total current assets	599,154	629,219
Noncurrent assets		
Capital assets, net	6,836,182	6,780,034
Total assets	$ 7,435,336	$ 7,409,253
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 468,775	$ 408,899
Current portion of compensated absences	118,382	182,023
Deferred revenue	1,692	9,796
Accrued legal settlement	-	95,000
Current portion of due to University of South Florida	87,500	-
Current portion of due to affiliated station	-	232,174
Total current liabilities	676,349	927,892
Noncurrent liabilities		
Long-term debt	830,000	830,000
Noncurrent portion of compensated absences	55,536	60,674
Noncurrent portion of due to University of South Florida	262,500	-
Noncurrent portion of due to affiliated station	-	45,342
Total long-term liabilities	1,148,036	936,016
Total liabilities	1,824,385	1,863,908
NET ASSETS		
Net assets		
Unrestricted	(437,015)	(610,258)
Restricted, expendable	9,307	175,092
Restricted, permanent	32,477	30,477
Invested in capital assets, net of related debt	6,006,182	5,950,034
Total net assets	$ 5,610,951	$ 5,545,345

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

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	$ 763,619	$ 755,305
Other grants donated by the Corporation for Public Broadcasting	17,836	14,558
Grants donated by the Department of Education, State of Florida	-	434,837
Other grants	282,700	42,522
Appropriations from the University of South Florida	586,548	574,184
Business and industry support	186,950	168,050
Membership income	1,173,125	913,172
Donated facilities and administrative support from the University of South Florida	472,472	507,566
Production and service contract revenues	1,326,365	1,448,135
Other income	16,363	21,160
In-kind contributions	60,862	123,535
Total operating revenues	4,886,840	5,003,024
Operating expenses		
Programming and production	2,970,184	3,257,152
Broadcasting	463,837	609,313
Program information and promotion	82,443	116,339
Management and general	750,756	997,957
Fundraising and membership development	583,898	751,459
Underwriting and grant solicitation	301,060	175,128
Total operating expenses	5,152,178	5,907,348
Operating loss	(265,338)	(904,324)
Non-operating revenues (expenses)		
Capital grant donated by the U.S. Depatment of Commerce	389,775	-
Donated capital assets from the University of South Florida	5,756	-
Transfer from affilated station	-	201,199
Investment income	2,427	210
Interest expense	(67,014)	(72,007)
Total non-operating revenues (expenses)	330,944	129,402
Increase (decrease) in net assets	65,606	(774,922)
Net assets, beginning of year	5,545,345	6,320,267
Net assets, end of year	$ 5,610,951	$ 5,545,345

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

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	$ 3,778,612	$ 3,750,582
Cash paid for salaries, benefits and payroll taxes	(2,449,854)	(2,909,238)
Cash paid to suppliers and others	(1,057,473)	(557,412)
Net cash provided by operating activities	271,285	283,932
Cash flows from noncapital financing activities		
Decrease in amounts due to affiliated station	(277,516)	(243,290)
Increase in amounts due from affiliated station	(25,171)	-
Increase in due to University of South Florida	350,000	-
Net cash provided by (used in) noncapital financing activities	47,313	(243,290)
Cash flows from capital and related financing activities		
Purchases of capital assets	(721,866)	(61,240)
Capital grant donated by the U.S. Depatment of Commerce	389,775	-
Interest paid	(67,014)	(72,007)
Net cash used in capital and related financing activities	(399,105)	(133,247)
Cash flows from investing activities		
Increase in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	(53,778)	(115,147)
Investment income	2,427	210
Net cash used in investing activities	(51,351)	(114,937)
Net decrease in cash and cash equivalents	(131,858)	(207,542)
Cash and cash equivalents, beginning of year	178,607	386,149
Cash and cash equivalents, end of year	$ 46,749	$ 178,607
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (265,338)	$ (904,324)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	653,696	803,130
Loss on disposal of capital assets	17,778	-
Decrease (increase) in certain assets:		
Accounts and underwriting receivables	19,436	(14,563)
Prepaid program costs	(30,580)	11,997
Grants receivable	(11,700)	-
Increase (decrease) in certain liabilities:		
Compensated absences	(68,779)	21,059
Accounts payable and accrued expenses	59,876	304,227
Deferred revenue	(8,104)	(32,594)
Accrued legal settlement	(95,000)	95,000
Total adjustments	536,623	1,188,256
Net cash provided by operating activities	$ 271,285	$ 283,932
Supplemental disclosure of noncash capital and related financing activity		
Net book value of property transferred from University of South Florida	$ 5,756	$ -
Supplemental disclosure of noncash noncapital financing activity		
Transfer from affiliated station	$ -	$ 201,199

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

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011

(1) Summary of Significant Accounting Policies:

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

(a) **Reporting entity**—The Station is a department of the University of South Florida (the "University") located in Tampa, Florida and conducts various public broadcasting functions. The President of the University of South Florida is responsible for the management of the University, and the Station operates as a department of the University under the control of the Station manager. The financial statements include only those funds, under the administrative control of the Division of Broadcast Services, that relate directly to the operations of the Station, including funds held by the University of South Florida Foundation, Inc. (the 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 for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. The Station's accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Station follows Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

(c) **Net assets**—In the statement of net assets, net assets includes the following:

Invested in capital assets, net of related debt—This is the component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2012 and 2011, debt related to capital assets was $830,000.

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

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

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

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

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

(e) **Accounts receivable—**Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest. Based on the Station's historical information, credit losses, when realized, have not been significant.

(f) **Grants Receivable**— The grants receivable of the Station are due from the Corporation for Public Broadcasting (CPB). Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

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

(h) **Capital assets**—Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 – 40 years.

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

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

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

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

Contributed support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services, donated materials, facilities, and indirect administrative support. These amounts are recorded in revenue during the period in which the support is provided.

Additionally, the Station has certain service contracts where revenues are recognized and billed on a time-and-materials or a cost-reimbursable basis. Furthermore, the Station earns certain administrative fees as defined in the agreements. Revenue from time-and-materials contracts is recognized based on actual hours delivered multiplied by the contracted hourly billing rate, plus the costs incurred for any non-labor items. Revenue on cost-reimbursable contracts is recognized to the extent of costs incurred plus a proportionate amount of the contracted fee.

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

(j) **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, professional services and other nonmonetary contributions as operating revenue in the accompanying statements of revenues, expenses, and changes in net assets.

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

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

(k) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating 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 not shown as assets on the statements of financial 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.

(l) **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 assets.

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

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

(n) **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.

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

(p) **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.

(q) **Income taxes**—The Station is owned and operated by the University, which is a part of the State of Florida's educational system. Accordingly, the Station is exempt from Federal income taxes. Any taxable income is aggregated at the University level and taxes paid, if any, are paid by the University.

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

(s) **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, actual results could differ from those estimates.

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

(t) **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 statutes and University policies.

(u) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2012 and 2011 was $31,621 and $84,490, respectively.

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

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

(v) **Reclassifications**—Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation. These reclassifications had no effect on net income for 2011.

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

The Station has an agreement with the University of South Florida Foundation, Inc., whereby Station funds are held and invested by the University of South Florida Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying financial statements of the Station as "Funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station." Total cash and investments held by the Foundation are $223,491 and $169,713 as of June 30, 2012 and 2011, respectively.

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

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

(3) **Capital Assets:**

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

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Building and building improvements	$ 5,806,766	$ -	$ -	$ 5,806,766
Furniture, fixtures and equipment	8,909,308	727,622	753,571	8,883,359
Leasehold improvements	836,690	-	-	836,690
Total cost	15,552,764	727,622	753,571	15,526,815
Less: Accumulated depreciation	8,772,730	653,696	735,793	8,690,633
Capital assets, net	$ 6,780,034	$ 73,926	$ 17,778	$ 6,836,182

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Building and building improvements	$ 5,806,766	$ -	$ -	$ 5,806,766
Furniture, fixtures and equipment	8,849,893	61,240	1,825	8,909,308
Leasehold Improvements	836,690	-	-	836,690
Total cost	15,493,349	61,240	1,825	15,552,764
Less: Accumulated depreciation	7,971,425	803,130	1,825	8,772,730
Capital assets, net	$ 7,521,924	$ (741,890)	$ -	$ 6,780,034

(4) **State Retirement Plans:**

(a) **Florida retirement system**—Essentially all regular employees of the University, including employees of the Station, are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS 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 eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

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

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the years ended June 30, 2012 and 2011 were as follows:

	Years ended June 30, 2012	2011
Regular	4.91%	10.77%
DROP	4.42%	12.25%

The Station's retirement liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. For the years ended June 30, 2012 and 2011, total contributions were approximately $46,000 and $124,000, respectively. Effective July 1, 2011, employees are required to contribute 3% of their salary to their FRS account.

(b) **Optional retirement program—**Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors 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, 10.43 percent of the participant's salary, less a small amount used to cover 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 payroll deduction, an amount not to exceed the percentage contributed by the Station to the participant's annuity account.

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

There were 9 and 10 participants during the fiscal years ended June 30, 2012 and 2011, respectively. Required contributions to the Program during the years ended June 30, 2012 and 2011 were approximately $43,000 and $56,000, respectively.

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

(c) **Public employee optional retirement program**—Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 21 and 18 participants during the fiscal years ended June 30, 2012 and 2011, respectively. The contribution amounts were approximately $29,000 and $45,000 for the fiscal years ended June 30, 2012 and 2011, 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, actual report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

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

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the Station are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

(6) **Risk Management Programs:**

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

(6) **Risk Management Programs:** (Continued)

During the 2010-11 fiscal year, the State retained the first $2 million of losses for each occurrence with an annual aggregate retention of $40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $58.75 million for named wind and flood through February 14, 2011, and increased to $61 million starting February 15, 2011. 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 fiscal 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) **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. There are no uninsured cash balances at year-end.

(b) **Funds held by the University of South Florida Foundation, Inc. on behalf of the Station**—The Station has an agreement with the Foundation, whereby Station funds are held by the Foundation on behalf of the Station as described in Note 2. The amount held by the Foundation for the Station was $223,491 and $169,713 at June 30, 2012 and 2011, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(c) **Accounts and underwriting receivables**—Accounts and underwriting receivables represent support from local business and industry. Additionally, accounts receivable includes trade accounts for production contracts. At June 30, 2012 and 2011, two contracts represented approximately 76% and 69% of accounts and underwriting receivables, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(7) **Significant Concentrations:** (Continued)

(d) **Revenues**—The Station received significant revenue from three sources. The CPB provided approximately 15% during the years ended June 30, 2012 and 2011. The University provided approximately 20% and 21% in cash and donated facilities during the years ended June 30, 2012 and 2011, respectively. Additionally, one customer provided approximately 18% and 19% of revenues during the year ended June 30, 2012 and 2011, respectively.

(8) **Community Service Grants:**

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

Year of Grant	Grants Received	Expended 2009-2010	Expended 2010-2011	Expended 2011-2012	Uncommitted Balance at June 30, 2012
2010-2012	755,305	-	599,943	155,362	-
2011-2013	763,619	-	-	754,312	9,307

(9) **Long-term Debt Obligations:**

Changes in long-term debt obligations for the years ended June 30, 2012 and 2011, were as follows:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Compensated absences	$ 242,697	$ 283,499	$ 352,278	$ 173,918	$ 118,382
Long-term debt	830,000	-	-	830,000	-
Total long-term debt obligations	$ 1,072,697	$ 283,499	$ 352,278	$ 1,003,918	$ 118,382

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Amounts Due Within One Year
Compensated absences	$ 221,638	$ 329,076	$ 308,017	$ 242,697	$ 182,023
Long-term debt	830,000	-	-	830,000	-
Total long-term debt obligations	$ 1,051,638	$ 329,076	$ 308,017	$ 1,072,697	$ 182,023

(9) **Long-term Debt Obligations:** (Continued)

The Station entered into a $920,000 loan agreement with the University of South Florida Foundation on July 1, 2006 for the purpose of repaying a previous bond issue. Payments of accrued interest are due annually beginning July 1, 2007. Interest is accrued at a rate of 6.5%. The remaining balance of principal and interest is due on July 1, 2016. This debt is collateralized by certain equipment and future revenues of the Station.

The following is a schedule of annual debt service for the loan as of June 30, 2012:

Year Ending June 30,	Principal	Interest
2013	$ -	$ 55,279
2014	-	55,279
2015	-	55,279
2016	-	55,279
2017	830,000	55,279
Total	$ 830,000	$ 276,395

(10) **Restricted Net Assets:**

Funds received from the CPB are reported as temporarily restricted net assets. These funds are available for expenditure for the specific purpose established by the CPB. In addition, an endowment received by the Station of $32,477 is recorded as permanently restricted net assets in accordance with the conditions set by the donor. The investment earnings on the endowment assets are available to be used for the general purposes of the Station.

(11) **Related Party Transactions:**

During the year ended June 30, 2008, an affiliated station expended monies on behalf of the Station amounting to approximately $780,000. The Station entered into two agreements to repay this amount. The first consists of a principal amount of $302,095, with an interest rate of 4%, due in quarterly payments of principal and interest of $50,000 due in December 2009 and March 2010. The quarterly payment beginning in June 2010 through maturity was $20,000. The balance due at June 30, 2012 and 2011, was $45,342 and $121,612, respectively. There is no stated maturity date on this agreement. The second note consisted of a principal amount of $367,551, with an interest rate of 4%, due in quarterly payments of principal and interest of $40,000 beginning in March 2010. The balance was repaid in full at June 30, 2012. The balance at June 30, 2011, was $155,904.

At June 30, 2012, the Station was due $85,563 from an affiliated station. A net amount due the Station at June 30, 2012 of $25,171 is included in the statement of financial position as due from affiliated station.

Interest of $7,644 and $18,838 was expensed on these notes during 2012 and 2011, respectively, and is included in the statement of revenues, expenses and changes in net assets under interest expense.

(11) **Related Party Transactions:** (Continued)

During the year ended June 30, 2012, the University of South Florida loaned $350,000 to the Station for the purchase of equipment, with an interest rate of 2.75% and quarterly payments of interest due beginning June 30, 2012. Principal payments of $87,500 are due semiannually, beginning in March 2013. The stated maturity date of the agreement is September 30, 2014.

The following is a schedule of annual debt service for the loan as of June 30, 2012:

Year Ending June 30,	Principal	Interest
2013	$ 87,500	$ 4,091
2014	262,500	14,357
Total	$ 350,000	$ 18,448

The amounts are included in the statement of financial position as current portion due to University of South Florida and noncurrent portion of due to University of South Florida.

See Note 9, Long-term Debt Obligations, for amounts the Station owes to the University of South Florida Foundation.

(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.

(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 or an educational institution; (2) the form of the payment must be appropriations or contract payments in exchange for specific public broadcasting services or materials; (3) the purpose must be for the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was $2,885,292 and $3,031,678 for the years ended June 30, 2012 and 2011, respectively.

(13) **Subsequent Events:**

Subsequent events have been evaluated through January 29, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

EXHIBIT I

WUSF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(With Summarized Comparative Totals for the Year Ended June 30, 2011)

	Program Services				Supporting Services					
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total	2012 Total Expenses	2011 Total Expenses
Salaries, payroll taxes and employee benefits	$ 1,643,743	$ 180,410	$ -	$ 1,824,153	$ 371,703	$ 146,926	$ 38,293	$ 556,922	$ 2,381,075	$ 2,930,297
Professional services	31,455	873	29,602	61,930	47,491	171	10,418	58,080	120,010	120,362
Office supplies	13,767	606	4,475	18,848	9,205	780	962	10,947	29,795	127,148
Operating supplies	5,008	-	-	5,008	-	-	-	-	5,008	-
Telephone	4,079	56,078	-	60,157	20,154	23	-	20,177	80,334	47,760
Postage	1,018	152	3,692	4,862	555	25,726	-	26,281	31,143	43,199
Advertising	-	-	29,125	29,125	-	2,277	219	2,496	31,621	84,490
Rental and maintenance of equipment	9,427	3,930	-	13,357	-	18	-	18	13,375	16,136
Program acquisitions	457,207	-	-	457,207	2,823	-	-	2,823	460,030	347,479
Production and service contract costs	38,337	-	-	38,337	-	-	220,000	220,000	258,337	171,040
Production overhead	62,917	-	-	62,917	-	-	-	-	62,917	73,031
Printing and publications	140	-	15,535	15,675	707	2,826	31	3,564	19,239	16,984
Travel and training	3,952	526	-	4,478	3,217	3,714	1,863	8,794	13,272	20,995
Premiums	-	-	14	14	-	172,666	-	172,666	172,680	145,979
Direct mail	-	-	-	-	-	23,724	-	23,724	23,724	56,435
Computer fees and supplies	14,373	523	-	14,896	2,561	11,590	708	14,859	29,755	20,822
Subscriptions and dues	13,357	-	-	13,357	25,806	75	474	26,355	39,712	119,740
Ratings and research	175	-	-	175	-	-	3,405	3,405	3,580	7,640
Meetings and events	259	-	-	259	174	-	-	174	433	1,143
Member maintenance	-	-	-	-	-	56,621	-	56,621	56,621	48,214
Utilities	8,185	54,741	-	62,926	37,828	-	-	37,828	100,754	105,749
Station maintenance	4,246	31,426	-	35,672	715	-	-	715	36,387	77,776
Overhead charges	2,440	-	-	2,440	23,121	-	-	23,121	25,561	12,167
Depreciation	407,266	73,902	-	481,168	81,630	86,628	-	168,258	649,426	803,130
Bad debts	4,900	-	-	4,900	-	-	12,239	12,239	17,139	2,066
Donated facilities and administrative support from the University	232,784	58,647	-	291,431	120,831	47,762	12,448	181,041	472,472	507,566
Loss on disposal of capital assets	11,149	2,023	-	13,172	2,235	2,371	-	4,606	17,778	-
	$ 2,970,184	$ 463,837	$ 82,443	$ 3,516,464	$ 750,756	$ 583,898	$ 301,060	$ 1,635,714	$ 5,152,178	$ 5,907,348

See accompanying notes to financial statements.

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

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

To the Board of Trustees,
University of South Florida:

We have audited the financial statements of WUSF-TV (the Station), a public telecommunications entity operated by the University of South Florida, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

James Moore & Co., P.L.

Gainesville, Florida
January 29, 2013