

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

**FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**WUCF-TV**  
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**  
**THE UNIVERSITY OF CENTRAL FLORIDA**  
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**JUNE 30, 2019 AND 2018**

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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-TV (the "Station"), a public telecommunications entity operated by the University of Central Florida, as of and for the fiscal years ended June 30, 2019 and 2018, 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, 2019 and 2018, 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.

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## ***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, 2019 and 2018, 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 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.

James Moore & Co., P.L.

Gainesville, Florida  
January 14, 2020

**WUCF-TV**  
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**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019 AND 2018**

**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, 2019 and 2018. 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 2017 to fiscal year 2019. 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; WUCF NHK World 24.4; and WUCF World 24.5.

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. Many programs are archived and are available 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.

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**JUNE 30, 2019 AND 2018**  
(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, 2019, and the preceding fiscal years.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Current assets	\$ 7,019,174	\$ 6,537,617	\$ 2,900,971
Noncurrent assets	5,777,090	3,699,818	3,404,716
Total assets	<u>12,796,264</u>	<u>10,237,435</u>	<u>6,305,687</u>
<b>LIABILITIES</b>			
Current liabilities	1,174,752	290,091	290,627
Noncurrent liabilities	1,876,522	1,905,023	155,385
Total liabilities	<u>3,051,274</u>	<u>2,195,114</u>	<u>446,012</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,892,826	3,689,804	3,397,186
Restricted – expendable	266,467	25,277	77,641
Unrestricted	4,585,697	4,327,240	2,384,848
Total net position	<u>\$ 9,744,990</u>	<u>\$ 8,042,321</u>	<u>\$ 5,859,675</u>

Total assets as of June 30, 2019, increased by \$2.6 million or 25%, primarily attributable to an increase in noncurrent assets increasing construction in progress due to the FCC repack. Total liabilities increased by \$856 thousand or 39%, primarily attributable to the channel repack mandated by the FCC. Total net position increased by \$1.7 million or 21% due to the channel repack.

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Total assets as of June 30, 2018, increased by \$3.9 million or 62% primarily due to the channel share agreement with Good Life Broadcasting, Inc. Total liabilities increased by \$1.7 million or 392% due to recognizing a portion of the revenue from the channel share as unearned income and amortizing it over the life of the agreement. Total net position increased by \$2.2 million or 37% due to the channel share agreement.

**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, 2019, and the preceding fiscal years.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>			
Appropriations from the University	\$ 4,098,211	\$ 2,367,781	\$ 2,532,147
Other operating revenues	5,475,787	7,130,286	4,673,171
Total revenues	<u>9,573,998</u>	<u>9,498,067</u>	<u>7,205,318</u>
<b>EXPENSES</b>			
Program services			
Programming and production	2,638,734	2,660,057	2,244,367
Broadcasting	1,239,355	1,234,129	1,171,368
Program information and promotion	600,423	474,171	371,837
Total program services	<u>4,478,512</u>	<u>4,368,357</u>	<u>3,787,572</u>
Supporting services			
Management and general	2,146,959	1,870,692	2,046,197
Fundraising and membership development	1,290,711	815,919	945,318
Underwriting and grant solicitation	307,590	274,878	506,292
Total supporting services	<u>3,745,260</u>	<u>2,961,489</u>	<u>3,497,807</u>
Total expenses	8,223,772	7,329,846	7,285,379
Net Nonoperating revenues (expenses)	352,443	14,425	-
Increase (decrease) in net position	<u>1,702,669</u>	<u>2,182,646</u>	<u>(80,061)</u>
Net position, beginning of year	<u>8,042,321</u>	<u>5,859,675</u>	<u>5,939,736</u>
Net position, end of year	<u>\$ 9,744,990</u>	<u>\$ 8,042,321</u>	<u>\$ 5,859,675</u>

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For the year ended June 30, 2019, appropriations from the University increased by \$1.7 million or 73%. Appropriations from the University for the year ended June 30, 2018 remained consistent with the prior fiscal year, June 30, 2017.

Other operating revenues consist of grants, donor membership, underwriting, production and miscellaneous support. For the year ended June 30, 2019, other operating revenues decreased by \$1.7 million or 23% which is the result of one-time revenue received in fiscal year 2018 for the channel share agreement. Nonoperating revenues (expenses) increased by \$338 thousand which is the result of amounts received from the FCC for the mandated repack and PECO allocations from the Florida Department of Education netted with a transfer to the University. For the year ended June 30, 2018, other operating revenues increased by \$2.5 million or 53% attributable to revenue from the channel share agreement.

For the year ended June 30, 2019, total expenses increased by \$893 thousand or 12% mainly attributable to the hiring of five full time employees and increases in Public Broadcasting Service (PBS) dues. The Station's expenses totaled to approximately \$7.3 million as of June 30, 2018. It remained consistent compared to June 30, 2017.

**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, 2019, and the preceding fiscal years.

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Cash flows provided by (used in)			
Operating activities	\$ 1,469,137	\$ 4,107,959	\$ 147,783
Non-capital financing activities	(2,000,000)	-	-
Capital and related financing activities	27,457	(437,306)	(69,757)
<b>Net increase (decrease) in Cash and Cash Equivalents</b>	(503,406)	3,670,653	78,026
<b>Cash and Cash Equivalents</b>			
Beginning of year	6,401,052	2,730,399	2,652,373
End of year	\$ 5,897,646	\$ 6,401,052	\$ 2,730,399

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During the fiscal year, ended June 30, 2019, cash flows provided by operating activities decreased by \$2.6 million or 64% which is the result of the cash received in fiscal year 2018 from Good Life Broadcasting Inc. for the channel share agreement, a one-time event.

During the fiscal year, ended June 30, 2018, cash flows provided by operating activities increased by \$4 million primarily due to cash received from the channel agreement with Good Life Broadcasting, Inc.

In fiscal year ended June 30, 2019, the variance in cash flows provided by non-capital financing activities as compared to the fiscal year ended June 30, 2018, resulted from the \$2 million transfer to the University to support the University with various initiatives.

In fiscal year, ended June 30, 2019, cash flows provided by capital and related financing activities increased by \$465 thousand primarily due to the net purchase of capital assets as part of the FCC mandated repack and PECO allocation and resulting funding.

During the fiscal year, ended June 30, 2018, cash flows from capital and related activities decreased by \$368 thousand attributable to the purchase of production equipment.

### **ECONOMIC OUTLOOK**

In fiscal year 2019, WUCF-TV plans to continue to expand and grow our services, supporters and revenue. Enhanced content and community engagement activities will ensure the Station 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 is launching the Membership Matters campaign in fiscal year 2020. The goal of this campaign is to better share with viewers why membership to WUCF is important. This membership revenue will help WUCF better engage in the community and through partnerships. The video campaign interviews current members and community partners and will be shared through a distribution strategy on television and on social media. This is part of coordinated strategy that includes participation with the Member Services Bureau to increase revenues from membership.

WUCF-TV's channel sharing agreement with Good Life Broadcasting, Inc. ("WTGL") which was effective in fiscal year 2018, provides us with a long-term cost sharing opportunity as it relates to broadcast operations and long-term transmission costs, which can be substantial. WTGL is committed to paying 25 percent of all of WUCF-TV's operating and capital expenses related to transmission services as part of the channel agreement for the next thirty years. This provides substantial cost reductions to WUCF-TV and capital outlay for transmission expenses.

In July 1, 2018, WUCF-TV and WUCF-FM launched an integrated branding campaign to increase visibility among targeted viewers and listeners. This campaign will realign the mission, value and brand of WUCF-TV and WUCF-FM to create a unified brand with associated messaging. The campaign includes a brand new website that features both television and radio, new on-air branding campaign, new logos, colors and streamlining of overlapping services.

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WUCF-TV and WUCF-FM'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."

**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**  
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**THE UNIVERSITY OF CENTRAL FLORIDA**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 373,950	\$ 2,237,919
Restricted cash	60,757	25,277
Funds held by the University of Central Florida Foundation, Inc. on behalf of the Station	5,462,939	4,137,856
Accounts and grants receivable	286,286	63,749
Due from affiliated station	3,340	-
FCC repack receivable	758,856	14,425
Current portion of prepaid assets	73,046	58,391
Total current assets	7,019,174	6,537,617
<b>Noncurrent assets</b>		
Prepaid assets, less current portion	17,509	10,014
Capital assets, net of accumulated depreciation	958,145	512,303
Capital assets, not being depreciated	4,801,436	3,177,501
Total noncurrent assets	5,777,090	3,699,818
<b>Total Assets</b>	<b>12,796,264</b>	<b>10,237,435</b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	335,440	204,644
Due to the University of Central Florida	758,856	1,580
Unearned revenue, current portion	80,456	83,867
Total current liabilities	1,174,752	290,091
<b>Noncurrent liabilities</b>		
Unearned revenue, less current portion	1,876,522	1,905,023
<b>Total Liabilities</b>	<b>3,051,274</b>	<b>2,195,114</b>
<b><u>NET POSITION</u></b>		
<b>Net position</b>		
Net investment in capital assets	4,892,826	3,689,804
Restricted - expendable	266,467	25,277
Unrestricted	4,585,697	4,327,240
<b>Total Net Position</b>	<b>\$ 9,744,990</b>	<b>\$ 8,042,321</b>

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

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**AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Operating revenues</b>		
Community Service Grants donated by the Corporation for Public Broadcasting	\$ 954,684	\$ 789,185
Other grants donated by the Corporation for Public Broadcasting	64,191	28,568
Community Service Grants donated by the Department of Education, State of Florida	307,447	307,447
Appropriations from the University of Central Florida	4,098,211	2,367,781
Donated facilities and administrative support from the University of Central Florida	1,309,031	1,199,532
Other governmental grants	9,223	46,339
Membership	2,103,311	1,850,377
Other contributions	-	2,250,000
Underwriting	327,327	323,439
Production	31,516	59,432
In-kind contributions	30,839	29,801
Miscellaneous support	338,218	246,166
Total operating revenues	9,573,998	9,498,067
<b>Operating expenses (Exhibit I)</b>		
Programming and production	2,638,734	2,660,057
Broadcasting	1,239,355	1,234,129
Program information and promotion	600,423	474,171
Management and general	2,146,959	1,870,692
Fundraising and membership development	1,290,711	815,919
Underwriting and grant solicitation	307,590	274,878
Total operating expenses	8,223,772	7,329,846
<b>Operating income</b>	1,350,226	2,168,221
<b>Nonoperating revenues (expenses)</b>		
Transfers to the University of Central Florida, net	(2,000,000)	-
FCC repack	1,623,935	14,425
PECO allocation	728,508	-
Total nonoperating revenues (expenses)	352,443	14,425
<b>Increase in net position</b>	1,702,669	2,182,646
<b>Net position, beginning of year</b>	8,042,321	5,859,675
<b>Net position, end of year</b>	\$ 9,744,990	\$ 8,042,321

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

**WUCF-TV**  
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**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Cash received from grants, donors and fundraising activities	\$ 4,085,958	\$ 7,878,250
Cash received from appropriations from the University of Central Florida	4,098,211	2,367,781
Cash paid to employees for salaries and benefits	(2,611,322)	(2,395,441)
Cash paid to vendors	(4,103,710)	(3,742,631)
Net cash provided by operating activities	1,469,137	4,107,959
<b>Cash flows from noncapital financing activities</b>		
Transfers to the University of Central Florida	(2,000,000)	-
<b>Cash flows from capital and related financing activities</b>		
Purchase of capital assets	(1,374,845)	(437,306)
FCC repack	879,504	-
PECO allocations	522,798	-
Net cash provided by (used in) capital and related financing activities	27,457	(437,306)
<b>Net increase (decrease) in cash and cash equivalents</b>	(503,406)	3,670,653
<b>Cash and cash equivalents, beginning of year</b>	6,401,052	2,730,399
<b>Cash and cash equivalents, end of year</b>	\$ 5,897,646	\$ 6,401,052
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
<b>Operating income</b>	\$ 1,350,226	\$ 2,168,221
<b>Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities</b>		
Depreciation	173,043	156,148
Loss on disposal	-	2,965
Change in assets and liabilities:		
Accounts and grants receivable - related to operating activity	(16,827)	14,602
Due from affiliated station	(3,340)	-
Transfer of property	(1,220)	-
Prepaid assets	(22,150)	16,921
Accounts payable and accrued expenses	21,317	(48,092)
Due to the University of Central Florida - related to operating activity	-	1,580
Unearned revenue	(31,912)	1,962,695
Compensated absences	-	(167,081)
<b>Net cash provided by operating activities</b>	\$ 1,469,137	\$ 4,107,959
<b>Cash and cash equivalents are presented on the Statements of Net Position as:</b>		
Cash and cash equivalents	\$ 373,950	\$ 2,237,919
Restricted cash	60,757	25,277
Funds held by the University of Central Florida Foundation, Inc. on behalf of the Station	5,462,939	4,137,856
	\$ 5,897,646	\$ 6,401,052
<b>Supplemental disclosure of noncash capital activities</b>		
Capital purchases included in accounts payable	\$ 109,479	-
Capital purchases included in due to the University of Central Florida	757,276	-
	\$ 866,755	\$ -

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

**WUCF-TV**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

(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 Vice President of Communications and Marketing, 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, 2019 and 2018.

*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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(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) **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, 2019 and 2018.

(g) **FCC repack receivables**—The Station has been reassigned to a new channel in the repacking process associated with 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 (included in prepaid assets) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as 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.

(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 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.

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

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.

(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.

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

(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 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.

(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.

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 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. 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.

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

(r) **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.

(s) **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.

(t) **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.

(u) **Compensated absences**—The liability for compensated absences represents employees’ accrued annual and sick leave based on length of service subject to certain limitations as defined by state statutes and University policies. Beginning in fiscal year 2018, there is no liability for compensated absences recorded as it was determined that contributions to the University grant leave pool during the year are expensed as contributions are made. The University is responsible for paying the accrued annual and sick leave of Station employees.

(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, 2019 and 2018, was \$246,840 and \$205,591, 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 reporting periods beginning after December 15, 2019. 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 periods beginning after December 15, 2019. 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.

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**(2) 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. These amounts are included in the accompanying financial statements of the Station in "Funds held by the University of Central Florida Foundation, Inc. on behalf of the Station." Total funds held by the Foundation are \$5,462,939 and \$4,137,856 as of June 30, 2019 and 2018, respectively.

**(3) Capital Assets:**

Capital asset balances and activity for the fiscal years ended June 30, 2019 and 2018, were as follows:

	<b>Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2019</b>
Capital asset, not being depreciated					
License	\$ 3,163,076	\$ -	\$ -	\$ -	\$ 3,163,076
Construction in progress	14,425	1,623,935	-	-	1,638,360
Total capital assets, not being depreciated, net	<u>3,177,501</u>	<u>1,623,935</u>	<u>-</u>	<u>-</u>	<u>4,801,436</u>
Capital assets, being depreciated					
Furniture and equipment	1,363,786	238,509	(24,300)	7,325	1,585,320
Leasehold improvements	-	379,156	-	-	379,156
Less: Accumulated depreciation	(851,483)	(173,044)	24,300	(6,104)	(1,006,331)
Total capital assets, being depreciated, net	<u>512,303</u>	<u>444,621</u>	<u>-</u>	<u>1,221</u>	<u>958,145</u>
Total capital assets	<u>\$ 3,689,804</u>	<u>\$ 2,068,556</u>	<u>\$ -</u>	<u>\$ 1,221</u>	<u>\$ 5,759,581</u>
	<b>Balance July 1, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2018</b>
Capital asset, not being depreciated					
License	\$ 3,163,076	\$ -	\$ -	\$ -	\$ 3,163,076
Construction in progress	-	14,425	-	-	14,425
Total capital assets, not being depreciated, net	<u>3,163,076</u>	<u>14,425</u>	<u>-</u>	<u>-</u>	<u>3,177,501</u>
Capital assets, being depreciated					
Furniture and equipment	970,332	437,306	(43,852)	-	1,363,786
Less: Accumulated depreciation	(736,222)	(156,148)	40,887	-	(851,483)
Total capital assets, being depreciated, net	<u>234,110</u>	<u>281,158</u>	<u>(2,965)</u>	<u>-</u>	<u>512,303</u>
Total capital assets	<u>\$ 3,397,186</u>	<u>\$ 295,583</u>	<u>\$ (2,965)</u>	<u>\$ -</u>	<u>\$ 3,689,804</u>

Depreciation expense was \$173,043 and \$156,148 for the fiscal years ended June 30, 2019, and 2018, respectively.

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**(4) Related Party Transactions:**

The Station transferred \$2,000,000 of non CPB and non-grant related funds to the University in the fiscal year ended June 30, 2019, to support the University with various initiatives.

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 \$250,000 and \$270,000 for the fiscal years ended June 30, 2019 and 2018, 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 \$127,000 and \$121,000 for the fiscal years ended June 30, 2019 and 2018, respectively. Minimum future rental payments under the noncancellable operating lease as of June 30, 2019, for the remaining term of the lease are approximately:

Year	Amount
2020	\$ 133,000
2021	140,000
2022	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, 2019 and 2018.

(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) **Accounts and grants receivable**—The Station has accounts and grants receivables, including FCC repack receivables, of \$1,045,142 and \$78,174 from governmental and other sources at June 30, 2019 and 2018, respectively. The FCC is responsible for approximately 73% and 18% of these receivables at June 30, 2019 and 2018, respectively. The Florida Department of Education is responsible for approximately 20% of these receivables at June 30, 2019. The Station has no policy requiring collateral or other security to support these amounts.

(d) **Revenues**—The Station received significant revenue from four sources in the fiscal year ended June 30, 2019 and two sources in the fiscal year ended June 30, 2018. In the fiscal year ended June 30, 2019, the Florida Department of Education and the FCC provided 6% and 14%, respectively, of revenue. The CPB provided approximately 9% of revenue during the fiscal years ended June 30, 2019 and 2018. The University provided approximately 45% and 38% in cash support and donated facilities during the fiscal years ended June 30, 2019 and 2018, respectively.

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**(7) Compensated Absences:**

Compensated absences liability activity for the fiscal years ended June 30, 2019 and 2018, was as follows:

<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>	<u>Amount Due Within 1 Year</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>	<u>Amount Due Within 1 Year</u>
\$ 167,081	\$ -	\$ (167,081)	\$ -	\$ -

As of June 30, 2019 and 2018, there was no liability for compensated absences recorded as it was determined that contributions to the University grant leave pool are expensed as contributions are made and the University is responsible for paying the accrued annual and sick leave of Station employees.

**(8) 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:

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at June 30, 2019</u>
		<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	
2016-2018	\$ 784,731	\$ 722,661	\$ 62,070	\$ -	\$ -
2017-2019	\$ 789,185	\$ -	\$ 789,185	\$ -	\$ -
2018-2020	\$ 954,684	\$ -	\$ -	\$ 934,330	\$ 20,354

**(9) 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 a 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 Corporation for Public Broadcasting (CPB) grant to reduce the initial cost of the equipment build out for the DCA facility.

Membership in the DCA allows for \$700,000 in grant funding as part of a seven million dollar total CPB grant for DCA infrastructure. The agreement extends through February 2023. WUCF-TV’s annual service fee was approximately \$350,000 during each of the fiscal years ended June 30, 2019 and 2018. The quarterly payment of \$70,121, which included a credit, was due and paid in July 2019 for services to be rendered in August, September, and October. The next quarterly payment of \$74,289 was due and paid in October 2019 for services to be rendered in November, December, and January with subsequent quarterly payments due every three months thereafter.

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**(10) 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 as “other contributions” in the accompanying financial statements of the Station for fiscal year ended June 30, 2018. The Station recorded the remaining \$2,000,000 as unearned revenue to be recognized over the life of the agreement.

**(11) Nonfederal Financial Support (NFFS):**

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

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public 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 \$7,670,856 and \$5,653,862 for the fiscal years ended June 30, 2019 and 2018, respectively.

**SUPPLEMENTAL INFORMATION**

WUCF-TV  
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SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Program Services				Supporting Services				2019 Total Expenses	2018 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	\$ 760,039	\$ 324,810	\$ 362,149	\$ 1,446,998	\$ 620,514	\$ 393,188	\$ 158,110	\$ 1,171,812	\$ 2,618,810	\$ 2,378,609
Professional services	302,915	348,830	18,026	669,771	125,257	289,039	64,045	478,341	1,148,112	960,415
Postage, shipping and handling	53	676	1,420	2,149	509	57,214	-	57,723	59,872	62,638
Supplies	16,477	19,719	2,164	38,360	15,091	9,329	453	24,873	63,233	63,499
Telecommunications and utilities	4,044	91,771	433	96,248	49,309	-	-	49,309	145,557	144,708
Pledge premiums	-	-	11,882	11,882	2,012	233,120	51	235,183	247,065	206,839
Rental and maintenance of equipment	277,762	210,516	15,335	503,613	170,843	24,565	4,636	200,044	703,657	596,386
Travel and training	-	-	-	-	67,458	3,462	-	70,920	70,920	78,410
Program acquisition	804,430	1,200	7,210	812,840	738,050	2,854	-	740,904	1,553,744	1,317,725
Subscriptions and dues	(4,771)	552	781	(3,438)	30,786	188	-	30,974	27,536	63,592
Other operating expenses	-	-	-	-	9,640	-	1,263	10,903	10,903	17,211
Service fees	-	-	-	-	-	65,218	-	65,218	65,218	59,144
Indirect support	379,911	162,359	181,023	723,293	310,168	196,538	79,032	585,738	1,309,031	1,199,532
Depreciation	97,874	52,822	-	150,696	6,351	15,996	-	22,347	173,043	156,148
Insurance	-	26,100	-	26,100	971	-	-	971	27,071	22,025
Loss on disposal	-	-	-	-	-	-	-	-	-	2,965
	<u>\$ 2,638,734</u>	<u>\$ 1,239,355</u>	<u>\$ 600,423</u>	<u>\$ 4,478,512</u>	<u>\$ 2,146,959</u>	<u>\$ 1,290,711</u>	<u>\$ 307,590</u>	<u>\$ 3,745,260</u>	<u>\$ 8,223,772</u>	<u>\$ 7,329,846</u>

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