

WLRN TELEVISION AND RADIO STATIONS

FINANCIAL STATEMENTS

JUNE 30, 2007

**WLRN TELEVISION AND RADIO STATIONS
FINANCIAL STATEMENTS
JUNE 30, 2007**

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SECTION I: WLRN – TV



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Independent Auditor's Report

To the Members of The School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN – TV (the “Station”), a public telecommunications activity operated by The School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007, which collectively comprise the Station’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Station. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Friends of WLRN, Inc., which statements represent .4% and 23%, respectively, of the assets and revenue of the Station (government-wide financial statements). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based on the report of the other auditors.

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. 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 audit and the report of the auditors provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of WLRN - TV are intended to present the financial position, and changes in financial position of the Station. They do not purport to, and do not, present fairly the financial position of The School Board of Miami-Dade County, Florida as of June 30, 2007, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the WLRN - TV as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated November 27, 2007 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 audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 17 through 18, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



November 27, 2007

WLRN – TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007

As management of WLRN – TV (the “Station”), we offer readers of the Stations’ financial statements this overview and analysis of the financial activities of the Station for fiscal year ended June 30, 2007. This summary should be read in conjunction with the financial statements and related notes which follow this section.

Overview

The purpose of the Station is to provide quality public television programming and services to the community in households in South Florida, from Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to The School Board of Miami-Dade County, Florida. WLRN also provides media support to the Miami-Dade County Public Schools, which has an enrollment of over 353,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of the fiscal year by approximately \$10.032 million. Of this amount, approximately \$9.111 million was invested in capital assets, approximately \$525,000 and \$68,000 were restricted for the Corporation for Public Broadcasting and the State of Florida Department of Education grant funded expenses.

At the close of the current fiscal year, the Station’s governmental fund reported an ending reserved fund balance of approximately \$593,000, a decrease of approximately \$51,000 in comparison with the prior year. This amount is reserved for the Corporation for Public Broadcasting and the State of Florida Department of Education grant funded expenditures.

Overview to the Financial Statements

Management’s discussion and analysis is intended to serve as an introduction to the Station’s basic financial statements. The Station’s basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Station reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

The Station is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on page 13 of this report.

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Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Station’s finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus).

The statement of net assets presents information on all of the Station’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The statement of activities presents information showing how the Station’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. The Station has one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 16 of this report.

Budgetary Highlights

The School Board of Miami-Dade County adopts a budget for the Station on an annual basis. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 17 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. The changes in final budget to actual revenue and expenditures were primarily attributed to in-kind support, depreciation, and the inclusion of Friends of WLRN, Inc. as a blended component unit. Revenue and expenses of Friends of WLRN, Inc. which are included in the Station's fiscal year 2007 financial statements are approximately \$2.4 million and 2.5 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Our analysis of the financial statements of the Station begins below. The Statement of Net Assets and the Statement of Activities report information about the Station’s activities that will help answer questions about the position of the Station. A summary is provided below.

	<u>6/30/07</u>	<u>6/30/06</u>
Current assets	\$ 1,152,178	\$ 895,611
Capital assets, net	<u>9,110,871</u>	<u>9,558,921</u>
Total assets	10,263,049	10,454,532
Total liabilities	<u>231,285</u>	<u>331,369</u>
Total Net Assets	<u>\$ 10,031,764</u>	<u>\$ 10,123,163</u>

- Total assets decreased in the current year mainly as a result of depreciation of capital assets.
- The largest portion of the Station’s net assets of approximately \$10.032 million reflects its investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment). These net assets are not available for future spending.

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Government-wide/Individual Fund Analysis (cont’d)

Summary of Changes in Net Assets

	<u>6/30/07</u>	<u>6/30/06</u>
Revenue		
In-Kind Contributions from Florida Department of Education	\$ 252,788	\$ 367,229
Grants from CPB	1,295,532	1,218,039
Other grants and subsidies	6,603,186	6,900,075
Revenue of Friends	<u>2,369,321</u>	<u>2,115,002</u>
Total Revenue	<u>10,520,827</u>	<u>10,600,345</u>
Expenses		
Current	<u>11,170,415</u>	<u>10,827,474</u>
Change in net assets	(649,588)	(227,129)
Prior period adjustment (Note 10)	558,189	
Net assets, beginning of year	<u>10,123,163</u>	<u>10,350,292</u>
Net assets, end of year	<u>\$ 10,031,764</u>	<u>\$ 10,123,163</u>

- The decrease in net assets of approximately \$91,000 compared to the prior year is primarily due to a prior period adjustment of approximately \$558,000 that correctly allocated investments between the Radio and Television Stations. The decrease in net assets is also due to depreciation expense.

Capital Assets

As of June 30, 2007, the Station’s investment in capital assets, net of accumulated depreciation, amounted to approximately \$9.111 million decreasing from approximately \$9.558 million as of June 30, 2006.

Summary of Capital Assets
(Net of Depreciation)

	<u>6/30/07</u>	<u>6/30/06</u>
Land	\$ 46,577	\$ 46,577
Construction-in-progress		163,673
Building and improvements	7,355,350	7,375,119
Furniture, fixture and equipment	1,581,086	1,844,874
Motor vehicles	<u>127,858</u>	<u>128,678</u>
Total Capital Assets	<u>\$ 9,110,871</u>	<u>\$ 9,558,921</u>

Additional capital asset information can be found on page 14 of this report.

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MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Requests for Information

This financial report is designed to provide a general overview of the Station’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 172 N.E. 15th Street, Miami, FL 33132.

WLRN – TV
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THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 10,800		\$ 10,800
Investments in marketable securities	358,470		358,470
Accounts receivable, net of allowance	13,935		13,935
Other assets	8,660		8,660
Due from The School Board of Miami-Dade County, Florida	760,313		760,313
Capital assets, net of accumulated depreciation	<u> </u>	<u>\$ 9,110,871</u>	<u>9,110,871</u>
Total Assets	<u>\$ 1,152,178</u>	<u>\$ 9,110,871</u>	<u>\$ 10,263,049</u>
Liabilities			
Accounts payable and accrued expenses	<u>\$ 231,285</u>	<u> </u>	<u>\$ 231,285</u>
Total liabilities	<u>231,285</u>	<u> </u>	<u>231,285</u>
Fund Balance/net assets			
Fund balance			
Reserved	592,738	\$ (592,738)	
Unreserved	<u>328,155</u>	<u>(328,155)</u>	<u> </u>
Total fund balance	<u>920,893</u>	<u>(920,893)</u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 1,152,178</u>	<u>\$ </u>	<u>\$ </u>
Net Assets			
Invested in capital assets	\$	\$ 9,110,871	\$ 9,110,871
Restricted		592,738	592,738
Unrestricted	<u> </u>	<u>328,155</u>	<u>328,155</u>
Total Net Assets	<u>\$ </u>	<u>\$ 10,031,764</u>	<u>\$ 10,031,764</u>

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

WLRN – TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
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STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Revenue			
In-Kind Contributions from the Florida Department of Education	\$ 252,788		\$ 252,788
Grants from the Florida Department of Education	585,060		585,060
Grants from the Corporation for Public Broadcasting	1,295,532		1,295,532
Grants from The School Board of Miami-Dade County, Florida and Subsidies	6,018,126		6,018,126
Support and revenue of Friends of WLRN, Inc.	<u>2,369,321</u>		<u>2,369,321</u>
Total revenue	<u>10,520,827</u>		<u>10,520,827</u>
Expenditures/Expenses			
Current:			
Salaries and benefits	3,635,603		3,635,603
Materials, supplies and services	6,979,239	\$ 15,771	6,995,010
Depreciation		539,802	539,802
Capital outlay	<u>107,523</u>	<u>(107,523)</u>	
Total expenditure/expenses	<u>10,722,365</u>	<u>448,050</u>	<u>11,170,415</u>
Change in fund balance/net assets	(201,538)	(448,050)	(649,588)
Prior period adjustment (Note 10)	558,189		558,189
Fund balance/net assets at beginning of year	<u>564,242</u>	<u>9,558,921</u>	<u>10,123,163</u>
Fund balance/net assets at end of year	<u>\$ 920,893</u>	<u>\$ 9,110,871</u>	<u>\$ 10,031,764</u>

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

WLRN – TV
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies

This summary of WLRN – TV (the “Station”) significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the Station conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting entity

The Station, which operates non-commercial public television in Miami-Dade County, Florida, is an administrative department included in the governmental funds of The School Board of Miami-Dade County, Florida (the “School Board”). The School Board holds the license to operate the Station. The accompanying financial information of the Station has been extracted from the activity contained in the accounts of the School Board, and are intended to present the financial position and changes in financial position of only the Station and not the financial position and changes in financial position of the School Board.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Friends of WLRN, Inc. has been included in the Station’s General Fund as a blended component unit. Friends of WLRN, Inc., a Florida not-for-profit entity, was established to support and enhance the program services of the Station, as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board. The financial statements of Friends of WLRN, Inc. are reported using the AICPA’s non-profit model. As a result, the financial information has been converted to governmental fund accounting for inclusion in the Station’s financial statements.

Complete financial information for Friends of WLRN, Inc. can be obtained at their administrative offices located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies (cont'd)

Government-wide financial statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Station. *Governmental activities*, which normally are supported by grants and contributions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Station does not have any *business-type activities* and has only one governmental activity. The accounts of the Station are reported as a General Fund. The General Fund is the Station's only fund and thus the Station's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* include 1) charges to customers or applicants who purchase, use, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers revenue available if they collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Station's only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Station include general operations.

Investments

Investments in marketable securities held by Friends of WLRN, Inc. are measured at fair value (quoted market price or the best available estimate thereof), which include corporate and other bonds, U.S. Government securities and equity securities.

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NOTES TO FINANCIAL STATEMENTS
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Note 1 - Summary of Significant Accounting Policies (cont'd)

Capital assets

Capital assets include land, building improvements, furniture, fixtures and equipment, and motor vehicles. The capitalization threshold for furniture, fixtures, and equipment and motor vehicles is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

	<u>Useful Life (Years)</u>
Buildings and improvements	20-50
Furniture, fixtures, and equipment	5-20
Motor vehicles	7-18

Donated administrative support and services

Donated administrative support and services are recorded as in-kind contributions at fair market value when received and when there is an objective basis for determining such values.

Reserved fund balance/restricted net assets

In the fund financial statements/statement of net assets, reservations of fund balance/restrictions of net assets are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund balance/net assets are reserved/restricted for grants or specific projects, as restricted by the grantor/donor.

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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Note 2 - Explanation of Differences Between Governmental Fund Balance Sheet and the Statement of Net Assets

The fund balance of the governmental fund of approximately \$921,000 reported in the governmental fund balance sheet differs from total net assets of governmental activities of approximately \$10.032 million reported in the statement of net assets. The differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. An explanation of the differences follows:

- (a) When capital assets that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in the governmental fund. However, the statement of net assets includes those capital assets among the assets of the Station as a whole.

Cost of capital assets	\$ 15,729,577
Accumulated depreciation	<u>(6,618,706)</u>
	<u>\$ 9,110,871</u>

Note 3 - Explanation of Differences Between Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities

The change in fund balance for the governmental fund of approximately (\$202,000) reported in the governmental fund statement of revenue, expenditures and changes in fund balance differs from the change in net assets of approximately (\$650,000) reported in the statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund operating statement. An explanation of the differences follows:

- (a) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year.

Capital outlay	\$ 107,523
Loss on disposal of fixed assets	(15,771)
Depreciation expense	<u>(539,802)</u>
	<u>\$ (448,050)</u>

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Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist of investment accounts maintained by the Friends of WLRN at broker/dealers, which from time to time may exceed SIPC insurance limits; and pledges. Management believes that the risk of loss with respect to the financial institutions and broker/dealers has been limited by choosing strong institutions with which to do business. Credit risk relating to pledges is limited by the viability of the organization or individual making the pledge.

Note 5 - Due From The School Board of Miami-Dade County, Florida

Due from The School Board of Miami-Dade County represent cash and cash equivalent held on behalf of the Station as of June 30, 2007 for restricted grants and accounts payable and accrued expenses.

Note 6 - Capital Assets

Capital asset balances and activity during fiscal year 2007 were as follow:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2007</u>
Capital assets, not being depreciated:				
Land	\$ 46,577			\$ 46,577
Construction-in-progress	<u>163,672</u>		<u>\$ (163,672)</u>	
Total capital assets, not being depreciated	<u>210,249</u>		<u>(163,672)</u>	<u>46,577</u>
Capital assets, being depreciated:				
Building and improvements	8,747,867	\$ 163,673		8,911,540
Furniture, fixtures & equipment	6,325,992	101,133	(87,995)	6,339,130
Motor vehicles	<u>413,468</u>	<u>18,862</u>		<u>432,330</u>
Total capital assets, being depreciated	<u>15,487,327</u>	<u>283,668</u>	<u>(87,995)</u>	<u>15,683,000</u>
Less accumulated depreciation for:				
Building and improvements	1,372,748	183,442		1,556,190
Furniture, fixtures & equipment	4,481,111	336,684	(59,751)	4,758,044
Motor vehicles	<u>284,796</u>	<u>19,676</u>		<u>304,472</u>
Total accumulated depreciation	<u>6,138,655</u>	<u>539,802</u>	<u>(59,751)</u>	<u>6,618,706</u>
Total capital assets, being depreciated, net	<u>9,348,672</u>	<u>(256,134)</u>	<u>(28,244)</u>	<u>9,064,294</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 9,558,921</u>	<u>\$ (256,134)</u>	<u>\$ (191,916)</u>	<u>\$ 9,110,871</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 7 - Reconciliation of CPB Grant Award to Revenue and Restricted Net Assets

CPB restricted net assets at beginning of year	\$ 645,204
Add: CPB grant award for fiscal year	1,295,532
Deduct: CPB revenue expended	<u>(1,415,717)</u>
CPB restricted net assets at end of year	<u>\$ 525,019</u>

Restricted Net Assets

CPB	\$ 525,019
Florida Community Service Grant	<u>67,719</u>
Total	<u>\$ 592,738</u>

Note 8 - Reconciliation of Total Revenue to CPB Annual Financial Report

Non-Federal Financial Support

Direct revenue	\$ 8,301,262
Indirect revenue	528,835
In-kind contributions	<u>252,788</u>
Total Non-Federal Financial Support	9,082,885
Excludable support	142,410
CPB grant revenue	<u>1,295,532</u>
Total Revenue	<u>\$ 10,520,827</u>

Note 9 - Other Matter

The FCC's rule making proceeding in WT Docket No. 03-66 involves the conversion of the School Board of Miami-Dade County's Instructional Television Fixed Service ("ITFS") stations into stations licensed in the Educational Broadband Service ("EBS"). This rule making could impose costs to transition its Educational Broadband Service (EBS) stations to the new EBS/BRS spectrum band plan without the financial assistance of commercial users of the EBS/BRS spectrum. Portions of the existing ITFS transmitting and receiving facilities will be rendered obsolete by the new EBS technology. The cost to transition the present transmitting and receiving equipment to the new band plan is roughly estimated at \$10,000,000 not including installation.

The School Board will not be required to elect such a self-transition to the new EBS/BRS spectrum band plan until early 2009, and that such a self-transition election may never be required if a commercial user of the EBS/BRS spectrum elects to become the "transition proponent" for the EBS/BRS spectrum in the Miami-Ft. Lauderdale Florida Basic Trading Area.

WLRN – TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Note 10 – Prior Period Adjustment

During the year ended June 30, 2007, Friends of WLRN, Inc. made a prior period adjustment of \$558,189 to correctly state the unrestricted net asset balances of both the WLRN Radio Station and WLRN TV Station. To correct the errors made during the prior fiscal years of 2006 and 2005, a transfer was made from Radio to TV in the amount of \$558,189.

In 2006, TV had \$281,190 temporarily restricted for the Ready to Learn, Special Projects and Distance Learning programs while Radio had no temporarily restricted funding. This amount was reflected incorrectly on the 2006 Statement of Financial Position. For fiscal year end 2005, Friends of WLRN agreed to use unrestricted radio funds to fund the television unrestricted deficit. This was only done for that year and not for the previous years.

WLRN – TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
Revenue			
In-Kind Contributions from the Florida Department of Education	\$ 229,364	\$ 252,788	\$ 23,424
Grants from the Florida Department of Education	585,559	585,060	(499)
Grants from Corporation for Public Broadcasting	1,295,532	1,295,532	
Grants from The School Board of Miami-Dade County, Florida and Subsidies	6,764,597	6,018,126	(746,471)
Support and revenue of Friends of WLRN, Inc.	<u>1,903,528</u>	<u>2,369,321</u>	<u>465,793</u>
Total Revenue	<u>10,778,580</u>	<u>10,520,827</u>	<u>(257,753)</u>
Expenditure			
Current:			
Salaries and benefits	4,633,632	3,635,603	998,029
Materials, supplies and services	5,667,729	6,979,239	(1,311,510)
Capital outlay	<u>477,219</u>	<u>107,523</u>	<u>369,696</u>
Total Expenditures	<u>10,778,580</u>	<u>10,722,365</u>	<u>56,215</u>
Change in fund balance		(201,538)	(201,538)
Prior period adjustment		558,189	
Fund balance at beginning of year	<u> </u>	<u>564,242</u>	<u> </u>
Fund balance at end of year	<u>\$ </u>	<u>\$ 920,893</u>	<u>\$ </u>

WLRN – TV
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2007

Note 1 - Budgetary Policy

The Station adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the fund level.



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Independent Accountants' 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 Members of The School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN – TV (the “Station”), a public telecommunications activity operated by The School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007, which collectively comprise the Station’s basic financial statements and have issued our report thereon dated November 27, 2007. 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

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 Station’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Station’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Station’s financial statements that is more than inconsequential will not be prevented or detected by the Station’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Station’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, members of the Board of the Station, members of the School Board of Miami-Dade County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.



November 27, 2007

SECTION II: WLRN – RADIO



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Independent Auditor's Report

To the Members of The School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN – Radio (the “Station”), a public telecommunications activity operated by The School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007, which collectively comprise the Station’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Station. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Friends of WLRN, Inc., which statements represent 79% and 74%, respectively, of the assets and revenue of the Station (government-wide financial statements). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based on the report of the other auditors.

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. 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 audit and the report of the auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of WLRN - Radio are intended to present the financial position, and changes in financial position of the Station. They do not purport to, and do not, present fairly the financial position of The School Board of Miami-Dade County, Florida as of June 30, 2007, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of WLRN - Radio as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated November 27, 2007 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 audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 17 through 18, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sharpton Brunson & Company P.A.

November 27, 2007

WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007

As management of WLRN – Radio (the “Station”), we offer readers of the Stations’ financial statements this overview and analysis of the financial activities of the Station for fiscal year ended June 30, 2007. This summary should be read in conjunction with the financial statements and related notes which follow this section.

Overview

The purpose of the Station is to provide quality public radio programming and services to the community in households in South Florida, from Palm Beach, Broward, Miami-Dade, and Monroe counties. The Station is licensed to The School Board of Miami-Dade County, Florida. WLRN also provides media support to the Miami-Dade County Public Schools, which has an enrollment of over 353,000 students.

Financial Highlights

The assets of the Station exceeded its liabilities at the close of fiscal year 2007 by approximately \$3.777 million. Of this amount, approximately \$817,000 was invested in capital assets, approximately \$104,000 was restricted for grants and approximately \$2.856 million was unrestricted and available for spending at the Station's discretion.

At the close of the current fiscal year, the Station’s governmental fund reported an ending fund balance of approximately \$2.960 million, a decrease of approximately \$549,000 in comparison with the prior year. Of the fund balance, approximately \$104,000 is reserved for grants, and approximately \$2.856 million is unreserved and available for spending at the Station's discretion.

Overview to the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Station’s basic financial statements. The Station’s basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, the Station reports, as required supplementary information, a budget to actual comparison and notes to the required supplementary information.

The Station is considered a special purpose government engaged in a single governmental activity, thus the related government-wide and fund financial statements are included as a combined presentation in the Governmental Fund Balance Sheet/Statement of Net Assets and the Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance/Statement of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 13 and 14 of this report.

WLRN – RADIO
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MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Station’s finances, in a manner similar to a private-sector business (i.e. economic resources and measurement focus).

The statement of net assets presents information on all of the Station’s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Station is improving or deteriorating.

The statement of activities presents information showing how the Station’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Station has one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

WLRN – RADIO
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MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 to 16 of this report.

Budgetary Highlights

The School Board of Miami-Dade County adopts a budget for the Station on an annual basis. A budgetary comparison schedule has been provided to demonstrate compliance with this budget. The budgetary comparison schedule can be found on page 17 of this report.

The Station did not experience any mid-year budget reductions from its granting agencies. The changes in final budget to actual revenue and expenditures were primarily attributed to in-kind support, depreciation, and the inclusion of Friends of WLRN, Inc. as a blended component unit. Revenue and expenses of Friends of WLRN, Inc. included in the Station's fiscal year 2007 financial statements are approximately \$4.519 million and \$4.232 million, respectively.

Financial Analysis

Government-wide/Individual Fund Analysis

Our analysis of the financial statements of the Station begins below. The Statement of Net Assets and the Statement of Activities report information about the Station's activities that will help answer questions about the position of the Station. A summary is provided below.

Summary of Net Assets

	<u>6/30/07</u>	<u>6/30/06</u>
Current assets	\$ 3,493,451	\$ 3,776,441
Capital assets, net	<u>816,988</u>	<u>845,768</u>
Total assets	4,310,439	4,622,209
Total liabilities	<u>533,522</u>	<u>267,335</u>
Total Net Assets	<u>\$ 3,776,917</u>	<u>\$ 4,354,874</u>

- Total assets decreased in the current year mainly as a result of the amount of support received from the Friends of WLRN.

**WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Government-wide/Individual Fund Analysis (cont’d)

- A portion of the Station’s net assets of approximately \$817,000 reflects its investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment). These net assets are not available for future spending.
- An additional portion of the Station’s net assets approximately \$104,000 represents resources that are subject to external restrictions on how they may be used.
- The remaining portion of the Station’s net assets (approximately \$2.856 million) represents resources that are unrestricted and available for any lawful use by the Station.

Summary of Changes in Net Assets

	6/30/07	6/30/06
Revenue		
In-Kind Contributions from Florida Department of Education	\$ 26,743	\$ 15,878
Grants from Corporation of Public Broadcasting	361,704	371,489
Other grants and subsidies	1,164,563	1,041,552
Revenue of Friends of WLRN	4,519,526	4,531,020
Total Revenue	6,072,536	5,959,939
 Expenses		
Current	6,092,304	5,363,488
Change in net assets	(19,768)	596,451
Prior period adjustment (Note 11)	(558,189)	
Net assets, beginning of year	4,354,874	3,758,423
Net assets, end of year	\$ 3,776,917	\$ 4,354,874

- The decrease in net assets of approximately \$578,000 compared to the prior year is primarily due to a prior period adjustment of approximately \$558,000 that correctly allocated investments between the Radio and Television Stations.

Capital Assets

As of June 30, 2007, the Station’s investment in capital assets, net of accumulated depreciation, amounted to approximately \$817,000 decreasing from approximately \$846,000 as of June 30, 2006.

WLRN – RADIO
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MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Summary of Capital Assets
(Net of Depreciation)

	<u>6/30/07</u>	<u>6/30/06</u>
Land	\$ 22,941	\$ 22,941
Building and improvements	558,406	538,833
Furniture, fixture and equipment	<u>235,641</u>	<u>283,994</u>
Total Capital Assets	<u>\$ 816,988</u>	<u>\$ 845,768</u>

Additional capital asset information can be found on page 15 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Station's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the General Manager, 172 N.E. 15th Street, Miami, FL 33132.

WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS
JUNE 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Assets</u>
Assets			
Cash and cash equivalents	\$ 756,840		\$ 756,840
Investments in marketable securities	2,128,752		2,128,752
Accounts receivable, net of allowance	332,875		332,875
Other receivables	100,000		100,000
Other assets	25,618		25,618
Due from The School Board of Miami-Dade County, Florida	149,366		149,366
Capital assets, net of accumulated depreciation	<u> </u>	\$ 816,988	<u>816,988</u>
Total Assets	<u>\$ 3,493,451</u>	<u>\$ 816,988</u>	<u>\$ 4,310,439</u>
Liabilities			
Accounts payable and accrued expenses	\$ 533,522	<u> </u>	\$ 533,522
Total liabilities	<u>533,522</u>	<u> </u>	<u>533,522</u>
Fund Balances/net assets			
Fund balances			
Reserved	104,126	\$ (104,126)	
Unreserved	<u>2,855,803</u>	<u>(2,855,803)</u>	<u> </u>
Total fund balances	<u>2,959,929</u>	<u>(2,959,929)</u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 3,493,451</u>	<u>\$</u>	<u>\$</u>
Net Assets			
Invested in capital assets	\$	\$ 816,988	\$ 816,988
Restricted		104,126	104,126
Unrestricted	<u> </u>	<u>2,855,803</u>	<u>2,855,803</u>
Total Net Assets	<u>\$</u>	<u>\$ 3,776,917</u>	<u>\$ 3,776,917</u>

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

WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
Revenue			
In-Kind Contributions from the Florida Department of Education	\$ 26,743		\$ 26,743
Grants from the Florida Department of Education	157,268		157,268
Grants from the Corporation for Public Broadcasting	361,704		361,704
Grants from The School Board of Miami-Dade County, Florida and Subsidies	1,007,295		1,007,295
Support and revenue of Friends of WLRN, Inc.	<u>4,519,526</u>		<u>4,519,526</u>
Total Revenue	<u>6,072,536</u>		<u>6,072,536</u>
Expenditures/Expenses			
Current:			
Salaries and benefits	1,159,945		1,159,945
Materials, supplies and services	4,864,021		4,864,021
Depreciation		\$ 68,338	68,338
Capital outlay	<u>39,558</u>	<u>(39,558)</u>	
Total Expenditure/Expenses	<u>6,063,524</u>	<u>28,780</u>	<u>6,092,304</u>
Change in fund balance/net assets	9,012	(28,780)	(19,768)
Prior period adjustments (Note 11)	(558,189)		(558,189)
Fund balance/net assets at beginning of year	<u>3,509,106</u>	<u>845,768</u>	<u>4,354,874</u>
Fund balance/net assets at end of year	<u>\$ 2,959,929</u>	<u>\$ 816,988</u>	<u>\$ 3,776,917</u>

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

WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies

This summary of WLRN – Radio (the “Station”) significant accounting policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the financial statements.

The accounting policies of the Station conform to accounting principles generally accepted in the United States of America applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB), which is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

Reporting entity

The Station, which operates non-commercial public radio in Miami-Dade County, Florida, is an administrative department included in the governmental funds of The School Board of Miami-Dade County, Florida (the “School Board”). The School Board holds the license to operate the Station. The accompanying financial information of the Station has been extracted from the activity contained in the accounts of the School Board, and is intended to present the financial position and changes in financial position of only the Station and not the financial position and changes in financial position of the School Board.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, Friends of WLRN, Inc. has been included in the Station’s General Fund as a blended component unit. Friends of WLRN, Inc., a Florida not-for-profit entity, was established to support and enhance the program services of the Station, as well as other broadcast and non-broadcast services licensed to and/or operated by the School Board. The financial statements of Friends of WLRN, Inc. are reported using the AICPA’s non-profit model. As a result, the financial information has been converted to governmental fund accounting for inclusion in the Station’s financial statements.

Complete financial information for Friends of WLRN, Inc. can be obtained at their administrative offices located at 169 E. Flagler Street, Suite 1400, Miami, FL 33131.

WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies (cont'd)

Government-wide financial statements

The government-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the financial activities of the Station. *Governmental activities*, which normally are supported by grants and contributions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Station does not have any *business-type activities* and has only one governmental activity. The accounts of the Station are reported as a General Fund. The General Fund is the Station's only fund and thus the Station's only major fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* include 1) charges to customers or applicants who purchase, use, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing or related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Station considers revenue available if they collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Station's only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Station include general operations.

Cash and cash equivalents

Cash and cash equivalents held by Friends of WLRN, Inc. include liquid investments with original maturities of three months or less when acquired.

WLRN – RADIO
A PUBLIC TELECOMMUNICATION ENTITY OPERATED BY
THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies (cont'd)

In addition to insurance provided by the Federal Depository Insurance Corporation, all time and demand deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

Investments

Investments in marketable securities held by Friends of WLRN, Inc. are measured at fair value (quoted market price or the best available estimate thereof), which include corporate and other bonds, U.S. Government securities and equity securities.

Accounts receivable

The Friends of WLRN, Inc. extends credit based on periodic evaluations of the customer's financial condition. Exposure to losses on receivables varies by customer. The Friends of WLRN, Inc. monitors exposure to credit losses and records allowances for anticipated losses as needed.

Capital assets

Capital assets include land, building improvements, furniture, fixtures and equipment. The capitalization threshold for furniture, fixtures, and equipment is \$1,000 or greater. Building improvements, additions, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

	<u>Useful Life (Years)</u>
Buildings and improvements	20-50
Furniture, fixtures, and equipment	5-20

Donated administrative support and services

Donated administrative support and services are recorded as in-kind contributions at fair market value when received and when there is an objective basis for determining such values.

Reserved fund balance/restricted net assets

In the fund financial statements/statement of net assets, reservations of fund balance/restrictions of net assets are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund balance/net assets are reserved/restricted for grants or specific projects, as restricted by the grantor/donor.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 1 - Summary of Significant Accounting Policies (cont'd)

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 amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Note 2 - Explanation of Differences Between Governmental Fund Balance Sheet and the Statement of Net Assets

The fund balances of the governmental fund of approximately \$2.960 million reported in the governmental fund balance sheet differs from total net assets of the governmental activities of approximately \$3.777 million reported in the statement of net assets. The differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet. An explanation of the differences follows:

- (a) When capital assets that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in the governmental fund. However, the statement of net asset includes those capital assets among the assets of the Station as a whole.

Cost of capital assets	\$ 2,115,221
Accumulated depreciation	<u>(1,298,233)</u>
	<u>\$ 816,988</u>

Note 3 - Explanation of Differences Between Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities

The change in fund balance for the governmental fund of approximately (\$549,000) reported in the governmental fund statement of revenue, expenditures and changes in fund balance differs from the change in net assets of approximately (\$578,000) reported in the statement of activities. The differences primarily result from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental fund operating statement.

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 3 - Explanation of Differences Between Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities (cont'd)

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year as follows:

Capital outlay	\$ 39,558
Depreciation expense	<u>(68,338)</u>
	<u>\$ (28,780)</u>

Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject the Station to concentrations of credit risk consist of cash and cash equivalents accounts maintained by the Friends of WLRN in financial institutions which, from time to time, may exceed the federal depository insurance coverage limits; investment accounts maintained by the Friends of WLRN at broker/dealers, which from time to time may exceed SIPC insurance limits; and pledges. Management believes that the risk of loss with respect to the financial institutions and broker/dealers has been limited by choosing strong institutions with which to do business. Credit risk relating to pledges is limited by the viability of the organization or individual making the pledge.

Note 5 - Accounts Receivable

Accounts receivable are comprised of underwriting on-air recognition invoiced but not received. At June 30, 2007, the Friends of WLRN, Inc. recorded accounts receivable in the amount of approximately \$333,000, net of allowance for doubtful accounts in the amount of \$20,000.

Note 6 - Due From The School Board of Miami-Dade County, Florida

Due from The School Board of Miami-Dade County represent cash and cash equivalent held on behalf of the Station as of June 30, 2007 for restricted grants and accounts payable and accrued expenses.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

Note 7 - Capital Assets

Capital asset balances and activity during fiscal year 2007 were as follows:

	Balance			Balance
	July 1, 2006	Additions	Deletions	June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 22,941			\$ 22,941
Construction in progress	153,251	\$ 35,524	\$ (188,775)	
Total capital assets, not being depreciated	<u>176,192</u>	<u>35,524</u>	<u>(188,775)</u>	<u>22,941</u>
Capital assets, being depreciated:				
Building and improvements	803,775	188,775		992,550
Furniture, fixtures & equipment	1,095,696	4,034		1,099,730
Total capital assets, being depreciated	<u>1,899,471</u>	<u>192,809</u>		<u>2,092,280</u>
Less accumulated depreciation for:				
Building and improvements	418,193	15,951		434,144
Furniture, fixtures & equipment	811,702	52,387		864,089
Total accumulated depreciation	<u>1,229,895</u>	<u>68,338</u>		<u>1,298,233</u>
Total capital assets, being depreciated, net	<u>669,576</u>	<u>124,471</u>		<u>794,047</u>
Total capital assets, (net of accumulated depreciation)	<u>\$ 845,768</u>	<u>\$ 159,995</u>	<u>\$ (188,775)</u>	<u>\$ 816,988</u>

Note 8 - Reconciliation of CPB Grant Award to Revenue and Restricted Net Assets

CPB restricted net assets at beginning of year	\$ 369,065
Add: CPB grant award for fiscal year	361,704
Deduct: CPB revenue expended	<u>(626,643)</u>
CPB restricted net assets at end of year	<u>\$ 104,126</u>

Note 9 - Reconciliation of Total Revenue to CPB Annual Financial Report

Non-Federal Financial Support	
Direct revenue	\$ 5,357,472
Indirect revenue	129,122
In-kind contributions	<u>26,743</u>
Total Non-Federal Financial Support	5,513,337
Excludable support	197,495
CPB grant revenue	<u>361,704</u>
Total Revenue	<u>\$ 6,072,536</u>

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JUNE 30, 2007

Note 10 - Other Matter

The FCC's rule making proceeding in WT Docket No. 03-66 involves the conversion of the School Board of Miami-Dade County's Instructional Television Fixed Service ("ITFS") stations into stations licensed in the Educational Broadband Service ("EBS"). This rule making could impose costs to transition its Educational Broadband Service (EBS) stations to the new EBS/BRS spectrum band plan without the financial assistance of commercial users of the EBS/BRS spectrum. Portions of the existing ITFS transmitting and receiving facilities will be rendered obsolete by the new EBS technology. The cost to transition the present transmitting and receiving equipment to the new band plan is roughly estimated at \$10,000,000 not including installation.

The School Board will not be required to elect such a self-transition to the new EBS/BRS spectrum band plan until early 2009, and that such a self-transition election may never be required if a commercial user of the EBS/BRS spectrum elects to become the "transition proponent" for the EBS/BRS spectrum in the Miami-Ft. Lauderdale Florida Basic Trading Area.

Note 11 – Prior Period Adjustment

During the year ended June 30, 2007, Friends of WLRN, Inc. made a prior period adjustment of \$558,189 to correctly state the unrestricted net asset balances of both the WLRN Radio Station and WLRN TV Station. To correct the errors made during the prior fiscal years of 2006 and 2005, a transfer was made from Radio to TV in the amount of \$558,189.

In 2006, TV had \$281,190 temporarily restricted for the Ready to Learn, Special Projects and Distance Learning programs while Radio had no temporarily restricted funding. This amount was reflected incorrectly on the 2006 Statement of Financial Position. For fiscal year end 2005, Friends of WLRN agreed to use unrestricted radio funds to fund the television unrestricted deficit. This was only done for that year and not for the previous years.

WLRN – RADIO
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THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
(REQUIRED SUPPLEMENTARY INFORMATION)
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Original Budget</u>	<u>General Fund Actual</u>	<u>Variance Positive (Negative)</u>
Revenue			
In-Kind Contributions from the Florida Department of Education	\$ 26,743	\$ 26,743	
Grants from the Florida Department of Education	157,268	157,268	
Grants from the Corporation For Public Broadcasting	361,704	361,704	
Grants from The School Board of Miami-Dade County, Florida and Subsidies	1,005,737	1,007,295	\$ 1,558
Support and revenue of Friends of WLRN, Inc.	<u>4,591,530</u>	<u>4,519,526</u>	<u>(72,004)</u>
Total Revenue	<u>6,142,982</u>	<u>6,072,536</u>	<u>(70,446)</u>
Expenditures			
Current:			
Salaries and benefits	1,231,846	1,159,945	71,901
Materials, supplies and services	4,674,994	4,864,021	(189,027)
Capital outlay	<u>236,142</u>	<u>39,558</u>	<u>196,584</u>
Total Expenditures	<u>6,142,982</u>	<u>6,063,524</u>	<u>79,458</u>
Change in fund balance		9,012	9,012
Prior period adjustments		(558,189)	
Fund balance at beginning of year		<u>3,509,106</u>	
Fund balance at end of year	<u>\$</u>	<u>\$ 2,959,929</u>	<u>\$</u>

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NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2007

Note 1 - Budgetary Policy

The Station adopts an annual budget for the General Fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the fund level.



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Independent Accountants' 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 Members of The School Board of
Miami-Dade County, Florida

We have audited the accompanying financial statements of the governmental activities and the major fund of WLRN – Radio (the “Station”), a public telecommunications activity operated by The School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2007, which collectively comprise the Station’s basic financial statements and have issued our report thereon dated November 27, 2007. 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

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 Station’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Station’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Station’s financial statements that is more than inconsequential will not be prevented or detected by the Station’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Station’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, members of the Board of the Station, members of the School Board of Miami-Dade County, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.



November 27, 2007