WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
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JUNE 30, 2012 AND 2011

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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of South Florida:

We have audited the accompanying financial statements of WUSF-FM (the "Station"), a public telecommunications entity operated by the University of South Florida, as of and for the years ended June 30, 2012 and 2011, which comprise the Station's financial statements as listed in the table of contents. These financial statements are the responsibility of the Station's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements herein present only the net assets and activities of the Station and do not purport to, and do not, present fairly the financial position of the University of South Florida as a whole, as of June 30, 2012 and 2011, and the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2013, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 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.

Our audits were performed for the purpose of forming an opinion on the financial statements that collectively comprise the Station's financial statements as a whole. The accompanying schedule of functional expenses (Exhibit I) is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of functional expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

James Moore & Co., P.L.

Gainesville, Florida
January 29, 2013

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012 AND 2011

This report is provided for your convenience and understanding of WUSF-FM's (the Station) financial condition and operating activities for the years ended June 30, 2012, June 30, 2011 and June 30, 2010. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station's accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follow published Governmental Accounting Standards. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Colleges and Universities*. The overview presented below highlights the significant financial activities which occurred during the past year and describes changes in financial activity from the prior year. Please read this overview in conjunction with our comparative summaries of net assets and revenues, expenses and changes in net assets on pages 4 – 5 and our financial statements which begin on page 7.

FINANCIAL HIGHLIGHTS

The financial position of the Station at June 30, 2012 (FY 2012) remains strong. Net assets totaled $1,270,850 for the year ended June 30, 2012 compared to $1,507,679 for the year ended June 30, 2011 (FY 2011) and $2,435,516 for the year ended June 30, 2010 (FY 2010). The Station's net assets decreased by $236,829 or 16% in FY 2012 compared to a decrease of $927,837 for FY 2011. Causes for the decreases are detailed below in the revenue and expense discussions.

During the year, the Station's operating revenues increased by $886,477 or 14% compared to an increase of $889,323 for FY 2011. Operating revenues totaled $7,044,555 in FY 2012 compared to $6,158,078 in FY 2011 and $5,268,755 in FY 2010. When comparing FY 2012 to FY 2011 the major increases in funds were derived from CPB support, in the form of a local journalism grants increase of $379,301, the Station's membership donations increased $518,743 mainly due to a one-time large planned gift, and business and industry support increase of $86,026. Non-operating revenues, excluding transfers, were $9,460 in FY 2012 compared to $31,115 in FY 2011 and $20,167 in FY 2010 and was derived from interest income and donated capital assets.

Station expenses increased $447,561 in FY 2012. Operating expenses totaled $7,329,604 in FY 2012 compared to $6,882,043 in FY 2011 and $5,436,001 in FY 2010. The major items contributing to the decrease between FY 2012 and FY 2011 was:

The expenses associated with grant expenses for the Local Journalism Center.

USING THESE FINANCIAL STATEMENTS

These financial statements consist of statements of net assets and statements of revenues, expenses, and changes in net assets and cash flows. The statements of net assets and the statements of revenues, expenses, and changes in net assets help to answer the question of whether the Station is better or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

THE REPORTING ENTITY

The Station is a department of the University of South Florida, 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 University of South Florida Foundation, Inc., which are under the control of the Station Management.

TABLE 1

CONDENSED STATEMENTS OF NET ASSETS

	June 30, 2012	June 30, 2011	June 30, 2010
Current assets	$ 1,225,799	$ 1,307,297	$ 1,428,657
Noncurrent assets	3,022,534	3,063,108	1,681,712
Total assets	$ 4,248,333	$ 4,370,405	$ 3,110,369
Current liabilities	$ 1,940,898	$ 1,702,693	$ 619,708
Noncurrent liabilities	1,036,585	1,160,033	55,145
Total liabilities	$ 2,977,483	$ 2,862,726	$ 674,853
Net assets			
Unrestricted	$ (914,296)	$ (495,656)	$ 738,094
Restricted, expendable	-	89,375	269,858
Restricted, permanent	246,938	89,264	25,552
Invested in capital assets	1,938,208	1,824,696	1,402,012
Total net assets	$ 1,270,850	$ 1,507,679	$ 2,435,516

TABLE 2

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	June 30, 2012	June 30, 2011	June 30, 2010
Revenues			
Operating	$ 7,044,555	$ 6,158,078	$ 5,268,755
Non-operating	48,220	(203,872)	20,167
Total revenues	7,092,775	5,954,206	5,288,922
Expenses			
Program services			
Programming and production	3,914,697	3,048,466	2,502,011
Broadcasting	416,932	386,627	282,666
Program information	357,884	945,692	388,865
Total program services	4,689,513	4,380,785	3,173,542
Supporting services			
Management and general	895,053	1,005,328	766,474
Fundraising and membership development	1,184,861	907,210	892,123
Underwriting and grants	560,177	588,720	603,862
Total supporting services	2,640,091	2,501,258	2,262,459
Total expenses	7,329,604	6,882,043	5,436,001
Decrease in net assets	$ (236,829)	$ (927,837)	$ (147,079)

TABLE 3

CONDENSED STATEMENTS OF CASH FLOWS

	June 30, 2012	June 30, 2011	June 30, 2010
Net cash used in operating activities	$ (415,275)	$ (375,808)	$ (48,568)
Net cash provided by (used in) non-capital financing activities	760,780	474,990	(58,876)
Net cash used in capital and related financing activities	(253,992)	(613,421)	(25,562)
Net cash provided by (used in) investing activities	(160,459)	333,545	161,376
Net increase (decrease) in cash and cash equivalents	(68,946)	(180,694)	28,370
Cash and cash equivalents, beginning of year	136,960	317,654	289,284
Cash and cash equivalents, end of year	$ 68,014	$ 136,960	$ 317,654

Current assets consist primarily of cash and cash equivalents, accounts receivable, grants receivable, and prepaid programming expenses. Noncurrent assets consist primarily of property and equipment. Property and equipment was $3,022,534 for FY 2012 and $3,017,766 for FY 2011. Property and equipment are presented net of accumulated depreciation. Property and equipment additions totaled $184,008 in FY 2012 and $1,772,703 in FY 2011.

Current liabilities consist of accounts payable, accrued expenses, the current portion of employee leave balances, current portion of loan from the University of South Florida and deferred revenue. Noncurrent liabilities consist of the noncurrent portion of the employee leave balances and long-term portion of loan from the University of South Florida.

Operating revenues consist primarily of Corporation for Public Broadcasting Grants (5%), Other Grants (12%), Appropriations from the University of South Florida (USF) (6%), Business and Industry Support (19%), Membership Support (39%) Facilities and Support provided by USF (14%), and In-kind contributions and Other (5%). Operating expenses consist primarily of Programming & Production (53%), Broadcasting (6%), Program Information & Promotion (5%), Management & General (12%), Fundraising & Membership (16%) and Underwriting and Grant Solicitation (8%). Non-operating revenues increased $63,645 in FY 2012.

BUDGETS

While certain Station accounts are under University budgeting control, the University of South Florida Foundation accounts and certain other expenditures, such as in-kind and indirect support amounts, are not budgeted. Accordingly, budget information amounts are not presented within these financial statements.

CONTACTING MANAGEMENT

This financial narrative is designed to provide a general overview of the Station's finances and to show accountability for the contributions received by the Station. If you have questions about this report or a need for additional financial information, contact the Station at:

WUSF-FM
4202 East Fowler Avenue
TVB 100
Tampa, Florida 33620-9951
(813) 974-8690

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF NET ASSETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 68,014	$ 136,960
Funds held by the University of South Florida Foundation, Inc. on behalf of the Station	328,890	158,971
Accounts and underwriting receivables	229,108	167,472
Grants receivable	574,289	400,000
Current portion of due from affiliated station	-	232,174
Other prepaid asset	23,438	6,759
Prepaid program costs	2,060	204,961
Total current assets	1,225,799	1,307,297
Noncurrent portion of due from affiliated station	-	45,342
Capital asset, not being depreciated	1,173,736	1,173,736
Capital assets, being depreciated, net	1,848,798	1,844,030
Total capital assets	3,022,534	3,017,766
Total assets	4,248,333	4,370,405
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	807,487	891,962
Current portion of compensated absences	244,239	251,013
Current portion of loan from the University of South Florida Foundation, Inc.	113,286	108,744
Due to the University of South Florida	689,793	231,700
Due to affiliated station	25,171	-
Deferred revenue	60,922	219,274
Total current liabilities	1,940,898	1,702,693
Noncurrent liabilities		
Noncurrent portion of compensated absences	65,545	75,707
Long-term portion of loan from the University of South Florida Foundation, Inc.	971,040	1,084,326
Total noncurrent liabilities	1,036,585	1,160,033
Total liabilities	2,977,483	2,862,726
NET ASSETS		
Net assets		
Unrestricted	(914,296)	(495,656)
Restricted, expendable	-	89,375
Restricted, permanent	246,938	89,264
Invested in capital assets, net of related debt	1,938,208	1,824,696
Total net assets	$ 1,270,850	$ 1,507,679

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

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Operating revenues		
Community service grants donated by the Corporation for Public Broadcasting	$ 367,551	$ 367,564
Grants donated by the Department of Education, State of Florida	-	87,287
Other grants	823,909	529,595
Appropriations from the University of South Florida	425,620	376,598
Business and industry support	1,362,968	1,276,942
Membership income	2,718,203	2,199,460
Donated facilities and administrative support from the University of South Florida	980,807	830,963
Other income	39,805	15,869
In-kind contributions	325,692	473,800
Total operating revenues	7,044,555	6,158,078
Operating expenses		
Programming and production	3,914,697	3,048,466
Broadcasting	416,932	386,627
Program information and promotion	357,884	945,692
Management and general	895,053	1,005,328
Fundraising and membership development	1,184,861	907,210
Underwriting and grant solicitation	560,177	588,720
Total operating expenses	7,329,604	6,882,043
Operating loss	(285,049)	(723,965)
Non-operating revenues (expenses)		
Capital grant donated by the Corporation for Public Broadcasting	85,000	-
Transfer to affiliated station	-	(201,199)
Donated capital assets	-	14,093
Loss on disposal of capital assets	-	(165)
Interest expense	(46,240)	(33,788)
Interest and dividends	9,460	17,187
Total non-operating revenues (expenses)	48,220	(203,872)
Decrease in net assets	(236,829)	(927,837)
Net assets, beginning of year	1,507,679	2,435,516
Net assets, end of year	$ 1,270,850	$ 1,507,679

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

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	$ 4,918,159	$ 4,122,903
Cash paid for salaries, benefits and payroll taxes	(3,310,312)	(3,051,991)
Cash paid to suppliers and others	(2,023,122)	(1,446,720)
Net cash used in operating activities	(415,275)	(375,808)
Cash flows from non-capital financing activities		
Decrease in due from affiliated station	277,516	243,290
Increase in due to affiliated station	25,171	-
Increase in due to University of South Florida	458,093	231,700
Net cash provided by non-capital financing activities	760,780	474,990
Cash flows from capital and related financing activities		
Purchases of capital assets	(184,008)	(1,772,703)
Capital grant donated by the Corporation for Public Broadcasting	85,000	-
Proceed of issuance of long-term debt with the University of South Florida Foundation, Inc.	-	1,275,000
Payment on long-term debt with the University of South Florida Foundation, Inc.	(108,744)	(81,930)
Interest paid	(46,240)	(33,788)
Net cash used in capital and related financing activities	(253,992)	(613,421)
Cash flows from investing activities		
Interest and dividends	9,460	17,187
Decrease (increase) in funds held by the University of South Florida Foundation, Inc. on behalf of the Station	(169,919)	316,358
Net cash provided by (used in) investing activities	(160,459)	333,545
Net decrease in cash and cash equivalents	(68,946)	(180,694)
Cash and cash equivalents, beginning of year	136,960	317,654
Cash and cash equivalents, end of year	$ 68,014	$ 136,960
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (285,049)	$ (723,965)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	179,240	170,877
Loss on disposal of capital assets	-	165
Donated capital assets	-	(14,093)
Decrease (increase) in certain assets:		
Accounts and underwriting receivables	(61,636)	(401,013)
Grants receivable	(174,289)	-
Prepaid program costs	202,901	(177,641)
Other prepaid asset	(16,679)	6,759
Increase (decrease) in certain liabilities:		
Accounts payable and accrued expenses	(84,475)	683,293
Compensated absences	(16,936)	32,611
Deferred revenue	(158,352)	47,199
Total adjustments	(130,226)	348,157
Net cash used in operating activities	$ (415,275)	$ (375,808)
Supplemental disclosure of noncash capital and related financing activity		
Donated capital assets	$ -	$ 14,093
Supplemental disclosure of noncash non-capital financing activity		
Transfer to affiliated station	$ -	$ 201,199

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

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of WUSF-FM (the "Station"), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Station is a department of the University of South Florida (the "University") located in Tampa, Florida and conducts various public broadcasting functions. The President of the University of South Florida is responsible for the management of the University, and the Station operates as a department of the University under the control of the Station manager. The financial statements include only those funds, under the administrative control of the Division of Broadcast Services, that relate directly to the operations of the Station, including funds held by the University of South Florida Foundation, Inc. (the Foundation). These statements do not purport to present the financial position or results of operations of the University as a whole.

(b) **Basis of accounting**—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. The Station's accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Station follows Financial Accounts Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

(c) **Net assets**—In the Statements of Financial Position, net assets includes the following:

Invested in capital assets, net of related debt—This is the component of net assets 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, 2012 there is related debt of $1,084,326. At June 30, 2011, there is no related debt.

Restricted assets—The component of net assets that reports the constraints placed on the use of net assets by either external parties and/or enabling legislation. At June 30, 2012 and 2011, the expendable portion of restricted net assets includes certain grant funds.

Unrestricted assets—The difference between the assets and liabilities that is not reported in *Invested in capital assets, net of related debt* or *Restricted assets*.

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 only investments with 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.

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

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

(f) **Grants receivable**—The grants receivable of the Station are due from the Corporation for Public Broadcasting (CPB). Management has concluded that realization of losses on balances outstanding at year-end will be immaterial.

(g) **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 completed and broadcast in more than one year are classified as non-current assets. At June 30, 2012 and 2011, there were no long-term costs incurred for programs not yet broadcast. 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.

(h) **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 3 – 40 years.

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

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

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

Revenue related to program underwriting for subsequent fiscal years is reflected as deferred revenues in the accompanying statements of net assets. 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, facilities, and indirect administrative support. These amounts are recorded in revenue during the period in which the support is provided.

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

(j) **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 assets.

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.

(k) **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 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 not shown as assets on the statements of financial 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.

(l) **Corporation for Public Broadcasting Community Service Grants**—The 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.

The CSGs are reported on the accompanying financial statements as increases in restricted-expendable net assets.

(m) **Indirect support provided by the University of South Florida**—Indirect support from the University consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the

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

statements of revenues, expenses, and changes in net assets as donated facilities and administrative support from the University and is allocated as an expense to each of the functional expense categories.

(n) **Production revenue**—The Station uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

(o) **Operating activities**—The Station's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net assets 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.

(p) **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.

(q) **Income taxes—**The Station is owned and operated by the 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.

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

(s) **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, actual results could differ from those estimates.

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

(t) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2012 and 2011, was $295,602 and $357,524, respectively.

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

(u) **New Accounting Pronouncement**—In June, 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods beginning after December 15, 2011. Governmental entities often enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. These consumptions or acquisitions are considered *deferred outflows of resources* and *deferred inflows of resources,* respectively, and differentiated from assets and liabilities. This Statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources balances. The Station is currently evaluating the effect this Statement will have on it financial statements.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities.* GASB 65 clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement (CON) No. 4, *Elements of Financial Statements,* specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in CON 4. Based on those definitions, GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, GASB 65 recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of GASB 65 are effective for fiscal year 2014. The Station is currently evaluating the effect this Statement will have on its financial statements.

(v) **Reclassifications**—Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation. These reclassifications had no effect on net income for 2011.

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

The Station has an agreement with the University of South Florida Foundation, Inc., whereby Station funds are held and invested by the University of South Florida Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying financial statements of the Station as “Funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station.” Total cash and investments held by the Foundation are $328,890 and $158,971 as of June 30, 2012 and 2011, respectively.

All funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the University of South Florida Foundation, Inc. All funds held and invested by the University of South Florida Foundation, Inc. on behalf of the Station are reflected at fair value. Fair value for mutual funds is determined based upon publicly available trading values. Fair value for hedge funds is determined based upon values provided to the University of South Florida Foundation, Inc. by the respective hedge fund’s manager.

(3) **Long-term Debt:**

	2012	2011
Note payable to the Foundation, due in quarterly payments of $38,746 including interest at 4%, collateralized by equipment and future revenues of the Station.	$ 1,084,326	$ 1,193,070
Less: Current portion	(113,286)	(108,744)
Long-term debt	$ 971,040	$ 1,084,326

Maturities on long-term debt over the next five years as of June 30, 2012, are as follows:

Years Ended	Amount
2013	$ 113,286
2014	117,885
2015	127,579
2016	122,672
2017	132,833
2018-2021	470,071
Total	$ 1,084,326

(4) **Capital Assets:**

Capital asset activity for the years ended June 30, 2012 and 2011, was as follows:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
Capital asset, not being depreciated				
License	$ 1,173,736	$ -	$ -	$ 1,173,736
Capital assets, being depreciated				
Building and building improvements	2,204,710	-	-	2,204,710
Furniture, fixtures and equipment	1,969,934	241,921	307,949	1,903,906
Artwork	2,000	-	2,000	-
Total capital assets, being depreciated	4,176,644	241,921	309,949	4,108,616
Less: Accumulated depreciation	2,332,614	179,240	252,036	2,259,818
Total capital assets, being depreciated, net	1,844,030	62,681	57,913	1,848,798
Total capital assets	$ 3,017,766	$ 62,681	$ 57,913	$ 3,022,534

(4) **Capital Assets:** (Continued)

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011
Capital asset, not being depreciated				
License	$ -	$ 1,173,736	$ -	$ 1,173,736
Capital assets, being depreciated				
Building and building improvements	2,204,710	-	-	2,204,710
Furniture, fixtures and equipment	1,372,655	613,060	15,781	1,969,934
Artwork	2,000	-	-	2,000
Total capital assets, being depreciated	3,579,365	613,060	15,781	4,176,644
Less: Accumulated depreciation	2,177,353	170,877	15,616	2,332,614
Total capital assets, being depreciated, net	1,402,012	442,183	165	1,844,030
Total capital assets	$ 1,402,012	$ 1,615,919	$ 165	$ 3,017,766

(5) **State Retirement Plans:**

(a) **Florida retirement system**—Essentially all regular employees of the University, including employees of the Station, are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military 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.

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 employer. An employee may participate in the 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.

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

The State of Florida establishes contribution rates for participating employers. Contribution rates during the years ended June 30, 2012 and 2011 were as follows:

	Years ended June 30,	
	2012	**2011**
Regular	4.91%	10.77%
Deferred Option Program	4.42%	12.25%

The Station's retirement 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 University. For the years ended June 30, 2012 and 2011, total contributions were approximately $27,000 and $60,000, respectively. Effective July 1, 2011, employees are required to contribute 3% of their salary to their FRS account.

(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 the FRS for six 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 Station contributes on behalf of the participant, 10.43 percent of the participant's salary, less a small amount used to cover administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the Station to the participant's annuity account.

There were 25 and 26 participants during the fiscal years ended June 30, 2012 and 2011, respectively. Required contributions to the Program during the years ended June 30, 2012 and 2011 were approximately $100,000 and $134,000, respectively.

During the fiscal years ended June 30, 2012 and 2011 and as of June 30, 2012 and 2011, the Program held no securities issued by the University.

(c) **Public employee optional retirement program**—Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class

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

(Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 10 and 7 participants during the fiscal years ended June 30, 2012 and 2011, respectively. Required contributions to the PEORP during the years ended June 30, 2012 and 2011 were approximately $13,000 and $32,000, respectively.

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

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the Station are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit plan. The University subsidizes the premium rates paid by retirees by allowing them to participate in the 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

(7) **Risk Management Programs:**

The Station 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 Station participates in State self-insurance programs providing insurance coverage for property and casualty, workers' compensation, general liability, and fleet automotive liability. During the 2010-11 fiscal year, the State retained the first $2 million of losses for each occurrence with an annual aggregate retention of $40 million for named wind and flood losses and no annual aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $58.75 million for named wind and flood through February 14, 2011, and increased to $61 million starting February 15, 2011. For perils other than named wind and flood, losses in excess of $2 million per occurrence were commercially insured up to $200 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 $100,000 per person and $200,000 per occurrence as set by Section 768.28, 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 three fiscal years.

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

Pursuant to Section 110.123, Florida Statutes, University employees may obtain health care services through participation in the State's 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.

(8) **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 $31,034 and the liens expire in years through 2017.

(9) **Significant Concentrations:**

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

(a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University which are secured up to FDIC limits. Amounts in excess of FDIC limits are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. There are no uninsured cash balances at year-end.

(b) **Funds held by the University of South Florida Foundation, Inc. on behalf of the Station**—The Station has an agreement with the Foundation, whereby Station funds are held by the Foundation on behalf of the Station as described in Note 2. The amount held by the Foundation for the Station was $328,890 and $158,971 at June 30, 2012 and 2011, respectively. The Station has no policy requiring collateral or other security to support these amounts and these amounts are uninsured.

(c) **Accounts and underwriting receivables**—Accounts and underwriting receivables represent support from local business and industry. The Station has no policy requiring collateral or other security to support these amounts.

(d) **Revenues**—The Station received significant revenue from one source. The CPB provided approximately 16% and 6% and the University provided approximately 20% in cash and donated facilities during the years ended June 30, 2012 and 2011, respectively.

(10) **Compensated Absences:**

Compensated absences liability activity for the years ended June 30, 2012 and 2011, was as follows:

Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Amount Due Within 1 Year
$ 326,720	$ 299,466	$ 316,402	$ 309,784	$ 244,239

Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Amount Due Within 1 Year
$ 294,109	$ 341,609	$ 308,998	$ 326,720	$ 251,013

(11) **Agreement:**

The Station has a rental agreement with the University's Sarasota-Manatee campus to pay $19,100 annually in cash or value-in-kind services for use of office and studio space until April 2012.

(12) **Community Service Grants (CSG):**

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

Years of Grant	Grants Received	Expended 2009-10	Expended 2010-11	Expended 2011-12	Uncommitted Balance at June 30, 2012
2010-12	342,564	-	253,189	89,375	-
2011-13	367,551	-	-	367,551	-

(13) **Restricted Net Assets:**

Funds received from the CPB are reported as temporarily restricted net assets. These funds are available for expenditure for the specific purpose established by the CPB. In addition, endowments received by the Station of $246,938 are recorded as permanently restricted net assets in accordance with the conditions set by the donors. The investment earnings on the endowment assets are available to be used for the general purposes of the Station.

(14) **Related Party Transactions:**

During the year ended June 30, 2008, the Station expended monies on behalf of a related station amounting to approximately $780,000. The Station entered into two agreements to be repaid for this amount. The first loan has a principal amount of $302,095, with an interest rate of 4%, due in quarterly payments of principal and interest of $50,000 due in December 2009 and March 2010. The quarterly payment decreased to $20,000 beginning June 2010. The balance at June 30, 2012 and 2011 was $45,342 and $121,612, respectively. There is no stated maturity date on this agreement. The second note consists

(14) **Related Party Transactions:** (Continued)

of a principal amount of $367,551, with an interest rate of 4%, due in quarterly payments of principal and interest of $40,000 beginning March 2010. The balance was repaid in full at June 30, 2012. The balance at June 30, 2011 was $155,904.

At June 30, 2012, the Station owed $85,563 to an affiliated station. A net amount owed by the Station at June 30, 2012 of $25,171 is included in the statement of financial position as due to affiliated station.

Interest of $7,644 and $18,838 was earned on these notes during 2012 and 2011, respectively, and is included in the statement of revenues, expenses and changes in net assets under interest and dividends.

During the year ended June 30, 2010, the University refunded $201,199 in overhead charges for previous years. This amount was included in appropriations from the University of South Florida on the statement of revenues, expenses, and changes in net assets in 2010. The refund was due from an affiliated station and was included in the current portion of due from an affiliated station on the statement of net assets in 2010. During the year ended June 30, 2011 management of the Station and affiliate station determined this amount would not be paid. Therefore, non-operating revenues (expenses) on the statement of revenues, expenses, and changes in net assets reported this transfer. Due from an affiliate station was reduced by $201,199 as of June 30, 2011.

See Note 3, Long-term Debt, for amounts the Station owes to the University of South Florida Foundation.

(15) **Due to the University of South Florida:**

The Station was advanced funds from the University totaling $689,793 and $231,700 during the fiscal year ended June 30, 2012 and 2011, respectively. These funds expended were approved under various grant agreements. Grants receivable of $574,289 and $400,000 has been recorded in the Statement of Net Assets to reflect the amount due from the CPB and National Public Radio (“NPR”) at year end.

(16) **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.

(16) **Nonfederal Financial Support (NFFS):** (Continued)

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state or an educational institution; (2) the form of the payment must be appropriations or contract payments in exchange for specific public broadcasting services or materials; (3) the purpose must be for the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was $5,848,586 and $5,268,352 for the years ended June 30, 2012 and 2011, respectively.

(17) **Subsequent Event:**

Subsequent events have been evaluated through January 29, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

EXHIBIT I

WUSF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF SOUTH FLORIDA
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012
(With Summarized Comparative Totals for the Year Ended June 30, 2011)

	Program Services				Supporting Services					
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total	2012 Total Expenses	2011 Total Expenses
Salaries, payroll taxes and employee benefits	$ 1,639,614	$ 158,696	$ -	$ 1,798,310	$ 523,233	$ 690,258	$ 281,575	$ 1,495,066	$ 3,293,376	$ 3,084,602
Professional services	169,507	12,406	45,883	227,796	71,941	230	162,963	235,134	462,930	422,552
Office supplies	3,439	4,796	-	8,235	27,474	3,298	470	31,242	39,477	127,360
Other supplies	157	-	-	157	2,844	31,798	-	34,642	34,799	21,054
Telephone	8,616	14,440	-	23,056	22,636	1,091	1,938	25,665	48,721	50,008
Postage	329	400	15,749	16,478	226	55,721	250	56,197	72,675	95,574
Advertising	922	-	292,774	293,696	-	1,769	137	1,906	295,602	357,524
Rental and maintenance of equipment	103	27,851	-	27,954	3,562	19	-	3,581	31,535	40,136
Program acquisitions	1,300,304	-	-	1,300,304	1,917	-	-	1,917	1,302,221	1,186,807
Printing and publications	621	-	2,881	3,502	191	7,063	52	7,306	10,808	25,034
Travel and training	25,676	721	-	26,397	2,920	9,606	6,984	19,510	45,907	73,282
Computer fees and supplies	18,399	1,136	-	19,535	5,802	25,122	1,427	32,351	51,886	39,698
Subscriptions and dues	24,128	-	-	24,128	4,433	1,072	1,215	6,720	30,848	60,708
Ratings and research	88,105	-	-	88,105	335	-	14,615	14,950	103,055	69,106
Meetings and events	8,672	-	-	8,672	87	10,479	-	10,566	19,238	6,509
Utilities	-	34,443	-	34,443	10,669	-	-	10,669	45,112	28,732
Overhead charges	272	-	-	272	1,805	-	-	1,805	2,077	6,484
Depreciation	86,681	30,099	-	116,780	44,411	18,049	-	62,460	179,240	170,877
Donated facilities and administrative support from the University	488,297	47,262	-	535,559	155,825	205,567	83,856	445,248	980,807	830,973
Recruitment	9,450	817	-	10,267	393	242	2,246	2,881	13,148	7,382
Premiums	-	-	597	597	-	23,837	11	23,848	24,445	27,912
Facilities rental	13,190	73,876	-	87,066	-	-	-	-	87,066	40,535
Vehicle	208	264	-	472	-	-	199	199	671	2,177
Direct mail	-	-	-	-	-	39,105	-	39,105	39,105	68,649
Bad debts	-	-	-	-	-	4,947	2,239	7,186	7,186	20
Member maintenance	-	-	-	-	-	49,756	-	49,756	49,756	38,348
Loss on disposal	28,007	9,725	-	37,732	14,349	5,832	-	20,181	57,913	-
	$ 3,914,697	$ 416,932	$ 357,884	$ 4,689,513	$ 895,053	$ 1,184,861	$ 560,177	$ 2,640,091	$ 7,329,604	$ 6,882,043

See accompanying notes to financial statements.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees,
University of South Florida:

We have audited the financial statements of WUSF-FM (the "Station"), a public telecommunications entity operated by the University of South Florida, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Station is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Station's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use by management and boards of the Station, the University, the Florida Department of Education and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

James Moore & Co., P.L.

Gainesville, Florida
January 29, 2013