

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

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

WUCF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
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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-FM (the "Station"), a public telecommunications entity operated by the University of Central Florida, as of and for the fiscal years ended June 30, 2020 and 2019, 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-FM as of June 30, 2020 and 2019, 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 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, 2020 and 2019, 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.

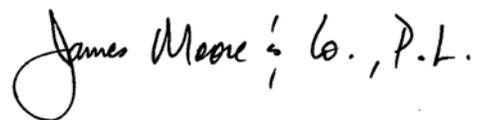
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 8 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.



Gainesville, Florida
January 13, 2021

WUCF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of WUCF-FM (the “Station”) for the fiscal years ended June 30, 2020 and 2019. The University of Central Florida (the “University”) has held the license for WUCF-FM since the station’s inception in 1978, with the name of WUCF-FM being granted in July of 1979 by the Federal Communications Commission (FCC). This discussion and analysis includes summarized activity for fiscal years 2018, 2019, and 2020. Management of WUCF-FM 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.

WUCF-FM 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-FM operates as a department of the University under the management of the WUCF Executive Director. WUCF-FM studios, production and transmission facilities are located in Orlando, Florida.

The mission of WUCF-FM is to serve the University, listeners, and the Central Florida community with high quality programming and services to inform, educate, enlighten and entertain. Through multiple broadcasts and technical and artistic services, WUCF-FM seeks to enhance the intellectual, cultural, and artistic development of the metropolitan region, and, help to establish the University as a major presence. WUCF-FM works carefully to serve unmet needs and offer significant programming for significant audiences. In the current programming schedule, this includes local and national programming with an in-depth approach to news and events, and, an emphasis on the American and Central Florida multi-cultural treasure of jazz.

The Station serves nearly two million Central Floridians across three counties. The coverage area for WUCF-FM includes Orange, Osceola and Seminole counties. WUCF-FM provides two program services, including 89.9-HD1 Jazz and More, and 89.9-HD2 Latin Jazz.

WUCF-FM’s website, <http://wucf.org>, connects the station to local and worldwide constituents. The site offers the stations’ playlists, links to national programming, and the 24/7 online streams of both 89.9-HD1 and 89.9-HD2. Listeners can also donate to the station thru the secure website pledge links.

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.

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(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 assets that do 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, 2020, 2019 and 2018.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Current assets	\$ 886,935	\$ 503,334	\$ 751,388
Noncurrent assets	90,937	107,986	36,294
Total assets	<u>977,872</u>	<u>611,320</u>	<u>787,682</u>
LIABILITIES			
Current liabilities	89,985	169,223	65,772
Total liabilities	<u>89,985</u>	<u>169,223</u>	<u>65,772</u>
NET POSITION			
Net investment in capital assets	90,937	58,111	36,294
Restricted – nonexpendable	15,667	15,067	13,867
Restricted – expendable	105,586	92,151	115,554
Unrestricted	675,697	276,768	556,195
Total net position	<u>\$ 887,887</u>	<u>\$ 442,097</u>	<u>\$ 721,910</u>

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JUNE 30, 2020 AND 2019
(Continued)

Total assets as of June 30, 2020, increased by \$367 thousand or 60% attributable to an additional funding from the Corporation for Public Broadcasting and an increase in funds held by the University of Central Florida Foundation, Inc.

Total liabilities as of June 30, 2020, decreased by \$79 thousand or 47% mainly attributable to payment of the accounts payable relating to the purchase of a new piano, and payment of the due to the University.

Total assets as of June 30, 2019, decreased by \$176 thousand or 22% due to a combination of a decrease in cash balance and an increase in capital assets, net of depreciation, for the purchase of a piano.

Total liabilities as of June 30, 2019, increased by \$103 thousand or 157% mainly attributable to an increase in accounts payable relating to the purchase of a new piano, and an increase in the amounts due to the University. Contributions to the University grant leave pool are expensed and the University is responsible for paying the accrued annual and sick leave of Station employees.

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 years ended June 30, 2020, 2019 and 2018.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES			
Appropriations from the University	\$ 713,642	\$ 658,062	\$ 441,620
Other operating revenues	611,948	641,587	619,588
Total revenues	<u>1,325,590</u>	<u>1,299,649</u>	<u>1,061,208</u>
EXPENSES			
Program services			
Programming and production	356,462	340,022	293,296
Broadcasting	129,155	185,791	175,799
Program information and promotion	36,782	5,170	3,729
Total program services	<u>522,399</u>	<u>530,983</u>	<u>472,824</u>

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JUNE 30, 2020 AND 2019
(Continued)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Supporting services			
Management and general	\$ 327,195	\$ 318,979	\$ 278,946
Fundraising and membership development	80,042	26,373	26,491
Underwriting and grant solicitation	<u>25,764</u>	<u>103,471</u>	<u>77,707</u>
Total supporting services	433,001	448,823	383,144
Total operating expenses	955,400	979,806	855,968
Total nonoperating revenues (expenses)	<u>75,600</u>	<u>(599,656)</u>	-
Increase (decrease) in net position	445,790	(279,813)	205,240
Net position, beginning of year	442,097	721,910	516,670
Net position, end of year	<u>\$ 887,887</u>	<u>\$ 442,097</u>	<u>\$ 721,910</u>

For the fiscal year ended June 30, 2020, total revenues and total expenses remained consistent with fiscal year 2019. For the fiscal year 2020, the change of approximately \$675 thousand or 113% in net nonoperating revenues (expenses) is due to the transfer to the University in fiscal year 2019 and other nonoperating grants received in fiscal year 2020.

For the fiscal year ended June 30, 2019, the change in total revenues is primarily due to an increase in appropriation from the University by \$216 thousand or 49%. For the fiscal year ended June 30, 2019, total expenses increased by \$723 thousand or 85% mainly attributable to the transfer to the University.

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 used in the operating activities of the Station. Cash flows from capital and related financing activities include purchases of capital assets.

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(Continued)

The following summarizes the major sources and uses of cash for the fiscal years ended June 30, 2020, 2019 and 2018.

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

	2020	2019	2018
Cash flows provided by (used in)			
Operating activities	\$ 443,262	\$ 374,151	\$ 172,055
Non-capital financing activities	-	(600,856)	-
Capital and related financing activities	(59,254)	(37,007)	-
Investing activities	-	(13,867)	-
	384,008	(277,579)	172,055
Net increase (decrease) in Cash and Cash			
 Equivalents	384,008	(277,579)	172,055
Cash and Cash Equivalents			
Beginning of year	463,574	741,153	569,098
End of year	\$ 847,582	\$ 463,574	\$ 741,153

For the fiscal year ended June 30, 2020, total cash flow increased by \$662 thousand or 238% mainly attributable to the transfer to the University's construction department that happened in fiscal year 2019.

ECONOMIC OUTLOOK

In fiscal year 2021, WUCF-FM will continue to expand and grow our services, supporters and revenue. Increased community engagement activities and specific outreach and programming services targeted to the growing local Hispanic community will ensure the Station continues on a sustainable path. Positive revenue generation and control of expenses will enable the Station to have the ability to grow. WUCF-FM will continue to expand and enhance locally produced programs across the weekly program schedule, and will develop targeted podcasts to serve diverse audiences. We will work with our licensee, the University of Central Florida, to provide increased service to students and integration into the academic mission of the University, which in turn keeps us true to our mission of education.

In response to the Covid-19 pandemic's local, state and federal mandates, in March 2020, the station's employees started working remotely. The studio closed to the public and all in-person events were canceled to follow social distancing guidelines. Various aspects of the business were affected.

Communications occurred through Microsoft Teams, Skype, Zoom and emails. All approval processes switched to digital. Travel restrictions, hiring freeze and funding cuts were put into place by the University.

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(Continued)

WUCF has been learning, adjusting and innovating every day since the pandemic. As a result, we have:

- Learned that even a small organization can be very responsive and impactful in programming and outreach.
- Explored deeper collaborations with existing partners and launched new partnerships with other organizations. These relationships are expected to continue growing and evolving as WUCF works to incorporate changes long term while also expanding impact in the community.
- Explored technologies and new ways of working. The pandemic required the station's employees to rethink how they broadcasted and provided services.

These lessons learned and new opportunities for growth have further reinforced the critical nature of WUCF's mission.

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

WUCF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	2020	2019
Current assets		
Cash and cash equivalents	\$ 278,573	\$ 63,357
Restricted cash	101,936	88,501
Funds held by the University of Central Florida Foundation, Inc. on behalf of the Station		
Unrestricted	463,423	308,066
Restricted	3,650	3,650
Funds held and invested by the University of Central Florida Foundation, Inc. on behalf of the Station		
Restricted	15,667	15,067
Accounts receivable	7,416	12,892
Prepaid assets	16,270	11,801
Total current assets	886,935	503,334
Noncurrent assets		
Capital assets, net of accumulated depreciation	90,937	107,986
Total Assets	977,872	611,320
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	41,012	70,569
Due to the University of Central Florida	-	41,324
Due to affiliated station	7,000	3,340
Unearned revenue	41,973	53,990
Total current liabilities	89,985	169,223
Total Liabilities	89,985	169,223
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	90,937	58,111
Restricted		
Nonexpendable	15,667	15,067
Expendable	105,586	92,151
Unrestricted	675,697	276,768
Total Net Position	\$ 887,887	\$ 442,097

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

WUCF-FM
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, 2020 AND 2019

	2020	2019
Operating revenues		
Community Service Grants donated by the Corporation for Public Broadcasting	\$ 96,551	\$ 94,240
Appropriations from the University of Central Florida	713,642	658,062
Donated facilities and administrative support from the University of Central Florida	111,098	159,949
Rental income	195,926	189,336
Membership	115,431	103,398
Underwriting	68,327	61,661
In-kind contributions	4,600	5,600
Miscellaneous support	20,015	27,403
Total operating revenues	1,325,590	1,299,649
Operating expenses (Exhibit I)		
Programming and production	356,462	340,022
Broadcasting	129,155	185,791
Program information and promotion	36,782	5,170
Management and general	327,195	318,979
Fundraising and membership development	80,042	26,373
Underwriting and grant solicitation	25,764	103,471
Total operating expenses	955,400	979,806
Operating income	370,190	319,843
Nonoperating revenues (expenses)		
Transfers to the University of Central Florida, net	-	(600,856)
Investment income	600	1,200
Other nonoperating grants	75,000	-
Total nonoperating revenues (expenses)	75,600	(599,656)
Increase (decrease) in net position	445,790	(279,813)
Net position, beginning of year	442,097	721,910
Net position, end of year	\$ 887,887	\$ 442,097

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

WUCF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF CENTRAL FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 489,709	\$ 479,899
Cash received from appropriations from the University of Central Florida	713,642	658,062
Cash paid to employees for salaries and benefits	(555,922)	(503,962)
Cash paid to vendors	(279,167)	(259,848)
Net cash provided by operating activities	368,262	374,151
Cash flows from noncapital financing activities		
Proceeds from other nonoperating grants	75,000	-
Transfers to the University of Central Florida	-	(600,856)
	75,000	(600,856)
Cash flows from capital and related financing activities		
Purchase of capital assets	(59,254)	(37,007)
Cash flows from investing activities		
Increase in funds held and invested by the University of Central Florida Foundation, Inc. on behalf of the Station	(600)	(15,067)
Investment income	600	1,200
Net cash used in investing activities	-	(13,867)
Net increase (decrease) in cash and cash equivalents	384,008	(277,579)
Cash and cash equivalents, beginning of year	463,574	741,153
Cash and cash equivalents, end of year	\$ 847,582	\$ 463,574
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 370,190	\$ 319,843
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	26,428	15,190
Change in assets and liabilities:		
Accounts receivable	5,476	(11,839)
Prepaid assets	(4,469)	(2,619)
Accounts payable and accrued expenses - related to operating activity	20,318	(6,788)
Due to the University of Central Florida	(41,324)	41,324
Due to affiliated station	3,660	3,340
Unearned revenue	(12,017)	15,700
Net cash provided by operating activities	\$ 368,262	\$ 374,151
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 278,573	\$ 63,357
Restricted cash	101,936	88,501
Funds held by the University of Central Florida Foundation, Inc. on behalf of the Station		
Unrestricted	463,423	308,066
Restricted	3,650	3,650
	\$ 847,582	\$ 463,574
Supplemental disclosure of noncash capital activities		
Capital purchases included in accounts payable	\$ -	\$ 49,875

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

WUCF-FM
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

The following is a summary of the more significant accounting policies of WUCF-FM (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 of Central 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 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.

(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.

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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

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

(g) **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. There was no allowance for doubtful accounts recorded at June 30, 2020 and 2019.

(h) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (included in prepaid assets) are recorded as an 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

(i) **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 over five to ten years.

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

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

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 statement 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.

(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 listeners. Contributions, including unconditional promises to give and membership receipts, are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and 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 and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the statement 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.

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

For the year ended June 30, 2020, 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 year ended June 30, 2020, there was \$114,371 of non-broadcasting activities and \$26,069 of unrelated business income taxes. Additionally, in accordance with the CPB Standard Method, fees paid to the University of \$472 were removed in the calculation of indirect administrative support for the year ended June 30, 2020.

(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. There was no production revenue for the fiscal years ended June 30, 2020, and 2019.

(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.

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

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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 nonoperating revenues.

(r) **Nonoperating activities**—Transfers to the University that are not related to the operating activities of the Station are defined as nonoperating on the statements of revenues, expenses, and changes in net position. These transfers are recorded on a net basis, and include a transfer of \$600,856 to the University in the fiscal year ended June 30, 2019. No grant funds were used in this transfer. Other nonoperating grants are also 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, 2020 and 2019, was \$5,301 and \$2,284, 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 ending 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.

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 ending June 30, 2022. The Station is currently evaluating the impact the Statement will have on its financial statements.

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(2) **Funds Held and Invested 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 and invested by the Foundation 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 Central Florida Foundation, Inc. on behalf of the Station.” Total investments held by the Foundation as of June 30, 2020 and 2019, are \$15,667 and 15,067. These investments are restricted funds which relate to contributions and endowments that have donor constraints placed on the use of the funds. See note 7 for additional information on restrictions on net position. Additionally, total cash held by the Foundation is \$467,073 and \$311,716 as of June 30, 2020 and 2019, respectively.

All funds held and invested by the Foundation on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the Foundation. All funds held and invested by the Foundation on behalf of the Station are reflected at fair value. The Foundation categorizes the fair value measurement of these investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Station has the following recurring fair value measurements as of June 30, 2020 and 2019:

Funds held and invested by the Foundation – recorded at the Station’s ownership of a share of an investment pool, not the underlying securities. These funds are valued at net asset value (NAV) of units held, as reported by the Foundation. The Station reviews and evaluates the values and assesses the valuation methods and assumptions used in determining the fair value of these investments. Because the investment pool is not readily marketable, NAV is used as a practical expedient, and the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a readily available market for such investment existed, and differences could be material. The Station relies on policies developed and administered by the University and the Foundation for managing interest rate risk or credit risk for these investment pools.

In accordance with GASB 72, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The following table discloses the nature and risk of investments for which fair value has been estimated using the NAV per share of the investments as a practical expedient as of June 30, 2020 and 2019.

Investments Measured at NAV as of June 30, 2020						
	Total Fair Value		Unfunded Commitments		Redemption Frequency	Redemption Notice Period
Funds held and invested by the Foundation						
June 30, 2020	\$ 15,667	\$	-		Daily	N/A
June 30, 2019	\$ 15,067	\$	-		Daily	N/A

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(3) **Capital Assets:**

Capital asset balances and activity for the fiscal years ended June 30, 2020 and 2019, were as follows:

	Balance July 01, 2019	Increases	Decreases	Transfers	Balance June 30, 2020
Capital assets, being depreciated					
Furniture and equipment	\$ 390,937	\$ 9,379	\$ (32,552)	\$ -	\$ 367,764
Less: Accumulated depreciation	(282,951)	(26,428)	32,552	-	(276,827)
Total capital assets, being depreciated, net	<u>107,986</u>	<u>(17,049)</u>	<u>-</u>	<u>-</u>	<u>90,937</u>
Total capital assets	<u>\$ 107,986</u>	<u>\$ (17,049)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,937</u>
	Balance July 01, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Capital assets, being depreciated					
Furniture and equipment	\$ 426,068	\$ 86,882	\$ (130,128)	\$ 8,115	\$ 390,937
Less: Accumulated depreciation	(389,774)	(15,190)	130,128	(8,115)	(282,951)
Total capital assets, being depreciated, net	<u>36,294</u>	<u>71,692</u>	<u>-</u>	<u>-</u>	<u>107,986</u>
Total capital assets	<u>\$ 36,294</u>	<u>\$ 71,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,986</u>

Depreciation expense was \$26,428 and \$15,190 for the fiscal years ended June 30, 2020 and 2019, respectively.

(4) **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, 2020 and 2019.

(b) **Funds 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) **Revenues**—The Station received significant revenue from two sources. The CPB provided approximately 12% and 7% of revenue during the fiscal years ended June 30, 2020 and 2019, respectively. The University provided approximately 59% and 63% in cash support and donated facilities during the fiscal years ended June 30, 2020 and 2019, respectively.

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(5) Grants from the Corporation for Public Broadcasting:

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

Years of Grant	Grants Received	Expended			Uncommitted Balance at June 30, 2020
		2017-2018	2018-2019	2019-2020	
2017-2019	\$ 98,611	\$ -	\$ 91,038	\$ 7,573	\$ -
2018-2020	\$ 94,240	\$ -	\$ 13,312	\$ 71,786	\$ 9,142
2019-2021	\$ 96,551	\$ -	\$ -	\$ 3,757	\$ 92,794

(6) Related Party Transactions:

The Station transferred \$600,856 of non CPB and non-grant related funds to the University in the fiscal year ended June 30, 2019. There were no transfers to the University in the fiscal year ended June 30, 2020.

The Station shares office space with an affiliated station who leases the space from the University of Central Florida Foundation, Inc. on a year to year basis. Rental expense and monthly required maintenance expense paid under the lease was approximately \$23,000 and \$22,000 for the fiscal years ended June 30, 2020 and 2019, respectively.

(7) Restrictions on Net Position:

Investment income, including unrealized appreciation and depreciation, is allocated to the unrestricted account if there are no donor restrictions. If there are specific donor restrictions or criteria, investment income, including unrealized appreciation and depreciation, are allocated to the restricted expendable account on a pro rata basis based on the nonexpendable balance. In accordance with state law, and absent any donor restrictions, these funds are then available for expenditure when the specific donor criteria are met. Included in restricted expendable net position at June 30, 2019, are certain grant funds totaling \$88,501 and contributions totaling \$3,650. Included in restricted expendable net position at June 30, 2020, are certain grant funds totaling \$101,936 and contributions totaling \$3,650. The restricted nonexpendable net position at June 30, 2020 and 2019, contains the endowment balance of \$15,667 and \$15,067, respectively.

(8) Risks and Uncertainties:

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

In early 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease “COVID-19”, by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Station as of January 13, 2021, management believes that a material impact on the Station’s financial position and results of future operations is reasonably possible.

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(9) Operating Leases and Other Leasing Arrangements:

The Station receives revenue under five separate rental agreements for tower usage and space rental totaling approximately \$196,000 and \$189,000 for the fiscal years ended June 30, 2020 and 2019, respectively. The first rental agreement requires monthly payments of approximately \$4,500 with a 4% annual increase, and extends through December, 2023, with an option for renewal of five-year periods. The second rental agreement requires monthly payments of approximately \$4,100 with a 3% annual increase, and extends through September, 2023, with an option for renewal of five-year periods. The third rental agreement requires monthly payments of approximately \$4,400 with a 4% annual increase, and extends through September, 2022, with an option for renewal of five-year periods. The fourth rental agreement requires monthly payments of approximately \$3,400 with a 3% annual increase, and extends through June, 2025, with an option for renewal of five-year periods. The fifth rental agreement requires annual payment of approximately \$7,000, and extends through June, 2020.

The following is a schedule by years of future minimum rental receipts under these non-cancelable leases as of June 30, 2020:

Years Ending June 30:	Amount
2021	\$ 198,278
2022	205,306
2023	164,144
2024	87,584
2025	45,492
Total future minimum receipts	\$ 700,804

(10) 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 any 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.

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(10) **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 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 broadcasting station.

Reported NFFS for the Station was \$1,014,311 and \$1,010,413 for the fiscal years ended June 30, 2020 and 2019, respectively.

SUPPLEMENTAL INFORMATION

WUCF-FM
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SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Program Services				Supporting Services				2020 Total Expenses	2019 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	\$ 232,488	\$ 47,778	\$ 27,894	\$ 308,160	\$ 169,572	\$ 41,231	\$ 19,611	\$ 230,414	\$ 538,574	\$ 500,110
Professional services	24,687	2,930	1,490	29,107	22,421	24,109	1,834	48,364	77,471	115,475
Postage, shipping and handling	-	9	-	9	11	39	-	50	59	329
Supplies	5	5,960	416	6,381	469	611	-	1,080	7,461	11,936
Telecommunications and utilities	-	12,754	85	12,839	18,298	85	-	18,383	31,222	38,789
Pledge premiums	-	-	1,127	1,127	-	4,174	-	4,174	5,301	2,381
Rental and maintenance of equipment	2,444	33,914	16	36,374	27,949	-	-	27,949	64,323	68,629
Travel and training	198	-	-	198	4,028	-	-	4,028	4,226	5,650
Program acquisition	36,553	1,565	-	38,118	10,475	-	-	10,475	48,593	32,392
Subscriptions and dues	-	90	-	90	805	-	274	1,079	1,169	10,846
Service fees	-	-	-	-	-	1,288	-	1,288	1,288	3,372
Indirect support	47,958	9,856	5,754	63,568	34,980	8,505	4,045	47,530	111,098	159,949
Depreciation	12,129	14,299	-	26,428	-	-	-	-	26,428	15,189
Other expenses	-	-	-	-	12,118	-	-	12,118	12,118	14,759
Unrelated business income taxes	-	-	-	-	26,069	-	-	26,069	26,069	-
	<u>\$ 356,462</u>	<u>\$ 129,155</u>	<u>\$ 36,782</u>	<u>\$ 522,399</u>	<u>\$ 327,195</u>	<u>\$ 80,042</u>	<u>\$ 25,764</u>	<u>\$ 433,001</u>	<u>\$ 955,400</u>	<u>\$ 979,806</u>

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