

**WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA**

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
TABLE OF CONTENTS
JUNE 30, 2021 AND 2020

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 8
Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12 – 20
Supplemental Information	
Schedule of Functional Expenses (Exhibit I)	21

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of Central Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of WUCF-TV (the "Station"), a public telecommunications entity operated by the University of Central Florida, as of and for the fiscal years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 WUCF-TV as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the Station-related accounts of the University of Central Florida that are attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of the University of Central Florida as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

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

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

James Moore & Co., P.L.

Gainesville, Florida
February 11, 2022

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of WUCF-TV (the “Station”) for the fiscal years ended June 30, 2021 and 2020. The University of Central Florida (the “University”) acquired the assets of Community Communications (d/b/a WMFE-TV) on June 25, 2011, and received permission to start operations on September 26, 2012, from the Federal Communications Commission (FCC). This discussion and analysis includes summarized activity from fiscal year 2019 to fiscal year 2021. Management of WUCF-TV has prepared the following discussion, and it should be read in conjunction with the financial statements and related footnotes which follow this section. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station’s accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting (CPB), which generally follow published Governmental Accounting Standards. The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year.

WUCF-TV is a public service of the University of Central Florida (the “University”), licensed by the Federal Communications Commission to the Board of Trustees of the University of Central Florida. The University is governed by the Board of Trustees. The President of the University is responsible for the management of the University, and WUCF-TV operates as a department of the University under the management of the WUCF Executive Director. WUCF-TV studios, production and transmission facilities are located in Orlando, Florida.

As Central Florida’s storyteller, WUCF-TV’s mission is to encourage curiosity and learning through compelling content and community engagement.

WUCF-TV is Central Florida’s sole-service PBS station, serving nearly four million viewers across nine counties. The coverage area for WUCF-TV includes Brevard, Flagler, Lake, Marion, Orange, Osceola, Seminole, Sumter and Volusia counties. WUCF-TV provides five program services, including channel 24.1, WUCF-TV’s main PBS programming channel; WUCF Create 24.2; WUCF PBS Kids 24.3; and WUCF NHK World 24.4.

WUCF-TV’s website, <http://www.wucf.org>, is rapidly expanding as a major means of distributing programming to people without easy access to its broadcast services. All local programs are archived and are available for free to the public on demand.

OVERVIEW OF FINANCIAL STATEMENTS

The financial statements consist of statements of net position, statements of revenues, expenses, and changes in net position and statements of cash flows. The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as promulgated by the Government Accounting Standards Board (GASB). Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

WUCF-TV
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THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

The Station is a department of the University of Central Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity for accounts within the University and the University of Central Florida Foundation, which are under the control of the station Executive Director.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Station, and it presents the financial position of the Station at a specified time. Assets less liabilities equal net position, which is one indicator of the Station's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Station's financial position. Restricted net position 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. Unrestricted net position consists of net position that does not meet the definition of either restricted or net investment in capital assets.

The following summarizes the Station's total net position at June 30, 2021, and the preceding fiscal years.

CONDENSED STATEMENTS OF NET POSITION
(For the Fiscal Years at June 30)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Current assets	\$ 6,528,419	\$ 6,403,559	\$ 7,019,174
Noncurrent assets	6,617,901	6,319,203	5,777,090
Total assets	<u>13,146,320</u>	<u>12,722,762</u>	<u>12,796,264</u>
LIABILITIES			
Current liabilities	536,503	809,286	1,174,752
Noncurrent liabilities	1,705,022	1,771,689	1,876,522
Total liabilities	<u>2,241,525</u>	<u>2,580,975</u>	<u>3,051,274</u>
NET POSITION			
Net investment in capital assets	6,599,036	6,310,433	4,892,826
Restricted – expendable	880,059	117,955	266,467
Unrestricted	3,425,700	3,713,399	4,585,697
Total net position	<u>\$ 10,904,795</u>	<u>\$ 10,141,787</u>	<u>\$ 9,744,990</u>

Total assets as of June 30, 2021, increased by \$423 thousand or 3%, and is primarily attributable to additional funding from the Corporation for Public Broadcasting (CPB). Total liabilities decreased by \$339 thousand or 13% as a result of increased effort in timely payment of invoices related to fiscal year 2021. Total net position increased by \$763 thousand or 8% which can be attributed to PECO funding to replace failing studio transmitter link and to replace studio cameras and teleprompter system.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

Total assets as of June 30, 2020, decreased by \$74 thousand or 1%, which is consistent with fiscal year 2020. Total liabilities decreased by \$470 thousand or 15%, primarily attributable to FCC channel repack. Total net position increased by \$397 thousand or 4% attributable to an increase in net investment in capital assets as a result of purchasing an edit storage system and in-progress FCC channel repack project.

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position represents the Station's revenue and expense activity. Expenses have been summarized on a functional basis. Certain costs have been allocated among program and supporting services based on total personnel costs or other systematic bases.

The following summarizes the Station's changes in net position for the fiscal year ended June 30, 2021, and the preceding fiscal years.

CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
(For the Fiscal Years ended June 30)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES			
Appropriations from the University	\$ 1,168,791	\$ 1,981,911	\$ 4,098,211
Other operating revenues	6,255,115	5,567,396	5,475,787
Total revenues	<u>7,423,906</u>	<u>7,549,307</u>	<u>9,573,998</u>
EXPENSES			
Program services			
Programming and production	2,617,384	2,403,748	2,638,734
Broadcasting	1,462,997	1,429,613	1,239,355
Program information and promotion	331,659	393,330	600,423
Total program services	<u>4,412,040</u>	<u>4,226,691</u>	<u>4,478,512</u>
Supporting services			
Management and general	2,031,045	2,056,877	2,146,959
Fundraising and membership development	1,412,100	1,259,245	1,290,711
Underwriting and grant solicitation	275,511	322,422	307,590
Total supporting services	<u>3,718,656</u>	<u>3,638,544</u>	<u>3,745,260</u>
Total expenses	8,130,696	7,865,235	8,223,772
Net Nonoperating revenues (expenses)	1,469,798	712,725	352,443
Change in net position	<u>763,008</u>	<u>396,797</u>	<u>1,702,669</u>
Net position, beginning of year	<u>10,141,787</u>	<u>9,744,990</u>	<u>8,042,321</u>
Net position, end of year	<u>\$ 10,904,795</u>	<u>\$ 10,141,787</u>	<u>\$ 9,744,990</u>

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

For the year ended June 30, 2021, total revenues decreased by \$125 thousand or 2%, which is the net result of a decrease in university appropriation of \$813 thousand or 41% which includes across the university budget cut of 6% and an increase of \$688 thousand or 12% in other operating revenues as a result of an increase in production income and membership contributions. Total nonoperating revenues increased by \$757 thousand or 106%, which can be attributed to PECO funding, to replace failing studio transmitter link and to replace studio cameras and teleprompter system, and additional funding from CPB.

For the year ended June 30, 2020, appropriations from the University decreased by \$2.1 million or 52% in comparison to a \$1.7 million or 73% increase for the year ended June 30, 2019 as a result of the one-time additional \$2 million University appropriation in fiscal year 2019.

Other operating revenues consist of grants, donor membership, underwriting, production and miscellaneous support. For the year ended June 30, 2020, other operating revenues increased by \$92 thousand or 2% attributable to a combination of an increase in donor membership revenue due to successful pledge drives and donor stewardship and a decrease in indirect administrative support from the University due to the change in indirect support calculation implemented by CPB.

Nonoperating revenues (expenses) increased by \$757 thousand and \$360 thousand for the years ended June 30, 2021 and 2020 as a result of amounts received from the FCC for the mandated repack and PECO allocations from the Florida Department of Education.

For the year ended June 30, 2021, total expenses increased by \$265 thousand or 3% primarily due to the increase in depreciation expense. For the year ended June 30, 2020, total expenses decreased by \$359 thousand or 4% primarily due to the decrease in indirect support.

THE STATEMENT OF CASH FLOW

The statement of cash flows provides information about the Station's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Station's ability to generate net cash flow, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided by or used in the operating activities of the Station. Cash flows from capital and related financing activities include changes associated with capital assets.

The following summarizes the major sources and uses of cash for the fiscal year ended June 30, 2021, and the preceding fiscal years.

CONDENSED STATEMENTS OF CASH FLOWS
(For the Fiscal Years ended June 30)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cash flows provided by (used in)			
Operating activities	\$ (370,656)	\$ 75,715	\$ 1,469,137
Noncapital financing activities	463,899	200,000	(2,000,000)
Capital and related financing activities	<u>177,054</u>	<u>(402,734)</u>	<u>27,457</u>
Net Change in Cash and Cash Equivalents	270,297	(127,019)	(503,406)
Cash and Cash Equivalents			
Beginning of year	5,770,627	5,897,646	6,401,052
End of year	<u>\$ 6,040,924</u>	<u>\$ 5,770,627</u>	<u>\$ 5,897,646</u>

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

For year ended June 30, 2021, cash flows provided by operating activities decreased by \$446 thousand or 590%, due to a decrease in university appropriation and increase in vendor payments.

For year ended June 30, 2020, cash flows provided by operating activities decreased by \$1.2 million or 81%, attributable to the one-time \$2 million additional appropriation received from the University in fiscal year 2019.

In fiscal year ending June 30, 2021, cash flows provided by noncapital financing activities increased by \$264 thousand or 132%, as a result of additional funding from CPB.

In fiscal years ended June 30, 2020 and 2019, the variance in cash flows provided by non-capital financing activities, resulted from the \$2 million transfer to the University to support the University with various initiatives in fiscal year 2020.

ECONOMIC OUTLOOK

In fiscal year 2022, WUCF-TV plans to continue to expand and grow our services, supporters and revenue. Enhanced local content and deepening donor relations and engagement will ensure WUCF continues on a sustainable path. Positive revenue generation and control of expenses will ensure the Station has the ability to grow. As a community supported service of the University of Central Florida, we will remain focused on growing membership, both in terms of the number of overall donors, and in terms of overall dollar amount generated through annual giving to WUCF.

WUCF will continue to expand audience reach on all platforms: TV broadcast, online, social media and mobile. As the audience experience continues to migrate to on-demand/streaming platforms, WUCF will continue to work a combined content and technology plan to facilitate audience discovery and loyalty. In addition to traditional broadcast content WUCF aims to increase our focus on digital video. We will work to extend the impact of key national programming with locally produced multi-platform content including community engagement events, enhancing collaboration with other non-profit organizations and media partners.

WUCF will continue to focus on member retention, paying particular attention to first time donors. WUCF partnered with Contributor Development Partnership (CDP) to implement renewal reminders through letter campaigns, email solicitations, and text messages.

WUCF-TV is currently reviewing its expenses and commitments in terms of an anticipated end of contract for joint master control services, one of the principal costs of broadcasting each day. We plan to seek cost reductions that will be ongoing starting in FY23. This particular contract is currently our largest ongoing operational expense for daily broadcasts. The market has changed since this contract was initiated ten years ago in 2011, and we expect to find costs savings with our new contract/ operation.

WUCF-TV's success supports the University's mission to provide "services that enhance the intellectual, cultural, environmental and economic development of the metropolitan region" and to further establish the University as a "major presence and contributor to the global community."

WUCF-TV
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THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020
(Continued)

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:

WUCF-TV
12461 Research Parkway, Suite 550
Orlando, FL 32826
(407) 823-1300

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 538,829	\$ 621,268
Restricted cash	545,987	34,981
Cash held by the University of Central Florida Foundation, Inc. on behalf of the Station	4,956,108	5,114,378
Accounts and grants receivable	398,371	361,751
Due from affiliated station	12,942	7,000
FCC repack receivable	-	203,667
Current portion of prepaid assets	76,182	60,514
Total current assets	6,528,419	6,403,559
Noncurrent assets		
Prepaid assets, less current portion	18,865	8,770
Capital assets, net of accumulated depreciation	3,435,960	1,150,517
Capital assets, not being depreciated	3,163,076	5,159,916
Total noncurrent assets	6,617,901	6,319,203
Total Assets	13,146,320	12,722,762
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	264,275	441,706
Due to the University of Central Florida Foundation, Inc.	-	10,000
Due to the University of Central Florida	146,754	224,038
Unearned revenue, current portion	125,474	133,542
Total current liabilities	536,503	809,286
Noncurrent liabilities		
Unearned revenue, less current portion	1,705,022	1,771,689
Total Liabilities	2,241,525	2,580,975
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	6,599,036	6,310,433
Restricted - expendable	880,059	117,955
Unrestricted	3,425,700	3,713,399
Total Net Position	\$ 10,904,795	\$ 10,141,787

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating revenues		
Community Service Grants donated by the Corporation for Public Broadcasting	\$ 1,174,725	\$ 911,898
Other grants donated by the Corporation for Public Broadcasting	35,782	31,389
Community Service Grants donated by the Department of Education, State of Florida	320,400	320,400
Appropriations from the University of Central Florida	1,168,791	1,981,911
Donated facilities and administrative support from the University of Central Florida	612,485	630,131
Other governmental grants	49,413	43,053
Membership	3,116,430	2,832,339
Underwriting	261,492	262,817
Production	63,693	40,417
In-kind contributions	30,339	33,230
Miscellaneous support	590,356	461,722
Total operating revenues	7,423,906	7,549,307
Operating expenses (Exhibit I)		
Programming and production	2,617,384	2,403,748
Broadcasting	1,462,997	1,429,613
Program information and promotion	331,659	393,330
Management and general	2,031,045	2,056,877
Fundraising and membership development	1,412,100	1,259,245
Underwriting and grant solicitation	275,511	322,422
Total operating expenses	8,130,696	7,865,235
Operating loss	(706,790)	(315,928)
Nonoperating revenues		
Other nonoperating grants	463,899	200,000
Insurance proceeds	-	169,649
FCC repack	27,300	343,076
PECO allocation	978,599	-
Total nonoperating revenues	1,469,798	712,725
Change in net position	763,008	396,797
Net position, beginning of year	10,141,787	9,744,990
Net position, end of year	\$ 10,904,795	\$ 10,141,787

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

WUCF-TV
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THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 5,748,575	\$ 4,645,120
Cash received from appropriations from the University of Central Florida	1,168,791	1,981,911
Cash paid to employees for salaries and benefits	(2,730,449)	(2,864,938)
Cash paid to vendors	(4,557,573)	(3,686,378)
Net cash provided by (used in) operating activities	(370,656)	75,715
Cash flows from noncapital financing activities		
Proceeds from other nonoperating grants	463,899	200,000
Cash flows from capital and related financing activities		
Purchase of capital assets	(784,873)	(1,589,925)
FCC repack	230,967	898,265
PECO allocations	730,960	119,277
Insurance proceeds	-	169,649
Net cash provided by (used in) capital and related financing activities	177,054	(402,734)
Change in cash and cash equivalents	270,297	(127,019)
Cash and cash equivalents, beginning of year	5,770,627	5,897,646
Cash and cash equivalents, end of year	\$ 6,040,924	\$ 5,770,627
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	\$ (706,790)	\$ (315,928)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Depreciation	496,270	184,744
Change in assets and liabilities:		
Accounts and grants receivable - related to operating activity	211,019	(194,742)
Due from affiliated station	(5,942)	(3,660)
Transfer of property	-	(12,426)
Prepaid assets	(25,763)	21,271
Accounts payable and accrued expenses	(177,431)	215,745
Due to the University of Central Florida - related to operating activity	(77,284)	222,458
Due to the University of Central Florida Foundation	(10,000)	10,000
Unearned revenue	(74,735)	(51,747)
Net cash provided by (used in) operating activities	\$ (370,656)	\$ 75,715
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 538,829	\$ 621,268
Restricted cash	545,987	34,981
Cash held by the University of Central Florida Foundation, Inc. on behalf of the Station	4,956,108	5,114,378
	\$ 6,040,924	\$ 5,770,627

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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

(a) **Reporting entity**—The Station is a department of the University of Central Florida (the “University”), located in Orlando, 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 Executive Director. The financial statements include only those funds, under the administrative control of the President of the University, that relate directly to the operation of the Station, including University funds as well as funds held by University of Central 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. The University acquired the assets of Community Communications (d/b/a WMFE-TV) on June 25, 2011, and received permission to start operations on September 26, 2012, from the Federal Communications Commission (the “FCC”).

(b) **Basis of accounting**—The Station’s accounting policies conform with accounting principles generally accepted by Governmental Accounting Standards Board (“GASB”). For financial reporting purposes, the Station has elected to report as an entity engaged in only 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. Revenues are recorded when earned and expenses are recorded when incurred. Included in the Station’s financial statements are the following components:

- ◆ Management’s Discussion and Analysis
- ◆ Basic Financial Statements:
 - Statements of Net Position
 - Statements of Revenues, Expenses, and Changes in Net Position
 - Statements of Cash Flows
 - Notes to Financial Statements

(c) **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.

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. The Station does not have any nonexpendable restricted net position as of June 30, 2021 and 2020.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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. At June 30, 2021, expendable restricted net position included a grant receivable for spent PECO funds, other unspent grant funds, and unspent American Rescue Plan Act Stabilization grant funds, which are restricted to maintain programming and services and preserve the ability of stations to respond to the global pandemic, coronavirus disease “COVID-19”. At June 30, 2020, expendable restricted net position was comprised of a grant receivable for spent PECO funds and other unspent grant funds.

Unrestricted—The difference between the assets and liabilities that is not reported in “net investment in capital assets” and “restricted net position.”

When both restricted and unrestricted resources are available for use, it is the Station’s policy to expend restricted resources first, then unrestricted resources as they are needed.

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

(e) **Restricted cash**—Restricted cash represents cash that has been received that has to be spent based on grantor or donor restrictions.

(f) **Accounts and grants receivable**—Accounts and grants receivable, including Public Educational Capital Outlay (PECO) allocation receivables, are stated at the amount management expects to collect from outstanding balances. PECO allocation funds are recorded as a receivable upon allocation from the Florida Department of Education. Receivables are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivables do not bear interest. There was no allowance for doubtful accounts recorded at June 30, 2021 and 2020.

(g) **FCC repack receivable**—The Station has been reassigned to a new channel in the repacking process associated with the broadcast television spectrum incentive auction pursuant to the *Auction 1000 Closing and Channel Reassignment Public Notice*. The Congressionally-mandated auction involves a repacking or reorganization of the television bands. As part of the repacking, the Station has been reassigned to a new post-auction channel. As a result of this reassignment, the Station was awarded repack funds from the Federal Communications Commission. These funds are recognized as receivable upon the Station’s expenditure for required repack equipment.

(h) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast are recorded as a prepaid 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 noncurrent. 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.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

(i) **Capital assets**—Capital assets consist of construction in progress, furniture and equipment, leasehold improvements, and a license. Tangible personal property and intangible assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. New buildings and improvements have a \$100,000 capitalization threshold. 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, which range from five to ten years.

(j) **Revenue recognition**—Appropriations from the University are recorded as revenue in the statements of revenues, expenses, and changes in net position when an expenditure is recorded.

PECO allocation funds are recorded as revenue when the Florida Department of Education approves the encumbrance.

FCC repack funds are recorded as revenue when the related repack equipment expenditure is incurred.

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

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

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

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

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

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

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

(m) **Indirect support provided by the University of Central Florida**—Indirect support from the University consists of allocated institutional support for 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.

Indirect support is calculated using the CPB's Standard Method. For purposes of this calculation, expenses for non-broadcasting activities and unrelated business income taxes are removed from the Station's total operating expenses, along with depreciation, amortization, in-kind contributions, and donated property and equipment to determine the Station's net direct expenses. For the years ended June 30, 2021 and 2020, there were no non-broadcasting activities and unrelated business income taxes. Additionally, in accordance with the CPB Standard Method, fees paid to the University of \$36,277 and \$59,211 were removed in the calculation of indirect administrative support for the years ended June 30, 2021 and 2020, respectively.

(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) **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.

(p) **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.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Any remaining CSG funds and other restricted CPB grant funds at fiscal year-end are reported as restricted cash and restricted-expendable net position on the statements of net position.

(q) **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.

(r) **Nonoperating activities**—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 nonoperating revenues. Other nonoperating grants are included within nonoperating activities as these funds did not result from normal operations of the station.

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

(t) **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.

(u) **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.

(v) **Advertising costs**—Promotional advertising costs are expensed in the period in which they are incurred. Advertising expense for the fiscal years ended June 30, 2021 and 2020, was \$268,672 and \$305,520, respectively.

(w) **Recent accounting pronouncements**—In June 2017, the GASB issued Statement No. 87, *Leases*, to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for the Station’s fiscal year ended June 30, 2022. Earlier application is encouraged. The Station is currently evaluating the effect that implementation of the new Statement will have on its financial position, results of operations, and cash flows.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

In June 2018, GASB issued Statement No. 89, *Interest Cost in Construction*. GASB 89 was made to enhance the comparability of information about capital assets and the cost of borrowing for a reported period, and aims to simplify accounting for the interest cost incurred before the end of a construction period. The provisions in GASB 89 are effective for the Station’s fiscal year ended June 30, 2022. The Station is currently evaluating the impact this statement will have on its financial statements.

(x) **Reclassifications**—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on net position.

(2) **Cash Held by the University of Central 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. These amounts are included in the accompanying financial statements of the Station in “Cash held by the University of Central Florida Foundation, Inc. on behalf of the Station.” Total cash held by the Foundation is \$4,956,108 and \$5,114,378 as of June 30, 2021 and 2020, respectively.

(3) **Capital Assets:**

Capital asset balances and activity for the fiscal years ended June 30, 2021 and 2020, were as follows:

	Balance July 1, 2020	Increases	Decreases	Transfers	Balance June 30, 2021
Capital asset, not being depreciated					
License	\$3,163,076	\$ -	\$ -	\$ -	\$ 3,163,076
Construction in progress	1,996,840	-	-	(1,996,840)	-
Total capital assets, not being depreciated, net	<u>5,159,916</u>	<u>-</u>	<u>-</u>	<u>(1,996,840)</u>	<u>3,163,076</u>
Capital assets, being depreciated					
Furniture and equipment	1,692,361	757,573	(70,332)	-	2,379,602
Leasehold improvements	379,156	27,300	-	1,996,840	2,403,296
Less: Accumulated depreciation	(921,000)	(496,270)	70,332	-	(1,346,938)
Total capital assets, being depreciated, net	<u>1,150,517</u>	<u>288,603</u>	<u>-</u>	<u>1,996,840</u>	<u>3,435,960</u>
Total capital assets	<u>\$6,310,433</u>	<u>\$ 288,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,599,036</u>

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(3) **Capital Assets:**(Continued)

	Balance July 1, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Capital asset, not being depreciated					
License	\$ 3,163,076	\$ -	\$ -	\$ -	\$ 3,163,076
Construction in progress	1,638,360	399,856	(41,376)	-	1,996,840
Total capital assets, not being depreciated, net	<u>4,801,436</u>	<u>399,856</u>	<u>(41,376)</u>	<u>-</u>	<u>5,159,916</u>
Capital assets, being depreciated					
Furniture and equipment	1,585,320	364,690	(280,242)	22,593	1,692,361
Leasehold improvements	379,156	-	-	-	379,156
Less: Accumulated depreciation	(1,006,331)	(184,744)	280,242	(10,167)	(921,000)
Total capital assets, being depreciated, net	<u>958,145</u>	<u>179,946</u>	<u>-</u>	<u>12,426</u>	<u>1,150,517</u>
Total capital assets	<u>\$ 5,759,581</u>	<u>\$ 579,802</u>	<u>\$ (41,376)</u>	<u>\$ 12,426</u>	<u>\$ 6,310,433</u>

Depreciation expense was \$496,270 and \$184,744 for the fiscal years ended June 30, 2021, and 2020, respectively.

(4) **Related Party Transactions:**

The Station leases office space from the University of Central Florida Foundation, Inc. on a year-to-year basis. Rental expense and monthly required maintenance expense paid under these leases was approximately \$134,000 and \$136,000 for fiscal years ended June 30, 2021 and 2020, respectively. A portion of this office space is used by an affiliated station who pays for part of the lease. WUCF-TV's portion of the lease was approximately \$111,000 and \$113,000 for the fiscal years ended June 30, 2021 and 2020, respectively.

(5) **Operating Lease:**

The Station leases a transmitter building under an operating lease expiring in 2022. Rent expense related to this lease agreement amounted to approximately \$140,000 and \$133,000 for the fiscal years ended June 30, 2021 and 2020, respectively. Minimum future rental payments under the noncancellable operating lease as of June 30, 2021, for fiscal year 2022 were approximately \$147,000.

(6) **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 were no uninsured amounts as of June 30, 2021 and 2020.

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(6) **Significant Concentrations:** (Continued)

(b) **Cash held by the University of Central 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 Station has no policy requiring collateral or other security to support these amounts.

(c) **Accounts and grants receivable—**The Station has accounts and grants receivables, including FCC repack receivables, of \$398,371 and \$565,418 from governmental and other sources at June 30, 2021 and 2020, respectively. The PECO allocation funds account for approximately 84% and 15% of these receivables at June 30, 2021 and 2020, respectively. The FCC is responsible for approximately 36% of these receivables at June 30, 2020. The Florida Department of Education is responsible for approximately 5% and 15% of these receivables at June 30, 2021 and 2020, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(d) **Revenues—**The Station received significant revenue from three sources in the fiscal years ended June 30, 2021 and 2020. The Florida Department of Education provided 15% and 4% of revenue during the fiscal years ended June 30, 2021 and 2020, respectively. The CPB provided approximately 19% and 14% of revenue during the fiscal years ended June 30, 2021 and 2020, respectively. The University provided approximately 20% and 32% in cash support and donated facilities during the fiscal years ended June 30, 2021 and 2020, respectively.

(7) **Grants from the Corporation for Public Broadcasting:**

The Station receives CSGs from the CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

Years of Grant	Grants Received	Expended			Uncommitted Balance at June 30, 2021
		2018-2019	2019-2020	2020-2021	
2018-2020	\$ 954,684	\$ 934,330	\$ 20,354	\$ -	\$ -
2019-2021	\$ 911,898	\$ -	\$ 911,898	\$ -	\$ -
2020-2022	\$ 1,174,725	\$ -	\$ -	\$ 1,102,588	\$ 72,137

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

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

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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

Membership in the DCA allows for \$700,000 in grant funding as part of a seven million dollar total CPB grant for DCA infrastructure. The agreement extends through February 2023. WUCF-TV's annual service fee was approximately \$300,000 for both fiscal years ended June 30, 2021 and 2020.

(9) **Channel Sharing Agreement:**

In the fiscal year ended June 30, 2018, the Station signed a channel sharing agreement with Good Life Broadcasting Inc. ("WTGL"). The agreement has an effective date of September 27, 2017, and extends for a period of 30 years. This agreement resulted in a \$4,250,000 payment to the Station in fiscal year 2018. Of the amount received, \$2,250,000 was recognized by the Station in fiscal year 2018. The Station recorded the remaining \$2,000,000 as unearned revenue to be recognized over the life of the agreement. Approximately \$67,000 was recognized in revenue in each of the fiscal years ended June 30, 2021 and 2020.

(10) **Nonfederal Financial Support:**

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support ("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 broadcasting 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.

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 or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to 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 \$5,065,290 and \$5,526,415 for the fiscal years ended June 30, 2021 and 2020, respectively.

SUPPLEMENTAL INFORMATION

WUCF-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	Program Services				Supporting Services				2021 Total Expenses	2020 Total Expenses
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total		
Salaries, payroll taxes and employee benefits	\$ 965,590	\$ 372,564	\$ 228,004	\$ 1,566,158	\$ 648,863	\$ 409,650	\$ 149,289	\$ 1,207,802	\$ 2,773,960	\$ 2,752,927
Professional services	188,297	349,735	17,352	555,384	135,262	527,495	45,993	708,750	1,264,134	1,245,884
Postage, shipping and handling	8	202	-	210	21	10,798	-	10,819	11,029	7,629
Supplies	33,606	9,698	6,485	49,789	11,972	90	5,521	17,583	67,372	62,667
Telecommunications and utilities	-	100,044	673	100,717	34,277	-	-	34,277	134,994	143,770
Pledge premiums	-	-	5,536	5,536	-	263,639	4,000	267,639	273,175	305,700
Rental and maintenance of equipment	150,585	248,939	14,872	414,396	165,823	24,517	8,866	199,206	613,602	538,417
Travel and training	671	-	170	841	2,229	1,599	-	3,828	4,669	37,702
Program acquisition	856,356	-	7,072	863,428	788,552	-	-	788,552	1,651,980	1,554,561
Subscriptions and dues	5,773	25	1,152	6,950	62,640	-	8,627	71,267	78,217	43,399
Other operating expenses	4,252	-	-	4,252	16,075	-	20,252	36,327	40,579	254,278
Service fees	-	3	-	3	-	83,862	-	83,862	83,865	80,791
Indirect support	213,200	82,261	50,343	345,804	143,268	90,450	32,963	266,681	612,485	630,131
Depreciation	199,046	275,161	-	474,207	22,063	-	-	22,063	496,270	184,744
Insurance	-	24,365	-	24,365	-	-	-	-	24,365	22,635
	<u>\$ 2,617,384</u>	<u>\$ 1,462,997</u>	<u>\$ 331,659</u>	<u>\$ 4,412,040</u>	<u>\$ 2,031,045</u>	<u>\$ 1,412,100</u>	<u>\$ 275,511</u>	<u>\$ 3,718,656</u>	<u>\$ 8,130,696</u>	<u>\$ 7,865,235</u>

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