

**WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
FLORIDA GULF COAST UNIVERSITY**

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
TABLE OF CONTENTS
JUNE 30, 2018 AND 2017

	Page(s)
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 6
Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10 – 24
Supplemental Information	
WGPU-TV Statements of Revenues, Expenses, and Changes in Net Position (Exhibit I)	25
WGPU-FM Statements of Revenues, Expenses, and Changes in Net Position (Exhibit II)	26
Statement of Functional Expenses (Exhibit III)	27

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
Florida Gulf Coast University:

Report on the Financial Statements

We have audited the accompanying financial statements of WGCU Public Media, which includes WGCU-TV and WGCU-FM (collectively, the "Station"), a public telecommunications entity operated by Florida Gulf Coast University, as of and for the years ended June 30, 2018 and 2017, 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 WGPU Public Media as of June 30, 2018 and 2017, 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

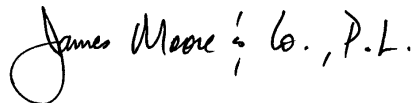
Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WGPU Public Media's basic financial statements. The WGPU-TV Statements of Revenues, Expenses, and Changes in Net Position (Exhibit I), WGPU-FM Statements of Revenues, Expenses, and Changes in Net Position (Exhibit II), and the Statement of Functional Expenses (Exhibit III) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These exhibits are the responsibility of management and were derived from and relate 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, these exhibits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Gainesville, Florida
January 11, 2019

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017

INTRODUCTION

The following discussion and analysis is an overview of the financial position of activities of WGCU Public Media (the Station) for the years ended June 30, 2018 and June 30, 2017. Management of WGCU Public Media has prepared the following discussion and it should be read with the financial statements and related footnotes, which follow this section.

WGCU Public Media operates and manages WGCU-TV, WGCU-FM, and WMKO-FM for Florida Gulf Coast University (FGCU) in Fort Myers, Florida. WGCU-TV serves a population of over 1.3 million in six counties of southwest Florida and reaches over 300,000 households in an average month. WGCU-TV is consistently one of the most-watched public television stations in the country. Our radio stations are consistently among the top rated radio stations in the market. Combined, WGCU-FM and WMKO-FM consistently receive a weekly cumulative audience of 100,000 listeners and reaches across some or all of eight southwest Florida counties.

We offer a variety of local and national programming on five separate TV programming streams – WGCU HD, WGCU World, WGCU Create/Encore, The Florida Channel and WGCU Kids. On WGCU HD, we air the PBS national programming service during primetime, children's programming during mornings and late afternoons, and "how-to" programming from 12:00 pm to 2:00 pm weekdays. We carry BBC World News, the Nightly Business Report, and The PBS NewsHour each weekday evening. WGCU World provides a 24-hour non-fiction programming service while WGCU Create/Encore provides how-to and lifestyle programming during the day and main channel repeats and local programs during the evening hours. The Florida Channel covers the workings of Florida State government. WGCU Kids, a 24/7 children's educational channel, was launched in January 2017. The service provides around-the-clock access to PBS Kids programming for households throughout our coverage area.

WGCU-FM programming, which is simulcast on WMKO-FM, is predominantly a News and Information service which provides national and international programming from NPR, American Public Media, Public Radio International and the BBC. The station produced more than 200 hours of local newscasts annually in addition to over 200 hours of live, local, interactive radio programming represented by the station's production of Gulf Coast Live!

WGCU Public Media's online presence provides a content-rich environment for viewers, listeners, parents, kids and educators. Many WGCU programs are available free on the website as are many PBS and NPR national programs. WGCU Public Media provides a portal to the Florida PBS Learning Media site available free of charge to classroom teachers and homeschoolers throughout our coverage area. The site consists of a library of over 125,000 digital learning objects ranging from audio and video clips to Florida Standards-based lesson plans.

As a joint licensee, we continue to promote a single "membership" in WGCU Public Media, as opposed to the historical trend of promoting two separate memberships, i.e., one for TV and one for FM. This approach continues to save costs on mailings while increasing our total membership level. The trend continues to be that approximately 2/3 of the new members and dollars come through TV on-air pledge and 1/3 through FM. Therefore, individual member revenues are split 70/30.

WGCU published *Expressions* magazine as a member benefit through June of 2018. The monthly magazine included TV and FM program information and articles on local artists, the environment and essays on topics of interest to Southwest Floridians and WGCU-TV/FM audiences and members.

WVCU PUBLIC MEDIA
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FLORIDA GULF COAST UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017
(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of WVCU Public Media consist of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The Statements of Net Position includes Assets, Liabilities and Net Position of WVCU Public Media as of June 30, 2018 and June 30, 2017. This statement is classified into Current and Non-Current Assets and Liabilities, with Net Position classified as Net Investment in Capital Assets; Restricted; and Unrestricted. The Statements of Revenues, Expenses and Changes in Net Position depicts the operating revenues and expenses resulting in Net Operating Income (Loss), which is then combined with Non-Operating Revenues (Expenses) to provide the total Change in Net Position. The Statements of Cash Flows shows the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities and cash flows from investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

FINANCIAL HIGHLIGHTS

WVCU Public Media presents these combined statements of the TV and FM operations to more accurately represent our operations and for financial transparency to the community and the audiences we serve. WVCU Public Media completed FY 2018 with a net operating income of \$72,745 (after depreciation) in FY 2018 and an increase in net position of \$210,252 including investment income. This is after a net loss of (\$397,818) in FY 2017 (after depreciation). Net assets increased to \$4,009,582 for the year ended June 30, 2018, from \$3,799,330 for the year ended June 30, 2017. Our operating revenues increased to \$9,159,614 in FY 2018, from \$9,120,235 in FY 2017, due to increases in CPB grants and Other Income. WVCU Public Media's operating expenses decreased from \$9,518,053 in FY 2017 down to \$9,086,869 in FY 2018 due to decreases in Program Information & Promotion expenses and Management & General expenses.

THE REPORTING ENTITY

The Station is a department of Florida Gulf Coast University and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity within the University as well as the Florida Gulf Coast University Foundation, Inc., which are under the control of Station Management.

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017
(Continued)

FINANCIAL ANALYSIS OF THE STATEMENTS

WGCU Public Media condensed financial statements are presented below for FY 2018, FY 2017 and FY 2016.

CONDENSED STATEMENTS OF NET POSITION

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current assets	\$ 2,429,916	\$ 2,351,009	\$ 2,114,238
Noncurrent assets	2,678,675	2,966,791	3,411,082
Total assets	<u>5,108,591</u>	<u>5,317,800</u>	<u>5,525,320</u>
Current liabilities	646,130	1,004,919	834,580
Non-current liabilities	452,879	513,551	659,449
Total liabilities	<u>1,099,009</u>	<u>1,518,470</u>	<u>1,494,029</u>
Net assets			
Unrestricted	67,138	(696,395)	(825,894)
Restricted, Expendable	1,238,055	1,514,704	1,459,760
Restricted, Nonexpendable	35,008	35,008	35,008
Net investment in capital assets	2,669,381	2,946,013	3,362,417
Total net position	<u>4,009,582</u>	<u>3,799,330</u>	<u>4,031,291</u>
Total liabilities and net position	<u>\$ 5,108,591</u>	<u>\$ 5,317,800</u>	<u>\$ 5,525,320</u>

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
State appropriations - operations	\$ 801,292	\$ 883,701	\$ 842,609
Other operating revenues	8,358,322	8,236,534	9,112,612
Operating expenses	(9,086,869)	(9,518,053)	(9,126,704)
Operating income (loss)	<u>72,745</u>	<u>(397,818)</u>	<u>828,517</u>
Other non-operating revenues	137,507	165,857	116,632
Net non-operating revenues	<u>\$ 137,507</u>	<u>\$ 165,857</u>	<u>\$ 116,632</u>
Increase/(Decrease) in net position	\$ 210,252	\$ (231,961)	\$ 945,149
Net position, beginning of year	3,799,330	4,031,291	3,086,142
Net position, end of year	<u>\$ 4,009,582</u>	<u>\$ 3,799,330</u>	<u>\$ 4,031,291</u>

WGPU PUBLIC MEDIA
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FLORIDA GULF COAST UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018 AND 2017
(Continued)

CONDENSED STATEMENT OF CASH FLOWS

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Net cash flows from operating activities	\$ 81,699	\$ 78,070	\$ 1,455,414
Net cash flows from capital & related financing activities	(17,251)	(73,216)	(14,500)
Net cash flows from non-capital & related financing activities	(145,501)	88,764	(130,059)
Net cash flows from investing activities	<u>78,061</u>	<u>(136,691)</u>	<u>(1,229,312)</u>
Net increase (decrease) in cash	(2,992)	(43,073)	81,543
Cash and cash equivalents , beginning of year	531,106	574,179	492,636
Cash and cash equivalents , end of year	<u>\$ 528,114</u>	<u>\$ 531,106</u>	<u>\$ 574,179</u>

Current Assets consist primarily of cash and cash equivalents, accounts and grants receivable, investments, and prepaid program costs. Non-Current Assets consist primarily of capital assets (property and equipment). Property and equipment are presented net of accumulated depreciation of \$6,758,845 at June 30, 2016, \$7,092,104 at June 30, 2017 and \$7,306,479 at June 30, 2018, respectively. Current Liabilities consist of accounts payable and accrued expenses, and compensated absences.

Operating revenues consist primarily of State Appropriations, membership contributions, community service grants, contributed support, and non-cash donated facilities and administrative support from the University. Operating expenses consist primarily of broadcasting, programming and production, management and general, depreciation, non-cash University donated facilities and administrative support, and grants expense. Non-operating revenues and expenses consist primarily of interest and investment income and losses. WGPU Public Media had non-operating revenues of \$137,507 in FY 2018, a slight decrease from \$165,857 in FY 2017.

CONTACTING MANAGEMENT

This financial report provides donors, members, investment managers, foundations and taxpayers with a general overview of WGPU Public Media's finances and the funding it receives.

Additional details can be requested by mail at the following address:

WGPU Public Media
10501 FGCU Boulevard South
Ft. Myers, FL 33965

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 363,659	\$ 93,619
Restricted cash	28,740	146,649
Funds held by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	135,715	290,838
Funds held and invested by Florida Gulf Coast University Foundation, Inc. on behalf of the Station:		
Unrestricted	477,428	287,982
Restricted	1,273,063	1,403,063
Accounts and grants receivables	130,201	114,823
Current portion of prepaid program costs	21,110	14,035
Total current assets	2,429,916	2,351,009
Noncurrent assets		
Capital assets, net	2,669,381	2,946,013
Prepaid program costs, less current portion	9,294	20,778
Total noncurrent assets	2,678,675	2,966,791
Total Assets	5,108,591	5,317,800
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	155,359	160,607
Due to Florida Gulf Coast University	144,498	289,999
Current portion of compensated absences	184,900	281,800
Current portion of unearned revenue	161,373	272,513
Total current liabilities	646,130	1,004,919
Noncurrent liabilities		
Compensated absences, less current portion	134,265	71,604
Unearned revenue, less current portion	318,614	441,947
Total noncurrent liabilities	452,879	513,551
Total Liabilities	1,099,009	1,518,470
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	2,669,381	2,946,013
Restricted:		
Nonexpendable	35,008	35,008
Expendable	1,238,055	1,514,704
Unrestricted	67,138	(696,395)
Total Net Position	\$ 4,009,582	\$ 3,799,330

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

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 1,272,681	\$ 1,140,607
Other Corporation for Public Broadcasting grants	69,834	35,932
Other grants	200	6,282
Community service grants donated by the Department of Education, State of Florida	407,447	407,447
Appropriations from Florida Gulf Coast University	801,292	883,701
Underwriting support	867,951	867,828
Membership income	2,900,058	2,938,424
Donated facilities and administrative support from Florida Gulf Coast University	1,935,125	2,074,175
In-kind contributions	247,065	318,681
Other income	640,711	440,408
Miscellaneous support	17,250	6,750
Total operating revenues	9,159,614	9,120,235
Operating expenses		
Programming and production	3,706,091	3,750,968
Broadcasting	1,170,980	1,190,341
Program information and promotion	750,438	942,996
Management and general	1,379,248	1,610,890
Fundraising and membership development	1,480,764	1,444,974
Underwriting and grant solicitation	599,348	577,884
Total operating expenses	9,086,869	9,518,053
Operating income (loss)	72,745	(397,818)
Non-operating revenues		
Investment income	137,507	165,857
Increase (decrease) in net position	210,252	(231,961)
Net position, beginning of year	3,799,330	4,031,291
Net position, end of year	\$ 4,009,582	\$ 3,799,330

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

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 5,926,281	\$ 5,752,054
Cash paid for payroll and related benefits	(2,538,899)	(2,461,793)
Cash paid to suppliers and employees	(3,305,683)	(3,212,191)
Net cash provided by operating activities	<u>81,699</u>	<u>78,070</u>
Cash flows from non-capital financing activities		
Increase (decrease) in due to Florida Gulf Coast University	<u>(145,501)</u>	<u>88,764</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>(17,251)</u>	<u>(73,216)</u>
Cash flows from investing activities		
Increase in funds held and invested by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	(59,446)	(302,548)
Investment income	137,507	165,857
Net cash provided by (used in) investing activities	<u>78,061</u>	<u>(136,691)</u>
Net decrease in cash and cash equivalents	<u>(2,992)</u>	<u>(43,073)</u>
Cash and cash equivalents, beginning of year	531,106	574,179
Cash and cash equivalents, end of year	<u>\$ 528,114</u>	<u>\$ 531,106</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 72,745	\$ (397,818)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	293,883	489,565
Loss on disposal	-	55
Decrease (increase) in certain assets:		
Accounts and grants receivable	(15,378)	12,474
Prepaid program costs	4,409	38,117
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(5,248)	(11,305)
Compensated absences	(34,239)	51,135
Unearned revenue	(234,473)	(104,153)
Total adjustments	<u>8,954</u>	<u>475,888</u>
Net cash provided by operating activities	<u>\$ 81,699</u>	<u>\$ 78,070</u>
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 363,659	\$ 93,619
Restricted cash	28,740	146,649
Funds held by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	135,715	290,838
	<u>\$ 528,114</u>	<u>\$ 531,106</u>

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

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

The following is a summary of the more significant accounting policies of WGPU Public Media, which includes WGPU-TV and WGPU-FM (collectively, the “Station”), a public telecommunications entity operated by Florida Gulf Coast University, which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Station is a department of Florida Gulf Coast University (the “University”) located in Fort Myers, Florida and conducts various public broadcasting functions. The University, as part of the State University System of Florida, is governed, regulated and coordinated by the State of Florida Department of Education and the University’s Board of Trustees, and is subject to the general supervision of the Florida Department of Education. The President of Florida Gulf Coast University is responsible for the management of the University. The Station operates as a department of the University under the control of the Station manager. The Station’s financial statements include the state accounts and the Station-related accounts of Florida Gulf Coast University Foundation, Inc. (the “Foundation”). These statements do not purport to present the financial position or results of operations of the University as a whole.

(b) **Basis of accounting**—For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those for private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred.

(c) **Net position**—In the statements of net position, net position includes the following:

(i) *Net investment in capital assets*—This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2018 and 2017, there is no related debt.

(ii) *Restricted*—The component of net position that reports the constraints placed on the use of net position by either external parties and/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.

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

(iii) *Unrestricted*—The difference between the assets and liabilities that is not reported in *Net investment in capital assets* and *Restricted position*.

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

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

(e) **Restricted cash**—Restricted cash represents cash held with the University that is restricted as to withdrawal or use under the terms of certain contractual agreements.

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

(h) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be

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A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

completed and broadcast in more than one year are classified as noncurrent. At June 30, 2018 and 2017, total costs incurred for programs not yet broadcast were \$30,404 and \$34,813, respectively. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

(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 ranging from 5 – 40 years.

(j) **Unearned revenue**—Unearned revenue relates primarily to grant funds received but not yet spent and the Station's lease of channel space to a private entity. The lease expires January 2022 and can be renewed for one additional 15 year term. Annual income received from the lease is \$123,333 through June 30, 2021 and \$71,944 for fiscal year ended June 30, 2022.

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

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

Program production grants are reported as unearned revenues for programs not yet broadcast until the specific program is broadcast. At such time, amounts are included as revenues and the 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. These amounts are recorded in revenue in the period in which the support is provided.

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

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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.

(m) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and 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 are not shown as assets on the statements of net position. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(n) **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 at fiscal year-end are reported as restricted cash and restricted-expendable net position on the statements of net position.

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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

(p) **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.

(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 non-operating revenues.

(r) **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.

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

(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.

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

(v) **Compensated absences**—The liability for compensated absences represents employees' accrued annual and sick leave based on length of service subject to certain limitations as defined by state statute and University policies.

(w) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2018 and 2017, was \$216,210 and \$274,432, respectively.

(x) **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 statements.

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.

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

The Station has an agreement with Florida Gulf Coast University Foundation, Inc. (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 Florida Gulf Coast University Foundation, Inc. on behalf of the Station." Total cash held by the Foundation is \$135,715 and \$290,838 as of June 30, 2018 and 2017, respectively. Total investments held by the Foundation are \$1,750,491 and \$1,691,045 as of June 30, 2018 and 2017, respectively. These investment totals include \$1,273,063 and \$1,403,063 of restricted funds as of June 30, 2018 and 2017, respectively. These restricted funds relate to contributions and endowments that have donor constraints placed on the use of the funds. See note 14 for additional information on restrictions on net position.

WVCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

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, 2018 and 2017:

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 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 net asset value per share (NAV) of the investments as a practical expedient as of June 30, 2018 and 2017, respectively.

	Investments Measured at Net Asset Value as of June 30, 2018			
	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds held and invested by the Foundation	\$ 1,750,491	\$ -	Daily	N/A

	Investments Measured at Net Asset Value as of June 30, 2017			
	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds held and invested by the Foundation	\$ 1,691,045	\$ -	Daily	N/A

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(3) **Capital Assets:**

Capital asset activity for the years ended June 30, 2018 and 2017, was as follows:

	Balance July 1, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Capital assets, not being depreciated:					
Land and land improvements	\$ 293,732	\$ -	\$ -	\$ -	\$ 293,732
Construction in progress-tower	-	17,251	-	-	17,251
Total capital assets, not being depreciated	<u>293,732</u>	<u>17,251</u>	<u>-</u>	<u>-</u>	<u>310,983</u>
Capital assets, being depreciated:					
Buildings	4,389,671	-	-	-	4,389,671
Furniture, fixtures and equipment	4,998,017	-	65,295	(14,213)	4,918,509
Website	110,425	-	-	-	110,425
Transmitter	246,272	-	-	-	246,272
Total capital assets, being depreciated	<u>9,744,385</u>	<u>-</u>	<u>65,295</u>	<u>(14,213)</u>	<u>9,664,877</u>
Less: Accumulated depreciation	<u>7,092,104</u>	<u>293,883</u>	<u>65,295</u>	<u>(14,213)</u>	<u>7,306,479</u>
Total capital assets, being depreciated, net	<u>2,652,281</u>	<u>(293,883)</u>	<u>-</u>	<u>-</u>	<u>2,358,398</u>
Total capital assets	<u>\$ 2,946,013</u>	<u>\$ (276,632)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,669,381</u>

	Balance July 1, 2016	Increases	Decreases	Transfers	Balance June 30, 2017
Capital assets, not being depreciated:					
Land and land improvements	\$ 293,732	\$ -	\$ -	\$ -	\$ 293,732
Capital assets, being depreciated:					
Buildings	4,389,671	-	-	-	4,389,671
Furniture, fixtures and equipment	5,081,162	73,161	156,306	-	4,998,017
Website	110,425	-	-	-	110,425
Transmitter	246,272	-	-	-	246,272
Total capital assets, being depreciated	<u>9,827,530</u>	<u>73,161</u>	<u>156,306</u>	<u>-</u>	<u>9,744,385</u>
Less: Accumulated depreciation	<u>6,758,845</u>	<u>489,565</u>	<u>156,306</u>	<u>-</u>	<u>7,092,104</u>
Total capital assets, being depreciated, net	<u>3,068,685</u>	<u>(416,404)</u>	<u>-</u>	<u>-</u>	<u>2,652,281</u>
Total capital assets	<u>\$ 3,362,417</u>	<u>\$ (416,404)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,946,013</u>

Depreciation expense was \$293,883 and \$489,565 for the fiscal years ended June 30, 2018, and 2017, respectively.

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(4) **State Retirement Plans:**

As the Station is a department of the University, any pension liability is reported by the University.

(a) **Florida retirement system**—Essentially all regular employees of the Station are eligible to enroll as members of the State-administered Florida Retirement System (FRS). The FRS Pension Plan (Plan) is a cost sharing multiple employer defined benefit pension plan, with a DROP for eligible employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail.

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing multiple-employer defined benefit plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

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

Financial Statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. A comprehensive annual report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services website (www.dms.myflorida.com).

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

The State of Florida establishes contribution rates for participating employers. Contribution rates during the fiscal years ended June 30, 2018, 2017, and 2016, were as follows:

	Year ended June 30,		
	2018	2017	2016
Regular	7.92%	7.52%	7.26%
Senior Management Service Class	22.71%	21.77%	21.43%
DROP	13.26%	12.99%	12.88%

The Station’s liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Station. For the fiscal years ended June 30, 2018, 2017, and 2016, total contributions were approximately \$104,000, \$92,000 and \$84,000, respectively.

(b) **Optional retirement program**—Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in FRS for 8 or more years. The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant’s salary to the participant’s account, 3.30 percent to cover the unfunded actuarial liability of the FRS Pension Plan, 0.01 percent to cover administrative costs, for a total of 8.45 percent, and employees contribute 3.0 percent of the employee’s salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant’s annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

Required contributions to the Program during the fiscal years ended June 30, 2018, 2017, and 2016, were approximately \$47,000, \$47,000 and \$41,000, respectively.

During the fiscal years ended June 30, 2018 and 2017, and as of June 30, 2018 and 2017, the Program held no securities issued by the University.

The University contributed 100% of the required contribution to FRS in fiscal years ended June 30, 2018, 2017, and 2016.

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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

(c) **Florida Retirement System Investment Plan (Investment Plan)**—As provided in Section 121.4501, Florida Statutes, eligible FRS members elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

Required contributions to the Investment Plan during the years ended June 30, 2018, 2017, and 2016, were approximately \$26,000, \$24,000 and \$22,000, respectively.

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

Employees who retire from the University are eligible to participate in a post-retirement healthcare program that is administered by the State Group Health Insurance Program. As the Station is a department of the University, any other post-employment benefit liability is reported by the University. A general description of the plan is as follows:

(a) **Plan description**—The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a Statement retirement system or Station optional annuity or retirement program or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any officer or employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. The University subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

WGPU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(6) Risk Management Programs:

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2017-18 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$92.5 million for named windstorm and flood losses through February 14, 2018, and decreased to \$78 million starting February 15, 2018. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$225 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

(7) Lien on Property and Equipment:

The Federal government has a ten-year priority lien on any facilities and equipment purchased with funds from the National Telecommunications and Information Administration. The lien is to ensure that telecommunications facilities funded with Federal monies will continue to be used to provide public telecommunications services to the public during the period of Federal interest. The original cost of the property acquired with NTIA funds was approximately \$868,000 and the liens expire in years through 2020.

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(8) Significant Concentrations:

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

(a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University and the Foundation, which are secured up to FDIC limits. Amounts over FDIC limits are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. These deposits amounted to \$528,114 and \$531,106 as of June 30, 2018 and 2017, respectively.

(b) **Accounts and grants receivable**—The Station has grants and accounts receivables of \$130,201 and \$114,823 at June 30, 2018 and 2017, respectively. 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 14% and the University provided approximately 29% in cash and donated facilities during the year ended June 30, 2018. For the year ended June 30, 2017, the CPB provided approximately 13% and the University provided approximately 32% in cash and donated facilities.

(9) Compensated Absences:

Compensated absences liability activity for the years ended June 30, 2018 and 2017, were as follows:

<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 353,404	\$ 222,707	\$ 256,946	\$ 319,165	\$ 184,900

<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 302,269	\$ 454,740	\$ 403,605	\$ 353,404	\$ 281,800

(10) Community Service Grants:

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

<u>Year of</u> <u>Grant</u>	<u>Grants</u> <u>Received</u>	<u>Expended</u>			<u>Uncommitted</u> <u>Balance at</u> <u>June 30, 2018</u>
		<u>2015 – 2016</u>	<u>2016 – 2017</u>	<u>2017 – 2018</u>	
2015-17	\$ 1,171,198	\$ 969,067	\$ 202,131	\$ -	\$ -
2016-18	\$ 1,140,607	\$ -	\$ 992,658	\$ 147,949	\$ -
2017-19	\$ 1,272,681	\$ -	\$ -	\$ 1,272,681	\$ -

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(11) **Risks and Uncertainties:**

The Station invests in uninsured and unregistered investments, held and managed by Florida Gulf Coast University 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.

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

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

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the Federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the NFFS. This change excludes all revenues received for any capital purchases.

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 \$6,664,726 and \$6,851,945 for the years ended June 30, 2018 and 2017, respectively.

(13) **Due to Florida Gulf Coast University:**

The Station was advanced funds from the University totaling \$522,714 over a two-year period ended June 30, 2012. These funds were used to acquire certain items of equipment and the amounts advanced do not bear interest. A portion of the funds, \$216,964, was borrowed under a written agreement with scheduled repayments of \$43,393 per year starting in 2014. All other funds advanced have no set repayment terms. The amount due at June 30, 2018 and 2017, was \$114,449 and \$157,842, respectively. In addition, at June 30, 2017, the Station owed \$132,157 to the University related mainly to salary expenses. At June 30, 2018, the Station owed \$30,049 to the University related mainly to grant reimbursements.

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

(14) **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, 2017, are certain grant funds totaling \$146,649 and contributions totaling \$1,368,055. Included in restricted expendable net position at June 30, 2018, are contributions totaling \$1,238,055. The restricted nonexpendable net position at June 30, 2018 and 2017, contains the endowment balance of \$35,008.

SUPPLEMENTAL INFORMATION

WGCU-TV
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 1,104,952	\$ 972,912
Other Corporation for Public Broadcasting grants	68,574	35,932
Other grants	200	6,282
Community service grants donated by the Department of Education, State of Florida	307,447	307,447
Appropriations from Florida Gulf Coast University	620,614	697,332
Underwriting support	296,253	361,864
Membership income	1,634,335	1,937,114
Donated facilities and administrative support from Florida Gulf Coast University	1,330,492	1,438,544
In-kind contributions	91,271	141,398
Other income	611,107	409,960
Miscellaneous support	17,250	6,750
Total operating revenues	<u>6,082,495</u>	<u>6,315,535</u>
Operating expenses		
Programming and production	2,446,260	2,624,844
Broadcasting	813,522	836,722
Program information and promotion	467,324	600,316
Management and general	917,364	1,031,613
Fundraising and membership development	1,163,266	1,143,290
Underwriting and grant solicitation	361,006	371,673
Total operating expenses	<u>6,168,742</u>	<u>6,608,458</u>
Operating loss	<u>(86,247)</u>	<u>(292,923)</u>
Non-operating revenues		
Investment income	134,869	161,977
Increase (decrease) in net position	<u>48,622</u>	<u>(130,946)</u>
Net position, beginning of year	3,304,625	3,435,571
Net position, end of year	<u>\$ 3,353,247</u>	<u>\$ 3,304,625</u>

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

WGCU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 167,729	\$ 167,695
Other Corporation for Public Broadcasting grants	1,260	-
Community service grants donated by the Department of Education, State of Florida	100,000	100,000
Appropriations from Florida Gulf Coast University	180,678	186,369
Underwriting support	571,698	505,964
Membership income	1,265,723	1,001,310
Donated facilities and administrative support from Florida Gulf Coast University	604,633	635,631
In-kind contributions	155,794	177,283
Other income	29,604	30,448
Total operating revenues	<u>3,077,119</u>	<u>2,804,700</u>
Operating expenses		
Programming and production	1,259,831	1,126,124
Broadcasting	357,458	353,619
Program information and promotion	283,114	342,680
Management and general	461,884	579,277
Fundraising and membership development	317,498	301,684
Underwriting and grant solicitation	238,342	206,211
Total operating expenses	<u>2,918,127</u>	<u>2,909,595</u>
Operating income (loss)	<u>158,992</u>	<u>(104,895)</u>
Non-operating revenues		
Investment income	2,638	3,880
Increase (decrease) in net position	<u>161,630</u>	<u>(101,015)</u>
Net position, beginning of year	494,705	595,720
Net position, end of year	<u>\$ 656,335</u>	<u>\$ 494,705</u>

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

WGCU PUBLIC MEDIA
A PUBLIC COMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With Summarized Comparative Totals for the Year Ended June 30, 2017)

	Program Services				Supporting Services				2018 Total Expenses	2017 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	\$ 1,112,342	\$ 514,462	\$ 261,356	\$ 1,888,160	\$ 560,707	\$ 484,502	\$ 229,784	\$ 1,274,993	\$ 3,163,153	\$ 3,188,537
Commissions to advertising agencies	-	-	140	140	-	-	164,178	164,178	164,318	155,415
Professional services	62,010	51,907	-	113,917	68,559	81,465	8,108	158,132	272,049	310,035
Office supplies	55	215	6,237	6,507	5,323	1,836	-	7,159	13,666	7,781
Operating and other supplies	-	323	-	323	122	36,669	-	36,791	37,114	48,546
Telephone	3,085	54,726	-	57,811	33,086	-	-	33,086	90,897	86,466
Postage	74	-	73	147	502	118,087	299	118,888	119,035	117,629
Advertising	350	200	207,677	208,227	1,940	5,997	46	7,983	216,210	274,432
Rental and maintenance of equipment	-	42,150	-	42,150	484	-	-	484	42,634	76,190
Program acquisitions	1,616,647	-	-	1,616,647	-	-	-	-	1,616,647	1,533,587
Program production costs	4,345	-	-	4,345	-	-	-	-	4,345	4,759
Printing and publications	1,702	-	54,966	56,668	-	469	-	469	57,137	80,322
Travel and training	3,487	4,277	2,219	9,983	15,362	5,026	14,359	34,747	44,730	51,690
Freight	92	566	1,109	1,767	235	47	-	282	2,049	1,273
Premiums	-	-	25	25	-	199,431	-	199,431	199,456	215,994
Direct mail	-	-	-	-	-	51,727	-	51,727	51,727	63,473
Computer fees and supplies	4,437	4,833	-	9,270	596	19,278	-	19,874	29,144	35,899
Subscriptions and dues	31,647	4,651	-	36,298	50,476	706	1,291	52,473	88,771	71,150
Ratings and research	78,982	-	-	78,982	-	-	4,654	4,654	83,636	49,652
Meetings and events	6,083	-	26,326	32,409	5,010	103,522	3,901	112,433	144,842	176,489
Utilities	-	81,028	-	81,028	58,643	-	-	58,643	139,671	143,000
Station maintenance	1,242	6,982	60	8,284	1,413	357	43	1,813	10,097	14,638
Overhead charges	6,433	-	5,320	11,753	180,744	26,158	-	206,902	218,655	209,033
Depreciation	98,847	49,765	24,594	173,206	52,078	46,582	22,017	120,677	293,883	489,565
Recruitment	-	299	-	299	966	15	-	981	1,280	2,260
Facility rental	130	37,054	-	37,184	-	153	-	153	37,337	30,029
Donated facilities and administrative support from Florida Gulf Coast University	674,076	317,542	160,336	1,151,954	343,002	298,641	141,528	783,171	1,935,125	2,074,175
Other expenses	25	-	-	25	-	-	-	-	25	66
Loss on disposal	-	-	-	-	-	-	-	-	-	55
Bad debt expense	-	-	-	-	-	96	9,140	9,236	9,236	5,913
	<u>\$ 3,706,091</u>	<u>\$ 1,170,980</u>	<u>\$ 750,438</u>	<u>\$ 5,627,509</u>	<u>\$ 1,379,248</u>	<u>\$ 1,480,764</u>	<u>\$ 599,348</u>	<u>\$ 3,459,360</u>	<u>\$ 9,086,869</u>	<u>\$ 9,518,053</u>

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