

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

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
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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, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 WGCU Public Media as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, and the changes in financial position and cash flows, of only the Station-related accounts of Florida Gulf Coast University that are attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Florida Gulf Coast University as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 WGCU Public Media's basic financial statements. The WGCU-TV Statements of Revenues, Expenses, and Changes in Net Position (Exhibit I), WGCU-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
February 11, 2021

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
FLORIDA GULF COAST UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020 AND 2019

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, 2020 and June 30, 2019. 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. WGCU-TV is consistently one of the most-watched public television stations in the country and is viewed, annually, in more than 450,000 households. Our radio stations are among the top-rated radio stations in the market. Combined, WGCU-FM and WMKO-FM reach weekly cumulative audiences of more than 130,000 listeners and serve listeners in some or all of twelve counties in south and southwest Florida.

WGCU Public Media offers 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. WGCU-TV carries BBC World News 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, WGCU Public Media continues 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. Contributors are always able to designate their donations exclusively to WGCU-TV or WGCU-FM if they wish.

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OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of WGPU 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 WGPU Public Media as of June 30, 2020 and June 30, 2019. 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

WGPU 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. WGPU Public Media completed FY 2020 with a net operating income of \$346,764 and an increase in net position of \$1,564,087 including non-operating revenues and investment income. This is after a net operating loss of (\$91,589) in FY 2019. Net position increased to \$8,365,203 for the year ended June 30, 2020, from \$6,801,116 for FY 2019 primarily due to receipt of \$335,205 in CARES Act stabilization funds, FCC repack funds, and increases in Membership. WGPU Public Media's operating revenues decreased slightly to \$8,646,763 in FY 2020, compared to \$8,806,381 in FY 2019, mainly due to decreases in CPB revenues and Indirect Administrative Support, which was offset by increases in In-Kind support and Membership. WGPU Public Media's operating expenses also decreased to \$8,299,999 in FY 2020 from \$8,897,970 in FY 2019 due to mainly to decreases in calculated Indirect Administrative Support. This is due to a mandated change in methodology and calculation of the Indirect Administrative Support (IAS) from FGCU to WGPU and resulted in nearly a 31% decrease in IAS (revenue and expense) for FY 2020 from FY 2019.

The Station completed FY 2019 with a net operating loss of (\$90,461) (including non-cash entries like depreciation) and an increase in net position of \$2,791,534 including the project-to-date accrual for a Public Education Capital Outlay (PECO) grant of \$2,753,403 and investment income. This is after a net operating income of \$55,495 in FY 2018 (after depreciation and other non-cash entries). Net assets increased to \$6,801,116 for the year ended June 30, 2019, from \$4,009,582 for the year ended June 30, 2018 primarily due to the PECO project-to-date accrual for the renovation/replacement of our main transmission tower and related equipment. WGPU Public Media's operating revenues decreased to \$8,807,509 in FY 2019, from \$9,142,364 in FY 2018, due mainly to decreases in CPB grants, Membership and Other Revenue. WGPU Public Media's operating expenses also decreased from

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\$9,086,869 in FY 2018 down to \$8,897,970 in FY 2019 due to decreases in Fundraising expenses and Underwriting and grant solicitation expenses.

THE REPORTING ENTITY

WGPU Public Media 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 WGPU Public Media Management.

FINANCIAL ANALYSIS OF THE STATEMENTS

WGPU Public Media condensed financial statements are presented below for FY 2020, FY 2019 and FY 2018.

CONDENSED STATEMENTS OF NET POSITION

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current assets	\$ 4,970,506	\$ 6,160,495	\$ 2,429,916
Noncurrent assets	7,740,670	3,592,640	2,678,675
Total assets	<u>12,711,176</u>	<u>9,753,135</u>	<u>5,108,591</u>
Current liabilities	4,030,775	2,551,701	646,130
Non-current liabilities	315,198	400,318	452,879
Total liabilities	<u>4,345,973</u>	<u>2,952,019</u>	<u>1,099,009</u>
Net assets			
Unrestricted	937,775	280,244	67,138
Restricted, Expendable	4,931,754	4,045,990	1,238,055
Restricted, Nonexpendable	67,008	53,758	35,008
Net investment in capital assets	2,428,666	2,421,124	2,669,381
Total net position	<u>8,365,203</u>	<u>6,801,116</u>	<u>4,009,582</u>
Total liabilities and net position	<u>\$ 12,711,176</u>	<u>\$ 9,753,135</u>	<u>\$ 5,108,591</u>

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JUNE 30, 2020 AND 2019
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CONDENSED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
(For the Fiscal Years ended June 30)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues			
Operating	\$ 8,646,763	\$ 8,806,381	\$ 9,142,364
Non-operating	1,217,323	2,883,123	154,757
Total revenues	<u>9,864,086</u>	<u>11,689,504</u>	<u>9,297,121</u>
Expenses			
Program services			
Programming and production	3,523,846	3,655,944	3,706,091
Broadcasting	1,028,643	1,189,134	1,170,980
Program information	919,287	916,610	750,438
Total program services	<u>5,471,776</u>	<u>5,761,688</u>	<u>5,627,509</u>
Supporting services			
Management and general	1,222,549	1,348,088	1,379,248
Fundraising and membership development	1,167,340	1,343,322	1,480,764
Underwriting and grants	438,334	444,872	599,348
Total supporting services	<u>2,828,223</u>	<u>3,136,282</u>	<u>3,459,360</u>
Total expenses	<u>8,299,999</u>	<u>8,897,970</u>	<u>9,086,869</u>
Increase (decrease) in net position	<u>\$ 1,564,087</u>	<u>\$ 2,791,534</u>	<u>\$ 210,252</u>

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

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Net cash flows from operating activities	\$ 379,586	\$ 111,739	\$ 81,699
Net cash flows from capital & related financing activities	(47,546)	(9,193)	-
Net cash flows from non-capital & related financing activities	215,923	(65,817)	(162,752)
Net cash flows from investing activities	75,352	48,843	78,061
Net increase (decrease) in cash	623,315	85,572	(2,992)
Cash and cash equivalents, beginning of year	<u>613,686</u>	<u>528,114</u>	<u>531,106</u>
Cash and cash equivalents, end of year	<u>\$ 1,237,001</u>	<u>\$ 613,686</u>	<u>\$ 528,114</u>

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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). Current Liabilities consist of accounts payable, accrued expenses, compensated absences and a due to Florida Gulf Coast University.

Operating revenues consist primarily of membership contributions, State Appropriations, community service grants, contributed support (underwriting), 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. Non-operating revenues and expenses consist primarily of CARES Act stabilization funding, PECO allocation, FCC repack funding, and interest and investment income/losses. WGPU Public Media had non-operating revenues of \$1,217,323 in FY 2020, a substantial decrease from \$2,883,123 in FY 2019, due to the PECO project accrual for the renovation/replacement of WGPU's main transmission tower and related equipment. In FY 2019 the Station had a substantial increase in non-operating revenues from \$154,757 in FY 2018 to \$2,883,123 in FY 2019, due to the on-going PECO project accrual.

WGPU PUBLIC MEDIA AND THE COVID-19 PANDEMIC

WGPU experienced the effects of the COVID-19 pandemic and shutdown during the final quarter of our fiscal year and it did not have a tremendous impact on our FY 2020 results. WGPU expects to feel the full financial burden of the COVID-19 pandemic during FY 2021 and beyond. WGPU swiftly adapted operations to remote working locations and made adjustments in our FY 2021 budget to reflect the downward trends in underwriting and other revenues and our bottom line. WGPU adopted a break-even budget for FY 2021 and so far, has been able to reign in expenses to maintain our budget goals without any decreases in service. Our finances remain sound and allow us to weather a short-term economic downturn.

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

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STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 581,619	\$ 308,045
Restricted cash	207,278	37,282
Funds held by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	448,104	268,359
Accounts and grants receivable	3,705,024	3,710,495
Current portion of prepaid program costs	28,481	4,946
Total current assets	4,970,506	4,329,127
Noncurrent assets		
Capital assets, net	5,914,911	3,578,911
Funds held and invested by Florida Gulf Coast University Foundation, Inc. on behalf of the Station:		
Unrestricted	518,604	539,555
Restricted	1,305,062	1,291,813
Prepaid program costs, less current portion	2,093	13,729
Total noncurrent assets	7,740,670	5,424,008
Total Assets	12,711,176	9,753,135
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued expenses	111,451	265,942
Due to Florida Gulf Coast University	3,428,393	1,160,379
Current portion of compensated absences	178,000	180,700
Current portion of unearned revenue	312,931	944,680
Total current liabilities	4,030,775	2,551,701
Noncurrent liabilities		
Compensated absences, less current portion	243,250	205,037
Unearned revenue, less current portion	71,948	195,281
Total noncurrent liabilities	315,198	400,318
Total Liabilities	4,345,973	2,952,019
<u>NET POSITION</u>		
Net position		
Net investment in capital assets	2,428,666	2,421,124
Restricted:		
Nonexpendable	67,008	53,758
Expendable	4,931,754	4,045,990
Unrestricted	937,775	280,244
Total Net Position	\$ 8,365,203	\$ 6,801,116

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, 2020 AND 2019

	2020	2019
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 1,138,446	\$ 1,214,905
Other Corporation for Public Broadcasting grants	35,894	65,720
Community service grants donated by the Department of Education, State of Florida	420,400	407,447
Appropriations from Florida Gulf Coast University	859,172	794,462
Underwriting support	855,006	890,509
Membership income	3,171,029	2,726,848
Donated facilities and administrative support from Florida Gulf Coast University	1,347,668	1,947,927
In-kind contributions	459,710	311,270
Other income	359,438	447,293
Total operating revenues	8,646,763	8,806,381
Operating expenses		
Programming and production	3,523,846	3,655,944
Broadcasting	1,028,643	1,189,134
Program information and promotion	919,287	916,610
Management and general	1,222,549	1,348,088
Fundraising and membership development	1,167,340	1,343,322
Underwriting and grant solicitation	438,334	444,872
Total operating expenses	8,299,999	8,897,970
Operating income (loss)	346,764	(91,589)
Non-operating revenues		
CARES Act stabilization funds	335,205	-
Investment income	67,650	129,720
FCC repack	98,699	-
PECO allocation	715,769	2,753,403
Total non-operating revenues	1,217,323	2,883,123
Increase in net position	1,564,087	2,791,534
Net position, beginning of year	6,801,116	4,009,582
Net position, end of year	\$ 8,365,203	\$ 6,801,116

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

WGCU PUBLIC MEDIA
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 5,946,371	\$ 5,585,805
Cash paid for payroll and related benefits	(2,674,372)	(2,466,665)
Cash paid to suppliers and employees	(2,892,413)	(3,007,401)
Net cash provided by operating activities	379,586	111,739
Cash flows from non-capital financing activities		
Proceeds from CARES Act stabilization funds	335,205	-
Increase in due to Florida Gulf Coast University	(119,282)	(65,817)
Net cash provided by (used in) non-capital financing activities	215,923	(65,817)
Cash flows from capital and related financing activities		
FCC repack	98,699	-
Purchase of capital assets	(146,245)	(9,193)
Net cash used in capital and related financing activities	(47,546)	(9,193)
Cash flows from investing activities		
Decrease (increase) in funds held and invested by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	7,702	(80,877)
Investment income	67,650	129,720
Net cash provided by investing activities	75,352	48,843
Net increase in cash and cash equivalents	623,315	85,572
Cash and cash equivalents, beginning of year	613,686	528,114
Cash and cash equivalents, end of year	\$ 1,237,001	\$ 613,686
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 346,764	\$ (91,589)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	197,541	224,133
Loss on disposal	-	16,066
Decrease (increase) in certain assets:		
Accounts and grants receivable - related to operating activity	5,471	(7,544)
Prepaid program costs	(11,899)	11,729
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(154,491)	51,745
Compensated absences	35,513	66,572
Unearned revenue - related to operating activity	(39,313)	(159,373)
Total adjustments	32,822	203,328
Net cash provided by operating activities	\$ 379,586	\$ 111,739
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 581,619	\$ 308,045
Restricted cash	207,278	37,282
Funds held by Florida Gulf Coast University Foundation, Inc. on behalf of the Station	448,104	268,359
	\$ 1,237,001	\$ 613,686
Supplemental disclosure of noncash capital activities		
Capital purchases included in accounts payable	\$ -	\$ 58,838
Capital purchases included in due to Florida Gulf Coast University	2,387,296	1,081,698
Total noncash capital activities	\$ 2,387,296	\$ 1,140,536

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

WVCU PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

The following is a summary of the more significant accounting policies of WVCU Public Media, which includes WVCU-TV and WVCU-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**—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.

(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.

(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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

completed and broadcast in more than one year are classified as noncurrent. 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, the Station's lease of channel space to a private entity, and PECO allocation funds that have been allocated but not yet approved for encumbrance. The lease of channel space 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.

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 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.

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

(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.

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 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.

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

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(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.

For the year ended June 30, 2020, indirect support is calculated using the CPB's Standard Method. For purposes of this calculation, expenses for non-broadcasting activities and unrelated business income taxes are removed from the Station's total operating expenses, along with depreciation, amortization, in-kind contributions, and donated property and equipment to determine the Station's net direct expenses. For the year ended June 30, 2020, WGCU-TV and WGCU-FM had \$13,769 and \$1,627, respectively, of expenses for non-broadcasting activities and unrelated business income taxes. Additionally, in accordance with the CPB Standard Method, fees paid to the University of \$50,167 for WGCU-TV and \$22,703 for WGCU-FM were removed in the calculation of indirect administrative support for the year ended June 30, 2020.

(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. CARES Act stabilization funds are also included within non-operating activities as these funds did not result from normal operations of the Station.

(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.

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

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

(u) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

(v) **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, 2020 and 2019, was \$431,921 and \$285,474, 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 the Station's fiscal year ending June 30, 2022. Earlier application is encouraged. The Station is currently evaluating the effect that implementation of the new Statement will have on its financial 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 Station's fiscal year ending June 30, 2022. The Station is currently evaluating the impact the Statement will have on its financial statements.

(y) **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 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 \$448,104 and \$268,359 as of June 30, 2020 and 2019, respectively. Total investments held by the Foundation are \$1,823,666 and \$1,831,368 as of June 30, 2020 and 2019, respectively. These investment totals include \$1,305,062 and \$1,291,813 of restricted funds as of June 30, 2020 and 2019, 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.

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

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

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

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

	Investments Measured at NAV as of June 30, 2020			
	Total Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Funds held and invested by the Foundation	\$ 1,823,666	\$ -	Daily	N/A
Funds held and invested by the Foundation	\$ 1,831,368	\$ -	Daily	N/A

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(3) **Capital Assets:**

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

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated:					
Land and land improvements	\$ 293,732	\$ -	\$ -	\$ -	\$ 293,732
Construction in progress-tower	1,116,953	2,387,297	18,003	-	3,486,247
Total capital assets, not being depreciated	<u>1,410,685</u>	<u>2,387,297</u>	<u>18,003</u>	<u>-</u>	<u>3,779,979</u>
Capital assets, being depreciated:					
Buildings	4,182,564	-	-	-	4,182,564
Furniture, fixtures and equipment	4,627,792	30,445	127,191	-	4,531,046
Leasehold Improvements	-	133,802	-	-	133,802
Transmitter	246,272	-	-	-	246,272
Total capital assets, being depreciated	<u>9,056,628</u>	<u>164,247</u>	<u>127,191</u>	<u>-</u>	<u>9,093,684</u>
Less: Accumulated depreciation	6,888,402	197,541	127,191	-	6,958,752
Total capital assets, being depreciated, net	<u>2,168,226</u>	<u>(33,294)</u>	<u>-</u>	<u>-</u>	<u>2,134,932</u>
Total capital assets	<u>\$ 3,578,911</u>	<u>\$ 2,354,003</u>	<u>\$ 18,003</u>	<u>\$ -</u>	<u>\$ 5,914,911</u>
	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2019</u>
Capital assets, not being depreciated:					
Land and land improvements	\$ 293,732	\$ -	\$ -	\$ -	\$ 293,732
Construction in progress-tower	17,251	1,099,702	-	-	1,116,953
Total capital assets, not being depreciated	<u>310,983</u>	<u>1,099,702</u>	<u>-</u>	<u>-</u>	<u>1,410,685</u>
Capital assets, being depreciated:					
Buildings	4,389,671	-	207,107	-	4,182,564
Furniture, fixtures and equipment	4,918,509	50,027	292,944	(47,800)	4,627,792
Website	110,425	-	110,425	-	-
Transmitter	246,272	-	-	-	246,272
Total capital assets, being depreciated	<u>9,664,877</u>	<u>50,027</u>	<u>610,476</u>	<u>(47,800)</u>	<u>9,056,628</u>
Less: Accumulated depreciation	7,306,479	224,133	594,410	(47,800)	6,888,402
Total capital assets, being depreciated, net	<u>2,358,398</u>	<u>(174,106)</u>	<u>16,066</u>	<u>-</u>	<u>2,168,226</u>
Total capital assets	<u>\$ 2,669,381</u>	<u>\$ 925,596</u>	<u>\$ 16,066</u>	<u>\$ -</u>	<u>\$ 3,578,911</u>

WGPU-TV had depreciation expense of \$148,103 and \$171,466 for the fiscal years ended June 30, 2020 and 2019, respectively. WGPU-FM had depreciation expense of \$49,438 and \$52,667 for the fiscal years ended June 30, 2020 and 2019, respectively.

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(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 Rules, Chapter 60S, Florida Administrative Code, wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.

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). A comprehensive annual financial 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 Web site (www.dms.myflorida.com).

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.

The 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.

The State of Florida establishes contribution rates for participating employers. Contribution rates during the fiscal years ended June 30, 2020, 2019, and 2018, were as follows:

	Year ended June 30,		
	2020	2019	2018
Regular	8.47%	8.26%	7.92%
Senior Management Service Class	25.41%	24.06%	22.71%
DROP	14.60%	14.03%	13.26%

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

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, 2020, 2019, and 2018, total contributions were approximately \$122,000, \$113,000 and \$104,000, 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, 3.5 percent to cover the unfunded actuarial liability of the FRS Pension Plan, and 0.01 percent to cover administrative costs, for a total of 8.65 percent, and employees contribute 3 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, 2020, 2019, and 2018, were approximately \$53,000, \$52,000 and \$47,000, respectively.

(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, 2020, 2019, and 2018, were approximately \$44,000, \$30,000 and \$26,000, respectively.

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(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. No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor’s recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

(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 2019-20 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 \$78 million for named windstorm and flood losses through February 14, 2019, and decreased to \$68.5 million starting February 15, 2019. 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. 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.

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

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 (NTIA). 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 2021.

(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 \$1,237,001 and \$613,686 as of June 30, 2020 and 2019, respectively.

(b) **Accounts and grants receivable**—The Station has accounts and grants receivables of \$3,705,024 and \$3,710,495 at June 30, 2020 and 2019, respectively. The Florida Department of Education is responsible for approximately 97% of these receivables at June 30, 2020 and 2019, respectively. The Station has no policy requiring collateral or other security to support receivables.

(c) **Revenues**—The Station received significant revenue from three sources. The Florida Department of Education and the CPB provided approximately 12% and 15% of revenues and the University provided approximately 22% in cash, support and donated facilities during the year ended June 30, 2020. For the year ended June 30, 2019, the Florida Department of Education and the CPB provided approximately 27% and 11% of revenues and the University provided approximately 23% in cash, support and donated facilities.

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(9) **Compensated Absences:**

Compensated absences liability activity for the years ended June 30, 2020 and 2019, were as follows:

<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 385,737	\$ 260,806	\$ 225,293	\$ 421,250	\$ 178,000

<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amount Due</u> <u>Within 1 Year</u>
\$ 319,165	\$ 238,156	\$ 171,584	\$ 385,737	\$ 180,700

(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, 2020</u>
		<u>2017 – 2018</u>	<u>2018 – 2019</u>	<u>2019 – 2020</u>	
2017-19	\$ 1,272,681	\$ 1,272,681	\$ -	\$ -	\$ -
2018-20	\$ 1,214,905	\$ -	\$ 1,177,623	\$ 37,282	\$ -
2019-21	\$ 1,138,446	\$ -	\$ -	\$ 1,023,668	\$ 114,778

(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.

In early 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease “COVID-19”, by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending and investment markets have been substantially impacted. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Station as of February 11, 2021, management believes that a material impact on the Station’s financial position and results of future operations is reasonably possible.

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(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 broadcasting 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 \$6,803,419 and \$6,725,539 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, was \$30,001 and \$74,449, respectively. In addition, at June 30, 2020 and 2019, the Station owed \$3,398,392 and \$1,085,930, respectively, to the University, related mainly to grant and PECO allocation reimbursements.

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(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, 2019, are contributions totaling \$1,238,055, restricted cash from grants of \$37,282, and PECO allocation receivables of \$2,770,653. Included in restricted expendable net position at June 30, 2020, are contributions totaling \$1,238,054, restricted cash from grants of \$207,278, and PECO allocation receivables of \$3,486,422. The restricted nonexpendable net position at June 30, 2020 and 2019, contains the endowment balances of \$67,008 and \$53,758, respectively.

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 936,484	\$ 1,023,401
Other Corporation for Public Broadcasting grants	35,894	36,980
Community service grants donated by the Department of Education, State of Florida	320,400	307,447
Appropriations from Florida Gulf Coast University	656,480	614,665
Underwriting support	298,675	334,730
Membership income	2,089,904	1,917,929
Donated facilities and administrative support from Florida Gulf Coast University	929,333	1,326,452
In-kind contributions	183,794	128,013
Other income	351,745	434,035
Total operating revenues	<u>5,802,709</u>	<u>6,123,652</u>
Operating expenses		
Programming and production	2,382,544	2,396,579
Broadcasting	686,262	794,471
Program information and promotion	514,159	574,220
Management and general	883,692	934,967
Fundraising and membership development	879,125	1,036,315
Underwriting and grant solicitation	258,763	255,880
Total operating expenses	<u>5,604,545</u>	<u>5,992,432</u>
Operating income	<u>198,164</u>	<u>131,220</u>
Non-operating revenues		
CARES Act stabilization funds	260,205	-
Investment income	67,003	125,018
FCC repack	98,699	-
PECO allocation	715,769	2,753,403
Total non-operating revenues	<u>1,141,676</u>	<u>2,878,421</u>
Increase in net position	<u>1,339,840</u>	<u>3,009,641</u>
Net position, beginning of year	6,362,888	3,353,247
Net position, end of year	<u><u>\$ 7,702,728</u></u>	<u><u>\$ 6,362,888</u></u>

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

WGPU-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	\$ 201,962	\$ 191,504
Other Corporation for Public Broadcasting grants	-	28,740
Community service grants donated by the Department of Education, State of Florida	100,000	100,000
Appropriations from Florida Gulf Coast University	202,692	179,797
Underwriting support	556,331	555,779
Membership income	1,081,125	808,919
Donated facilities and administrative support from Florida Gulf Coast University	418,335	621,475
In-kind contributions	275,916	183,257
Other income	7,693	13,258
Total operating revenues	<u>2,844,054</u>	<u>2,682,729</u>
Operating expenses		
Programming and production	1,141,302	1,259,365
Broadcasting	342,381	394,663
Program information and promotion	405,128	342,390
Management and general	338,857	413,121
Fundraising and membership development	288,215	307,007
Underwriting and grant solicitation	179,571	188,992
Total operating expenses	<u>2,695,454</u>	<u>2,905,538</u>
Operating income (loss)	<u>148,600</u>	<u>(222,809)</u>
Non-operating revenues		
CARES Act stabilization funds	75,000	-
Investment income	647	4,702
Total nonoperating revenues	<u>75,647</u>	<u>4,702</u>
Increase (decrease) in net position	<u>224,247</u>	<u>(218,107)</u>
Net position, beginning of year	438,228	656,335
Net position, end of year	<u>\$ 662,475</u>	<u>\$ 438,228</u>

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

WGCU PUBLIC MEDIA
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With Summarized Comparative Totals for the Year Ended June 30, 2019)

	Program Services				Supporting Services				2020 Total Expenses	2019 Total Expenses
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total		
Salaries, payroll taxes and employee benefits	\$ 1,219,747	\$ 548,378	\$ 312,203	\$ 2,080,328	\$ 538,108	\$ 538,686	\$ 177,789	\$ 1,254,583	\$ 3,334,911	\$ 3,201,117
Commissions to advertising agencies	-	-	-	-	-	-	142,134	142,134	142,134	155,098
Professional services	73,808	35,275	3,208	112,291	88,643	20,265	5,775	114,683	226,974	270,069
Office supplies	9,979	189	1,435	11,603	3,673	1,828	-	5,501	17,104	18,802
Operating and other supplies	-	1,555	-	1,555	167	32,643	-	32,810	34,365	29,892
Telephone	-	46,302	-	46,302	28,739	38,332	-	67,071	113,373	83,928
Postage	187	65	50	302	279	36,595	465	37,339	37,641	62,089
Advertising	3,196	-	428,725	431,921	-	-	-	-	431,921	285,474
Rental and maintenance of equipment	3,780	28,420	-	32,200	2,135	-	-	2,135	34,335	47,845
Program acquisitions	1,525,105	-	-	1,525,105	-	-	-	-	1,525,105	1,552,801
Program production costs	3,562	-	591	4,153	-	-	-	-	4,153	3,868
Printing and publications	1,600	-	10,211	11,811	649	928	-	1,577	13,388	7,053
Travel and training	5,807	804	1,031	7,642	5,082	1,519	9,551	16,152	23,794	32,990
Freight	23	356	-	379	17	17	-	34	413	8,157
Premiums	-	-	-	-	-	152,277	-	152,277	152,277	182,366
Direct mail	-	-	-	-	-	27,401	-	27,401	27,401	48,783
Computer fees and supplies	4,709	3,011	3,336	11,056	996	29,616	-	30,612	41,668	40,056
Subscriptions and dues	25,326	-	-	25,326	54,773	-	-	54,773	80,099	64,603
Ratings and research	51,485	-	-	51,485	3,300	-	3,960	7,260	58,745	48,357
Meetings and events	17,357	39	12,647	30,043	4,903	10,853	576	16,332	46,375	127,549
Utilities	-	79,561	-	79,561	53,003	-	-	53,003	132,564	137,385
Station maintenance	4,640	-	-	4,640	390	-	-	390	5,030	10,264
Overhead charges	8,831	-	1,135	9,966	187,816	26,632	-	214,448	224,414	217,549
Depreciation	71,823	32,336	18,535	122,694	32,273	32,007	10,567	74,847	197,541	224,133
Facility rental	130	30,803	-	30,933	-	-	-	-	30,933	72,938
Donated facilities and administrative support from Florida Gulf Coast University	492,751	221,549	126,180	840,480	217,603	217,725	71,860	507,188	1,347,668	1,947,927
Loss on disposal	-	-	-	-	-	-	-	-	-	16,066
Bad debt expense	-	-	-	-	-	16	15,657	15,673	15,673	811
	<u>\$ 3,523,846</u>	<u>\$ 1,028,643</u>	<u>\$ 919,287</u>	<u>\$ 5,471,776</u>	<u>\$ 1,222,549</u>	<u>\$ 1,167,340</u>	<u>\$ 438,334</u>	<u>\$ 2,828,223</u>	<u>\$ 8,299,999</u>	<u>\$ 8,897,970</u>

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