



Special-Purpose Financial Statements and
Report of Independent Certified Public
Accountants

**OPERATION OF WLRN TELEVISION
AND RADIO STATIONS
(A PUBLIC TELECOMMUNICATIONS
ACTIVITY OPERATED BY THE SCHOOL
BOARD OF MIAMI-DADE COUNTY,
FLORIDA)**

June 30, 2018 and 2017

January 24, 2019

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

We have audited the special-purpose financial statements of the Operation of WLRN Television and Radio Stations (a public telecommunications activity operated by The School Board of Miami-Dade County, Florida), (the "Stations") for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as, certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 4, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Stations are described in Note 1 to the special-purpose financial statements. No new accounting policies were adopted by the Stations that had a material impact on the special-purpose financial statements and the application of existing policies was not changed during the year. We noted no transactions entered into by the Stations during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the special-purpose financial statements in the proper period.

Accounting estimates are an integral part of the special-purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the special-purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the special-purpose financial statements were:

Management's estimate of grant revenue subsidies and depreciation expense is based upon systematic and rational methodologies. We evaluated the key factors and assumptions used to develop grant revenue subsidies and depreciation expense in determining that it is reasonable in relation to the special-purpose financial statements taken as a whole.

The special-purpose financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no audit adjustments.



Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the special-purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 24, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Stations' special-purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Stations' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Budgetary Comparison Schedule and Notes thereto, which are required supplementary information (RSI) that supplements the basic special-purpose financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic special-purpose financial statements, and other knowledge we obtained during our audit of the basic special-purpose financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary combining statements of activities, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



Restriction on Use

This information is intended solely for the use of the Honorable Chairperson and Members of The School Board of Miami-Dade County, Florida and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

C BORDERS-BYRD, CPA LLC

C Borders-Byrd, CPA LLC

By:

Cynthia Borders-Byrd
Managing Member

OPERATION OF WLRN TELEVISION AND RADIO STATIONS

Special-Purpose Financial Statements
June 30, 2018 and 2017

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the governmental activities and the major fund of the Operation of WLRN Television and Radio Stations (the "Stations"), a public telecommunications activity operated by The School Board of Miami-Dade County, Florida (the "School Board"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Stations' special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audits. We did not audit the financial statements or related notes thereto of Friends of WLRN, Inc., a discretely presented component unit, which statements reflect total assets of \$ 21,842,895 and \$19,583,926 as of June 30, 2018 and 2017 and total revenues of \$9,478,505 and \$8,715,923 for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely on the report of the other auditors. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the report of the other auditor, 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 Stations and the discretely presented component unit, (Friends of WLRN, Inc.), as of June 30, 2018 and 2017, and the respective changes in financial position, net assets and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 46 respectively, 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.

Emphasis of a Matter

As discussed in Note 1, the special-purpose financial statements of the Stations are intended to present the financial position and changes in financial position of only that portion of the governmental activities and major fund of the School Board that is attributable to transactions of the Stations. 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, 2018 and 2017, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1.O to the special-purpose financial statements certain amounts in the statements as of and for the year ended June 30, 2017 have been restated. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2019, on our consideration of the Stations' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Stations' internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the Honorable Chair and Members of The School Board of Miami-Dade County, Florida (the "School Board"), management and others within the School Board and the Corporation for Public Broadcasting ("CPB") as grantor and is not intended to be and should not be used by anyone other than these specified parties.

Miami, Florida
January 24, 2019
(except for the financial statements and notes thereto
of Friends of WLRN, Inc., as to which the date is
September 27, 2018)

C. Borders-Byrd, CPA LLC

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018 and 2017

As management of WLRN – Television and Radio Stations (the “Stations”), we offer readers of the accompanying special-purpose financial statements this overview and analysis of the financial activities of the Stations for the fiscal years ended June 30, 2018 and 2017. This summary should be read in conjunction with the special-purpose financial statements and related notes, which immediately follow this section.

Overview

The purpose of the Stations is to provide quality public television and radio programming and services to the community in households in South Florida, consisting of Palm Beach, Broward, Miami-Dade, and Monroe counties. The Stations are licensed to The School Board of Miami-Dade County, Florida. The Stations also provide media support to the Miami-Dade County Public Schools, which has an enrollment of over 349,000 students.

The television station signal reaches an estimated 1.7 million households, and of that number approximately 530,000 households watch each month. The radio station signal reaches an estimated 5.3 million persons age 12 and older, and of that number approximately 365,000 persons listen each week.

Financial Highlights

The assets of the Stations exceeded liabilities at the close of the fiscal years ended June 30, 2018 and 2017 by approximately \$9.8 million and \$10.3 million, respectively. Of this amount, as of June 30, 2018 and 2017 approximately \$8.5 million and \$9.0 million was invested in capital assets, and approximately \$1.4 million and \$1.3 million was restricted for the Corporation for Public Broadcasting (“CPB”) grants funded future expenses, respectively.

At the close of the fiscal years ended June 30, 2018 and 2017, the Stations’ governmental fund reported an ending fund balance of approximately \$1.4 million and \$1.3 million, respectively, which is restricted for the CPB.

Overview to the Special-Purpose Financial Statements

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

- Government-wide special-purpose financial statements
- Fund special-purpose financial statements
- Notes to the special-purpose financial statements

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018 and 2017

In addition, the Stations report, as required supplementary information, a budgetary comparison schedule and note to the required supplementary information. The Stations are 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 Sheets/Statements of Net Position and the Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statements of Activities. Accordingly, there are certain reconciling items between these statements, which may be found on pages 21 thru 23 of this report.

Government-wide Special-Purpose Financial Statements

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

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

The statement of activities presents information showing how the Stations' net position changed during the most recent fiscal year. All changes in net position 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 Special-Purpose 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 Stations, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance and related legal requirements. The Stations have 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 special-purpose financial statements. However, unlike the government-wide special-purpose financial statements, governmental fund special-purpose 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.

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018 and 2017

Since 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Special-Purpose 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 13 to 45 of this report.

Budgetary Highlights

The School Board of Miami-Dade County, Florida adopts a budget for the Stations on an annual basis. Budgetary comparison schedules for the Stations have been provided to demonstrate compliance with this budget. The budgetary comparison schedules can be found on page 46 of this report. The Stations did not experience any mid-year budget reductions. WLRN incurred budget variances due to the grantor disallowing certain amounts.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018 and 2017

Financial Analysis

Government-wide/Individual Fund Analysis

Analysis of the special-purpose financial statements of the Stations begins below. As noted earlier, net position over time, may serve as a useful indicator of the Stations' financial position. Assets exceeded liabilities by \$9,833,143 and \$10,294,393 at the close of the fiscal years ended June 30, 2018 and 2017, respectively. A summary is provided below.

Summary of Net Position

	<u>2018</u>	<u>2017</u>
Current assets	\$ 2,658,713	\$ 3,595,523
Non-current assets	493,769	570,811
Capital assets, net	<u>8,476,998</u>	<u>8,953,565</u>
Total assets	<u>11,629,480</u>	<u>13,119,899</u>
Current liabilities	1,302,568	2,254,695
Non-current liabilities	<u>493,769</u>	<u>570,811</u>
Total liabilities	<u>1,796,337</u>	<u>2,825,506</u>
Net position:		
Net investment in capital assets	8,476,998	8,953,565
Restricted	<u>1,356,145</u>	<u>1,340,828</u>
Total net position	<u>\$ 9,833,143</u>	<u>\$ 10,294,393</u>

The largest portion of the Stations' net position of approximately \$8.5 million and \$9.0 million for fiscal years ended June 30, 2018 and 2017, respectively, reflects its net investment in capital assets (e.g. buildings and improvements, furniture, fixtures and equipment, and motor vehicles). The net investment in capital assets portion of net position is not available for future spending. The remaining net position represents approximately \$1.4 million and \$1.3 million of restricted funds for the Corporation for Public Broadcasting ("CPB") future grant funded expenses.

Summary of Changes in Net Position

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Grants from the Florida Department of Education	\$ 407,447	\$ 407,447
Grants from CPB	1,227,829	1,218,126
Other grants, subsidies and support	<u>2,650,155</u>	<u>3,311,158</u>
Total revenues	<u>4,285,431</u>	<u>4,936,731</u>
Expenses:		
Program expenses	4,209,680	4,765,422
Loss on disposal of capital assets	33,936	20,218
Depreciation expense	<u>503,065</u>	<u>588,064</u>
Total expenditures/expenses	<u>4,746,681</u>	<u>5,373,704</u>
Change in net position	(461,250)	(436,973)
Net position, beginning of year	10,294,393	11,191,085
Net effect of prior year restatement (Note 1.O)	-	(459,719)
Net position, end of year	<u>\$ 9,833,143</u>	<u>\$ 10,294,393</u>

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2018 and 2017

Capital Assets

As of June 30, 2018 and 2017, the Stations' investment in capital assets, net of accumulated depreciation, amounted to approximately \$8.5 million and \$9.0 million, respectively.

(Net of Depreciation)

	2018	2017
Land	\$ 69,518	\$ 69,518
Buildings and improvements	7,586,434	7,852,267
Furniture, fixtures and equipment	792,408	988,119
Motor vehicles	28,638	43,661
Total capital assets	\$ 8,476,998	\$ 8,953,565

Additional capital asset information can be found in Note 5 on page 24 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Stations' finances. Questions concerning any of the information provided in this report should be addressed to the Office of the Controller, 1450 N.E. 2nd Avenue, Miami, FL 33132.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
(A Public Telecommunication Entity Operated by
The School Board of Miami-Dade County, Florida)

GOVERNMENTAL FUND BALANCE SHEETS / STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	2018			2017		
	General Fund	Conversion Entries to Government-wide (Note 2)	Statement of Net Position	General Fund	Conversion Entries to Government-wide (Note 2)	Statement of Net Position
ASSETS						
Due from Corporation for Public Broadcasting	\$ 1,167,829	\$ -	\$ 1,167,829	\$ 511,880	\$ -	\$ 511,880
Due from Friends of WLRN, Inc.	-	-	-	1,128,247	-	1,128,247
Due from the School Board of Miami-Dade County, Florida	1,490,884	493,769	1,984,653	1,955,396	570,811	2,526,207
Capital assets, net of accumulated depreciation	-	8,476,998	8,476,998	-	8,953,565	8,953,565
Total assets	<u>\$ 2,658,713</u>	<u>8,970,767</u>	<u>11,629,480</u>	<u>\$ 3,595,523</u>	<u>9,524,376</u>	<u>13,119,899</u>
LIABILITIES AND FUND BALANCE						
Current:						
Accounts payable and accrued expenses	\$ 327,726	-	327,726	\$ 221,076	-	221,076
Compensated absences	112,422	-	112,422	121,354	-	121,354
Due to Corporation for Public Broadcasting	862,420	-	862,420	1,912,265	-	1,912,265
Total current liabilities	<u>1,302,568</u>	<u>-</u>	<u>1,302,568</u>	<u>2,254,695</u>	<u>-</u>	<u>2,254,695</u>
Non-current:						
Compensated absences	-	493,769	493,769	-	570,811	570,811
Total liabilities	<u>1,302,568</u>	<u>493,769</u>	<u>1,796,337</u>	<u>2,254,695</u>	<u>570,811</u>	<u>2,825,506</u>
Fund balance:						
Restricted	<u>1,356,145</u>	<u>(1,356,145)</u>	<u>-</u>	<u>1,340,828</u>	<u>(1,340,828)</u>	<u>-</u>
Total fund balance	<u>1,356,145</u>	<u>(1,356,145)</u>	<u>-</u>	<u>1,340,828</u>	<u>(1,340,828)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 2,658,713</u>	<u>(862,376)</u>	<u>1,796,337</u>	<u>\$ 3,595,523</u>	<u>(770,017)</u>	<u>2,825,506</u>
NET POSITION						
Net investment in capital assets		8,476,998	8,476,998		8,953,565	8,953,565
Restricted		1,356,145	1,356,145		1,340,828	1,340,828
Total net position		<u>\$ 9,833,143</u>	<u>\$ 9,833,143</u>		<u>\$ 10,294,393</u>	<u>\$ 10,294,393</u>

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

FRIENDS OF WLRN, INC.
(A FLORIDA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - COMPONENT UNIT

JUNE 30, 2018 AND 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 1,167,266	\$ 911,492
Investments in marketable securities	35,043	177,009
Accounts receivable, net of allowance of approximately \$109,000 and \$99,000 for 2018 and 2017, respectively	638,885	655,877
Membership contributions receivable, net	994,313	725,534
Other receivables	-	57,306
Prepays	23,478	29,428
Endowment investments in marketable securities (Note 12-8)	13,604,456	12,519,256
Deferred lease asset	5,276,714	4,351,433
Furniture and equipment, net of accumulated depreciation	102,740	156,591
Total Assets	\$ 21,842,895	\$ 19,583,926
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 341,312	\$ 307,418
Deferred revenue	42,729	113,447
Due to WLRN	-	1,128,247
Total Liabilities	384,041	1,549,112
Net Assets		
Unrestricted:		
For current operations	7,096,583	5,069,096
Funds functioning as endowment (Note 12-8)	14,047,642	12,965,718
Temporarily restricted	314,629	-
Total Net Assets	21,458,854	18,034,814
Total Liabilities and Net Assets	\$ 21,842,895	\$ 19,583,926

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

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
(A Public Telecommunication Entity Operated by
The School Board of Miami-Dade County, Florida)

STATEMENTS OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES / STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2018 and 2017

	2018			2017		
	General Fund	Conversion Entries to Government-wide (Note 3)	Statement of Activities	General Fund	Conversion Entries to Government-wide (Note 3)	Statement of Activities
REVENUES						
Grants from the Florida Department of Education	\$ 407,447	\$ -	\$ 407,447	\$ 407,447	\$ -	\$ 407,447
Grants from Corporation for Public Broadcasting	1,227,829	-	1,227,829	1,218,126	-	1,218,126
Grants from the School Board of Miami-Dade County, Florida and Subsidies	2,716,165	(77,042)	2,639,123	3,084,235	53,416	3,137,651
Support from Friends of WLRN, Inc.	11,032	-	11,032	173,507	-	173,507
Total revenues	<u>4,362,473</u>	<u>(77,042)</u>	<u>4,285,431</u>	<u>4,883,315</u>	<u>53,416</u>	<u>4,936,731</u>
EXPENDITURES/EXPENSES						
Current:						
Programming and production	1,667,020	(35,291)	1,631,729	1,712,967	27,196	1,740,163
Broadcasting and engineering	655,270	(10,722)	644,548	791,776	13,529	805,305
Management and general	1,964,432	2,907	1,967,339	2,207,263	32,909	2,240,172
Depreciation and amortization	-	503,065	503,065	-	588,064	588,064
Capital assets purchased or donated	60,434	(60,434)	-	26,865	(26,865)	-
Total expenditures/expenses	<u>4,347,156</u>	<u>399,525</u>	<u>4,746,681</u>	<u>4,738,871</u>	<u>634,833</u>	<u>5,373,704</u>
Change in fund balance/net position	15,317	(476,567)	(461,250)	144,444	(581,417)	(436,973)
Fund balance/net position at beginning of year, as restated (Note 1.O)	<u>1,340,828</u>	<u>8,953,565</u>	<u>10,294,393</u>	<u>1,196,384</u>	<u>9,534,982</u>	<u>10,731,366</u>
Fund balance/net position at end of year	<u>\$ 1,356,145</u>	<u>\$ 8,476,998</u>	<u>\$ 9,833,143</u>	<u>\$ 1,340,828</u>	<u>\$ 8,953,565</u>	<u>\$ 10,294,393</u>

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

FRIENDS OF WLRN, INC.
(A FLORIDA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF ACTIVITIES - COMPONENT UNIT

FOR THE YEARS ENDED JUNE 30, 2018 and 2017

	2018	2017
Support and Revenues		
Underwriting	\$ 4,545,558	\$ 4,388,394
Membership	4,222,289	3,864,460
Bequests (includes temporarily restricted amount of \$314,629 in 2018)	381,083	120,608
Miscellaneous income	129,137	144,269
Grants	45,889	26,482
Cultural connection	58,449	55,399
Major gifts	65,667	61,625
Production local and national	26,790	21,086
Gain on investments	1,488	30,748
Dividend and interest income	2,155	2,852
Total Support and Revenues	9,478,505	8,715,923
Contributions and Expenses		
Contributions to WLRN TV and FM stations:		
Programming and production	1,963,004	1,936,559
Broadcasting	58,069	73,390
Program information and promotion	72,807	82,715
Management and general	447,845	620,407
Equipment	255,567	298,432
South Florida Public Media	2,464,473	2,305,102
Total contributions to WLRN TV and FM stations	5,261,765	5,316,605
Friends of WLRN expenses:		
Membership	1,333,995	1,721,783
Underwriting	867,115	908,333
Management and general	1,402,588	1,198,547
Cultural connection	54,136	54,614
Total Friends of WLRN expenses	3,657,834	3,883,277
Total Contributions and Expenses	8,919,599	9,199,882
Change in Net Assets before Endowment and Wireless Cable Income	558,906	(483,959)
Gain (Loss) on investments - Endowment (Note 12-8)	732,810	786,535
Dividend and interest income - Endowment (Note 12-8)	364,324	376,460
Wireless cable	1,768,000	1,768,000
Change in Net Assets	3,424,040	2,447,036
Net Assets		
Beginning of year	18,034,814	15,587,778
End of year	\$ 21,458,854	\$ 18,034,814

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

FRIENDS OF WLRN, INC.
(A FLORIDA NOT-FOR-PROFIT CORPORATION)

CONSOLIDATED STATEMENTS OF CASH FLOWS - COMPONENT UNIT

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities		
Increase in net assets	\$ 3,424,040	\$ 2,447,036
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	62,098	47,595
Bad debt expense	129,185	644,602
Gain on investments	(734,298)	(817,283)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	7,457	(198,690)
Membership contributions receivable	(388,429)	(474,818)
Other receivables	57,306	(1,593)
Deferred lease asset	(925,281)	(793,000)
Security deposit	-	29,592
Prepays	5,950	73,839
Increase (decrease) in:		
Accounts payable and accrued expenses	33,894	(202,459)
Deferred revenue	(70,718)	55,841
Due to WLRN	(1,128,247)	164,497
Net Cash Provided by Operating Activities	472,957	975,159
Cash Flows from Investing Activities		
Acquisition of furniture and equipment	(8,247)	(187,077)
Purchases of investments	(6,470,632)	(17,439,374)
Sales of investments	6,261,696	16,964,779
Net Cash Used in Investing Activities	(217,183)	(661,672)
Net Increase (Decrease) in Cash and Cash Equivalents	255,774	313,487
Cash and Cash Equivalents		
Beginning of year	911,492	598,005
End of year	\$ 1,167,266	\$ 911,492

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

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the Stations conform to accounting principles generally accepted in the United States of America applicable to governmental units and the Financial Reporting Guidelines for Preparing the Annual Financial Report (AFR) and Financial Summary Report (FSR) 2018 and 2017 Editions of the Corporation for Public Broadcasting (“CPB”). 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 and the standards of the CPB. The following is a summary of the more significant policies.

A. Reporting Entity

The Stations, which operate non-commercial public television and radio in Miami-Dade County, Florida, are 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 licenses to operate the Stations. The accompanying financial information of the Stations has been prepared from the activity contained in the financial records of the School Board.

The special-purpose financial statements of the Stations are intended to present the financial position, and changes in financial position of the Stations. The special-purpose financial statements 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, 2018 and 2017, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Friends of WLRN, Inc. (a Florida not-for-profit corporation) was established to support and enhance the program services for the Stations, as well as other broadcast and non-broadcast services licensed to and/or operated by The School Board of Miami-Dade County, Florida. This was accomplished through fundraising activities, creation and/or participation in broadcast and non-broadcast activities which generate revenues, and information and educational activities which promote understanding, appreciation and support for the Stations.

In accordance with GASB Codification Section 2100, Friends of WLRN, Inc.’s financial statements are required to be included as a discretely presented component unit in the Stations’ special-purpose financial statements. Friends of WLRN, Inc.’s financial statements are included herein. See the table of contents and Note 12.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-wide Special-Purpose Financial Statements

The government-wide special-purpose financial statements (i.e., the statement of net position and the statement of activities) report information on all of the financial activities of the Stations. *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 Stations do not have any *business-type activities* and have only one governmental activity. The accounts of the Stations are reported as a General Fund. The General Fund is the Stations' only fund and thus the Stations' 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 revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, 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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide special-purpose financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are 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. Revenues are recognized as soon as they are both measurable and available. Revenues are 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 Stations consider revenues available if they are 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 Stations' only fund is the General Fund, which is reported as a major governmental fund. The General Fund accounts for all financial resources of the Stations including general operations.

D. Due From The School Board of Miami-Dade County, Florida

Amounts due from The School Board of Miami-Dade County, Florida represent cash and cash equivalents held on behalf of the Stations as of June 30, 2018 and 2017 for restricted grants, compensated absences, accounts payable and accrued expenses, and other School Board support.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Capital Assets

Capital assets purchased are recorded at cost. Capital assets include land, buildings and improvements, furniture, fixtures and equipment, and motor vehicles. The capitalization threshold for furniture, fixtures, and equipment and motor vehicles is \$1,000 or greater. Buildings and improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Other costs incurred for repairs and maintenance are expensed as incurred.

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

When capital assets are sold or disposed of, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded in the government-wide statements.

F. 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.

G. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes accounting and financial reporting standards for governmental funds. In the fund financial statements, the governmental fund reports fund balance in classifications based on the extent to which the Stations are bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the Stations' policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, it is the Stations' policy to use the committed amounts first, followed by assigned and unassigned amounts.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Fund Balance - Continued

GASB Statement No. 54 requires the fund balance to be properly reported within one of the fund balance categories listed below:

Non-spendable fund balance – Non-spendable fund balance are amounts that cannot be spent because they are either (a) not in spendable form, such as prepaid amounts or security deposits or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.

Restricted fund balance – Restricted fund balance are amounts with constraints imposed on resources by external sources such as (a) creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – Committed fund balance are amounts limited to specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the School Board - the Stations' highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the School Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance – Assigned fund balance amounts are constrained by the School Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board and Stations' General Manager have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as non-spendable, restricted, or committed.

Unassigned fund balance – Unassigned fund balance consists of General Fund positive fund balances that are not otherwise classified. It is also used to report negative fund balance amounts.

H. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or improvement of those assets. Net position is reported as restricted when there are external limitations imposed on its use through sources such as creditors, grantors, or laws or regulations of other governments, and when resources are nonexpendable.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. 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 that may undertake in the future, they may ultimately differ from actual results.

J. Revenue Recognition

The primary sources of revenue for the Stations consist of underwriting from the School Board and grants from the Florida Department of Education and CPB. The School Board's underwriting is recorded as revenue and expenditure/expense in the special-purpose financial statements when the related services have been performed. Grant revenue is recognized when received and the unexpended balances are reported as restricted fund balance/net position.

K. Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting 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 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 which began 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 special-purpose financial statements as revenue with the unexpended balances reported as restricted fund balance/net position until satisfaction of the time and purpose restrictions.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Indirect Administrative Support

Indirect support from the School Board consists of allocated institutional support and physical plant costs incurred by the School Board for which the Stations receive benefits. The fair value of this support \$554,375 and \$679,630 for the years ended June 30, 2018 and 2017, respectively is recognized in the Statements of Revenues, Expenditures, and Changes in Fund Balances/Statements of Activities and is included in Grants from the School Board and Subsidies and also as expenditure/expense in Management and General. For the years ended June 30, 2018 and 2017 indirect support was calculated using the basic method.

M. New Accounting Pronouncements – Adopted and Unadopted

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Other Than Pensions* in June 2015. This statement is effective for fiscal years beginning after June 15, 2017. The District adopted GASB 75 in the current fiscal year financial statements. As the Stations are a department of the School Board, any Other Post Employment Benefits (OPEB) liability is reported by the School Board.

The GASB issued Statement No. 77, *Tax Abatement Disclosures* in August 2015. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The Stations adopted GASB 77 in the fiscal year 2017 financial statements. The adoption of GASB 77 did not impact the Stations' financial position or results of operations.

The GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pensions Plans* in December 2015. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Stations adopted GASB 78 in the fiscal year 2017 financial statements. The adoption of GASB 78 did not impact the Stations' financial position or results of operations.

The GASB issued Statement No. 82, *Pension Issues* (an amendment of GASB Statements No. 67, No. 68, and No. 73) in March 2016. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 - except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District adopted GASB 82 in the fiscal year 2017 financial statements. The adoption of GASB 82 is reflected in the District's Required Supplementary information. As the Stations are a department of the School Board, any pension liability is reported by the School Board.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. New Accounting Pronouncements – Adopted and Unadopted - Continued

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

The GASB issued Statement No. 85, *Omnibus 2017* in March 2017. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Stations' adopted GASB 85 in the current fiscal year financial statements. The adoption of GASB 85 did not impact the Stations' financial position or results of operations.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* in May 2017. The requirements of this Statement are effective for periods beginning after June 15, 2017. The Stations adopted GASB 86 in the current fiscal year financial statements. The adoption of GASB 86 did not impact the Stations' financial position or results of operations.

The GASB issued Statement No. 87, *Leases* in June 2017. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements in March 2018. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* in June 2018. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The impact on the Stations' financial position or results of operations has not yet been determined for the unadopted standards.

N. Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Restatement – Prior Period Adjustments

During fiscal year 2017, the Stations’ management was notified by a preliminary observation report from the CPB Office of the Inspector General that CSG funds related to unsupported Non-Federal Financial Support (“NFFS”) had been overpaid during fiscal years 2016 and 2017. The Stations contested \$282,800 of the overpaid amount, and the uncontested amount of \$501,218 was recorded in the 2017 and 2016 financial statements.

During fiscal year 2018, CPB issued its final determination letter for the total overpayment amount of \$784,018. The contested amount of \$282,800 was denied by the CPB, resulting in prior period adjustments for fiscal years 2017 and 2016 in the amounts of \$117,823 and \$164,977, respectively.

In addition, the Stations’ management also reduced revenues due from the School Board in the amount of \$309,624 to align Stations’ revenues with expenditures/expenses. The amounts for fiscal years 2017 and 2016 were \$14,882 and \$294,742, respectively.

The amounts related to fiscal year 2016 for \$164,977 and \$294,742 resulted in a beginning fund balance/net position adjustment of \$459,719 at July 1, 2016.

Accordingly, the Governmental and Government-wide beginning fund balance/net position as of July 1, 2016 and certain 2017 amounts have been restated as follows:

<u>Governmental Balance Sheet</u>	June 30, 2017		
	<u>As Originally Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
Due from The School Board of Miami-Dade County, Florida	\$ 2,265,020	\$ (309,624)	\$ 1,955,396
Due to Corporation for Public Broadcasting	1,629,465	282,800	1,912,265
<u>Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance</u>			
Grants from Corporation for Public Broadcasting	\$ 1,335,949	\$ (117,823)	\$ 1,218,126
Grants from The School Board of Miami-Dade County, Florida	3,099,117	(14,882)	3,084,235
Net effect of prior year restatement	-	(459,719)	(459,719)
Fund balance at beginning of year	1,656,103	(459,719)	1,196,384

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Restatement – Prior Period Adjustments - Continued

Government-Wide Statement of Net Position	June 30, 2017		
	As Originally Reported	Adjustments	As Restated
Due from The School Board of Miami-Dade County, Florida	\$ 2,835,831	\$ (309,624)	\$ 2,526,207
Due to Corporation for Public Broadcasting	1,629,465	282,800	1,912,265
Government-Wide Statement of Activities			
Grants from Corporation for Public Broadcasting	\$ 1,335,949	\$ (117,823)	\$ 1,218,126
Grants from The School Board of Miami-Dade County, Florida	3,152,533	(14,882)	3,137,651
Net effect of prior year restatement	-	(459,719)	(459,719)
Net position at beginning of year	11,191,085	(459,719)	10,731,366

NOTE 2 – RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

As of June 30, 2018, the fund balance of the governmental fund of \$1,356,145 reported in the governmental fund balance sheet differs from total net position of governmental activities of \$9,833,143 reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (page 8)	\$ 1,356,145
Amounts reported for governmental activities in the statement of net position are different because:	
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 position includes those capital assets among the assets of the Stations as a whole.	8,476,998
Certain amounts Due from The School Board of Miami-Dade County, Florida are a non-current asset that are not available to pay for current expenditures, and, therefore, are not reported in the governmental fund.	493,769
Compensated absences are long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental fund.	(493,769)
Net position of governmental activities (page 8)	\$ 9,833,143

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 2 – RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - Continued

As of June 30, 2017, the fund balance of the governmental fund of \$1,340,828 reported in the governmental fund balance sheet differs from total net position of governmental activities of \$10,294,393 reported in the statement of net position. The differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. Explanations of the differences are as follows:

Total fund balance (page 8)	\$ 1,340,828
Amounts reported for governmental activities in the statement of net position are different because:	
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 position includes those capital assets among the assets of the Stations as a whole.	8,953,565
Certain amounts Due from The School Board of Miami-Dade County, Florida are a non-current asset that are not available to pay for current expenditures, and, therefore, are not reported in the governmental fund.	570,811
Compensated absences are long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental fund.	(570,811)
Net position of governmental activities (page 8)	<u>\$ 10,294,393</u>

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 3 – RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES

During the fiscal year ended June 30, 2018, the change in fund balance for the governmental fund of \$15,317 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of \$(461,250) 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. Explanations of the differences are as follows:

Net change in fund balance (page 10)	\$ 15,317
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 decreased by the amount of depreciation expense charged for the year. Depreciation expense \$(503,065), net of capital outlay \$60,434 and loss on disposal of fixed assets \$(33,936).	(476,567)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	(77,042)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental fund.	77,042
	\$ (461,250)

During the fiscal year ended June 30, 2017, the change in fund balance for the governmental fund of \$144,444 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of \$(436,973) 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. Explanations of the differences are as follows:

Net change in fund balance (page 10)	\$ 144,444
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 decreased by the amount of depreciation expense charged for the year. Depreciation expense \$(588,064), net of capital outlay \$26,865 and loss on disposal of fixed assets \$(20,218).	(581,417)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	53,416
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental fund.	(53,416)
	\$ (436,973)

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 4 – DUE FROM THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

The Due from The School Board of Miami-Dade County, Florida at June 30, 2018 and 2017 consisted of the following balances:

	2018	2017
Restricted grants	\$ 188,316	\$ 828,948
Compensated absences	606,191	692,165
Accounts payable and accrued expenses	327,726	221,076
Other School Board Support	862,420	784,018
	\$ 1,984,653	\$ 2,526,207

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity during the fiscal year ended June 30, 2018 and 2017 were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 69,518	\$ -	\$ -	\$ 69,518
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	69,518	-	-	69,518
Capital assets, being depreciated:				
Building and improvements	12,331,477	-	-	12,331,477
Furniture, fixtures and equipment	6,938,660	60,434	(484,803)	6,514,291
Motor vehicles	470,606	-	(35,035)	435,571
Total capital assets, being depreciated	19,740,743	60,434	(519,838)	19,281,339
Less accumulated depreciation for:				
Building and improvements	4,479,210	265,833	-	4,745,043
Furniture, fixtures and equipment	5,950,541	224,311	(452,969)	5,721,883
Motor vehicles	426,945	12,921	(32,933)	406,933
Total accumulated depreciation	10,856,696	503,065	(485,902)	10,873,859
Total capital assets, being depreciated, net	8,884,047	(442,631)	(33,936)	8,407,480
Total capital assets, net	\$ 8,953,565	\$ (442,631)	\$ (33,936)	\$ 8,476,998

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 5 – CAPITAL ASSETS - Continued

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 69,518	\$ -	\$ -	\$ 69,518
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>69,518</u>	<u>-</u>	<u>-</u>	<u>69,518</u>
Capital assets, being depreciated:				
Building and improvements	12,331,477	-	-	12,331,477
Furniture, fixtures and equipment	7,432,486	26,865	(520,691)	6,938,660
Motor vehicles	470,606	-	-	470,606
Total capital assets, being depreciated	<u>20,234,569</u>	<u>26,865</u>	<u>(520,691)</u>	<u>19,740,743</u>
Less accumulated depreciation for:				
Building and improvements	4,213,376	265,834	-	4,479,210
Furniture, fixtures and equipment	6,150,301	300,713	(500,473)	5,950,541
Motor vehicles	405,428	21,517	-	426,945
Total accumulated depreciation	<u>10,769,105</u>	<u>588,064</u>	<u>(500,473)</u>	<u>10,856,696</u>
Total capital assets, being depreciated, net	<u>9,465,464</u>	<u>(561,199)</u>	<u>(20,218)</u>	<u>8,884,047</u>
Total capital assets, net	<u>\$ 9,534,982</u>	<u>\$ (561,199)</u>	<u>\$ (20,218)</u>	<u>\$ 8,953,565</u>

NOTE 6 – BENEFITS

Compensated Absences

The Stations' employee vacation and sick leave policies provide for the granting of a specific number of days of vacation based on years of service governed by applicable labor contracts and one day of sick leave with pay per each month of employment. Active employees, excluding administrators, may request payment of 80% of their unused sick leave, which has accumulated during the fiscal year, provided they have not used more than three sick/personal days during that time, and have a remaining balance, after payment, of twenty-one days. These policies also provide for paying most employees unused vacation up to 60 days upon termination, and up to 100% of unused sick leave after thirteen years of service; 50% after ten years; 45% after six years; 40% after three years and 35% during the first three years of qualified service upon retirement, death or resignation. Vacation accrual is limited to 60 days for twelve-month active employees.

The change in the compensated absences liability is as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 692,165	\$ 636,553
Additions	71,070	80,887
Reductions	(157,044)	(25,275)
Ending balance	<u>\$ 606,191</u>	<u>\$ 692,165</u>

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NOTE 6 – BENEFITS - Continued

Retirement Benefits

The School Board provides retirement benefits to its employees through the Florida Retirement System (FRS and HIS), the Supplemental Early Retirement Plan (SERP), and a Deferred Retirement Option Program (DROP), as well as State approved Other Post Employment Benefits (OPEB) in the form of subsidized health insurance premiums. In fiscal years ended June 30, 2018 and 2017 there were no Stations' employees enrolled in the Supplemental Early Retirement Plan (SERP).

As the Stations are a department of the School Board, any pension liability is reported by the School Board.

Florida Retirement System

Essentially all regular employees of the Stations are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan). A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

FRS Pension Plan

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

FRS Pension Plan - Continued

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during fiscal years ended June 30, 2018 and 2017 were as follows:

<u>Class</u>	<u>2017-2018</u>				<u>2016-2017</u>			
	<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>		<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>						
FRS, Regular	3.00	%	7.92	%	3.00	%	7.52	%
FRS, Elected County Officers	3.00		45.5		3.00		42.47	
FRS, Senior Management Service	3.00		22.71		3.00		21.77	
FRS, Special Risk Regular	3.00		23.27		3.00		22.57	
FRS, Special Risk Administrative	3.00		34.63		3.00		28.06	
DROP - Applicable to								
Members from All of the Above Classes	0.00		13.26		0.00		12.99	
FRS, Reemployed Retiree		(2)		(2)		(2)		(2)

Notes: (1) Employer rates include 1.66 percent for the postemployment health insurance subsidy for fiscal years ended June 30, 2018 and 2017. Also, employer rates, other than for DROP participants, include 0.06 percent and 0.06 percent for administrative costs of the Investment Plan for fiscal years ended June 30, 2018 and 2017, respectively.

(2) Contribution rates are dependent upon retirement class in which reemployed.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

The Retiree Health Insurance Subsidy Program (HIS)

Plan Description: The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For the fiscal years ended June 30, 2018 and 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal years ended June 30, 2018 and 2017, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. The HIS plan contributions are deposited in a separate trust fund from which payments are authorized. The HIS Plan benefits are not guaranteed and are subject to the annual legislative appropriations. In the event the legislative appropriations or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

FRS – Defined Contribution Pension Plan - Continued

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Stations' employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

For the Florida Retirement System (FRS), the Retiree Health Insurance Subsidy Program (HIS Plan), and the Investment Plan, the Stations had 42 and 46 participants during fiscal years ended June 30, 2018 and 2017, respectively. The contribution amounts were approximately \$153,215 and \$153,406 for fiscal years ended June 30, 2018 and 2017, respectively.

Other Post Employment Benefits

As authorized by the Board, employees who retire in the first year of their eligibility under the FRS Plan can receive up to \$1,200 per year as reimbursement for health insurance cost paid until they reach 65 years of age or until they become eligible for Medicare or Social Security disability.

From 1991 through 2005, the District offered retirement incentive programs in an effort to reduce salary costs. The programs include enhanced insurance benefits up to the Board's annual monthly contribution and payments of accrued sick leave at an enhanced rate. Enhanced insurance benefits offered to eligible employees, as defined under the provisions of each program, consist of health and term life insurance subsidies for up to ten years. Expenditures for the retirement incentive program are recognized in the District's General Fund each year on a pay-as-you-go basis.

The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for certain postemployment healthcare benefits provided by the District for the fiscal year ended June 30, 2018. The implementation of this statement resulted in a restatement of the District's government-wide statements discussed in Note 1T of the District's Comprehensive Annual Financial Report.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

Other Post Employment Benefits - Continued

Plan Description. Effective January 1, 2010, the District changed from a fully-insured health program to a self-insured program for eligible employees and retirees. The Other Postemployment Benefits Plan (OPEB Plan) is a single employer defined benefit plan administered by the District. Pursuant to Section 112.0801, Florida Statutes, employees who retire from the District are eligible to participate in the District's health and hospitalization plan for medical and prescription drugs. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any employee who retires under a state retirement system or is placed on disability retirement and who begins receiving retirement benefits immediately after retirement from employment. In addition, any employee who retires under the Florida Retirement System Investment Plan is considered a "retiree" if he or she meets the age and service requirements to qualify for normal retirement or has attained the age of 59.5 years and has the years of service required for vesting. Such provisions may be amended at any time by further action from the Florida Legislature. The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because retiree healthcare costs are generally greater than active employee healthcare costs. The OPEB Plan contribution requirements and benefit terms of the District and the OPEB Plan members are established and may be amended through action from the Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements or required supplementary information.

Benefits Provided. The OPEB Plan provides healthcare insurance benefits for retirees and their dependents. The OPEB Plan only provides an implicit subsidy as described above.

As the Stations are a department of the School Board, any Other Post Employment Benefits (OPEB) liability is reported by the School Board.

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NOTE 7 – RECONCILIATION OF CPB GRANT AWARD TO REVENUES AND RESTRICTED NET POSITION

	<u>2018</u>	<u>2017</u>
CPB restricted net position at beginning of year	\$ 1,340,828	\$ 1,196,384
Add: CPB grant award for fiscal year	1,227,829	1,218,126
Deduct: CPB revenue expended	(1,212,512)	(1,073,682)
CPB restricted net position at end of year	<u>\$ 1,356,145</u>	<u>\$ 1,340,828</u>
Restricted Net Position		
CPB	<u>\$ 1,356,145</u>	<u>\$ 1,340,828</u>
Total	<u>\$ 1,356,145</u>	<u>\$ 1,340,828</u>

NOTE 8 – RISK MANAGEMENT PROGRAMS

The Stations are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; administrative errors and omissions; injuries to employees, students and guests; as well as natural disasters. The Stations are included in the School Board's risk management program. The School Board is self-insured for portions of its general and automobile liability insurance, workers' compensation and health insurance. Losses involving auto and general liability claims are limited (generally) by provisions of the Florida State Statute 768.28. Claims brought against the School Board are handled by a contracted third-party administrator. The School Board purchases commercial insurance for other risks including property and other miscellaneous risks.

Accordingly, liabilities for certain retained risks are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District's estimated liability for self-insured losses relating to the casualty program consisting of general liability, automobile liability, professional liability/errors and omissions, and workers' compensation claims was determined by an independent actuarial valuation performed as of June 30, 2018. Liabilities, as determined by the actuary, include an amount for claims that have been incurred but not reported (IBNR).

Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The portion of the liability that is due and payable at June 30, 2018 is recorded in the General Fund and the remaining portion is recorded in the government-wide financial statements. Liability for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment yield of 2.5%. Liabilities, if any, for the Stations' operations are included in the School Board's records and are not included in the special-purpose financial statements for WLRN.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

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NOTE 9 – COMMITMENTS AND CONTINGENCIES

Contingencies

The Stations receive grant funding from the Florida Department of Education and the Corporation for Public Broadcasting (the “CPB”). These grants are subject to audit by the State of Florida and the CPB, and if found to be in error or noncompliance, could result in refunds to the grantor or decreases to future grant awards.

Lease Commitments

On October 3, 2016, Friends of WLRN, Inc. and its affiliated nonprofit corporation, South Florida Public Media Company, commenced occupation of office space in the WLRN building facilities of Miami-Dade County Public Schools (MDCPS). As part of the interim agreements for office space, MDCPS granted a rent fee waiver for the utilization of District facilities. The temporary use agreements for office space expired on January 31, 2019. Currently, the District is processing the renewal agreement, to include the rent fee waiver, which will be effective through June 30, 2019. The contributed facilities are reported at their estimated fair value and reflected as a reduction in management and general costs in the financial statements. The contributed facilities fair value amounts were \$81,400 and \$61,200 for fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 10 – FUND BALANCES

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Stations report the following fund balance classifications: Restricted fund balance – The Stations reported restricted fund balance of \$1,356,145 and \$1,340,828 comprised of CPB grants for June 30, 2018 and 2017, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Stations through January 24, 2019, which is the date these special-purpose financial statements were available to be issued.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

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NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES

The Stations discretely presented component unit is comprised of Friends of WLRN, Inc.

12-1 ORGANIZATION

Friends of WLRN, Inc. (the Corporation) was incorporated on January 22, 1974 under the laws of the State of Florida pursuant to Section 617.0201 (4) of the Florida Not-For-Profit Corporation Act. The purpose of the Corporation is to support and enhance the program services of WLRN-FM 91.3, WKWM-FM 91.5 and WLRN-TV Channel 17 as well as other broadcast and non-broadcast services licensed to and/or operated by The School Board of Miami-Dade County, Florida. This is accomplished through fundraising activities, creation and/or participation in broadcast and non-broadcast activities which generate revenues, and informational and educational activities which promote understanding, appreciation and support for WLRN.

During the fiscal year 2009, the Corporation reactivated an affiliated nonprofit corporation, South Florida Public Media Company, in order to support WLRN news activities. This entity is consolidated with Friends of WLRN Inc. in accordance with generally accepted accounting principles. The consolidated entity is referred to as “the Corporation” below. See principles of consolidation under significant accounting policies below.

12-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and follow the requirements of the accounting standards for financial statements of not-for-profit organizations. Under these standards, the Corporation is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted – Net assets which are free of donor-imposed restrictions.

Temporarily restricted – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Corporation and/or the passage of time.

Permanently restricted – Net assets whose use by the Corporation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Corporation. Generally, the donor of these assets permits the Corporation to use all or part of the income earned on related investments for specific purposes.

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June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Principles of Consolidation

Generally accepted accounting principles require the Corporation to consolidate entities in which it has control and an economic interest when that control is evidenced through majority ownership or voting interest. Friends of WLRN, Inc. has an economic interest in, and control of the board of South Florida Public Media Company through voting interest and therefore consolidation is required. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less when acquired.

Investments and Investment Income

The Corporation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. See Note 12-5 for discussion of fair value measurements.

Investment income or loss (including realized and unrealized gains and losses on investments, interests and dividends) is included in the statement of activities and changes in net assets as an increase or decrease in unrestricted net assets unless income or loss is restricted by donor or law. Restricted gains and investment income, where the restrictions are met in the same reporting period as the income is earned, are recorded as unrestricted support.

Accounts Receivable

Accounts receivable includes underwriting revenues billed but not collected.

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

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Membership Contributions Receivable (Promises to Give)

Memberships are recognized as contributions by the Corporation and are initially reported at fair value. Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets.

The Corporation uses the allowance method to determine the estimated unconditional promises receivable that are doubtful of collection. The allowance is based on prior years' experience and management's analysis of specific promises made.

Furniture and Equipment

Furniture and equipment that is purchased is recorded at cost. Donated fixed assets are recorded at fair value at the date of donation. Fixed assets with a value in excess of \$1,000 and with a useful life greater than one year are capitalized. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets. Repairs and maintenance are expensed as incurred.

Deferred Lease Asset

The deferred lease asset is comprised of Educational Broadband Services (EBS) lease revenue recognized but not yet collected in accordance with generally accepted accounting principles (see Note 12-10).

Support and Revenue Recognition

The primary sources of revenue for the Corporation consist of contributions, membership dues, underwriting, wireless cable and grants which, absent a specific restriction, are considered unrestricted. The underwriting is recorded as revenue in the statement of activities and changes in net assets when the related services have been performed. The grants are recorded as revenue in the statement of activities and changes in net assets when the related costs are incurred, as defined under the grant agreement. The contributions and membership are recorded as revenue in the statement of activities and changes in net assets when the unconditional promise to give is made. Revenue from the long-term broadband frequency lease, reported as wireless cable revenue, is recognized on the straight-line basis (see Note 12-10).

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NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributed Goods, Services and Facilities

The Corporation records contributed goods and certain services as contributions at their estimated fair value at the date of receipt. Contributed services are recognized as contributions at their estimated fair value, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Services provided by volunteers throughout the year are not recognized as contributions in the consolidated financial statements since these services are not susceptible to objective measurement or valuation. Contributed facilities are reported at their estimated fair value and recognized as revenue when received and expenses as used.

Recognition of Donor Restrictions

The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Income Taxes

The Corporation is a not-for-profit organization, as defined by section 501(c)(3) of the Internal Revenue Code, and as such is subject to federal income taxes only on unrelated business income. There were no income taxes resulting from unrelated business income during the years ended June 30, 2018 and 2017.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. If the Corporation were to incur an income tax liability in the future, interest would be reported as interest expense and penalties would be reported as income taxes. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Expense Allocation

Certain common expenses which benefit more than one activity are allocated based on estimates of time of employees involved or other rational and systematic approaches and to the extent permitted by funding sources.

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NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable and promises to give. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*", representing the completion of the first phase of a two-phase project to amend not-for-profit financial reporting requirements as set out in FASB ASC 958, *Not-for-Profit Entities*. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of not-for-profit financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes: net assets with donor restrictions and net assets without donor restrictions. Further, the ASU requires enhanced disclosures and also allows not-for-profits to present operating cash flows on the statement of cash flows using either the direct method or the indirect method. The ASU will be effective for the Corporation for fiscal years starting after December 15, 2017, and the interim periods within. Reporting entities should apply the ASU retrospectively to all periods presented. Earlier application is permitted; however, the Corporation did not early adopt the ASU. Management has evaluated the ASU for the potential impact on its consolidated financial statements upon adoption and noted there will be changes to the financial statement presentation and disclosures for the upcoming year.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU applies to all entities, including business entities that receive or make contributions of cash and other assets (except for transfers of assets from government entities to business entities). This ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. Making this determination is important because distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow the guidance in FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, whereas, for exchange transactions, an entity should follow other guidance. This ASU is applicable for the Organization for its annual reporting period beginning on July 1, 2019. Earlier application is permitted, however, the Organization did not early adopt the ASU. Management is in the process of evaluating the ASU for the potential impact on its financial statements upon adoption.

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
A Public Telecommunications Activity Operated by
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events

Management has evaluated subsequent events to determine if events or transactions occurring through September 27, 2018 which was the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

12-3 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts and membership receivables and the deferred lease asset.

Cash and Cash Equivalents

The Corporation maintains its cash in financial institutions which balances, from time to time, may exceed the federally insured limits. These balances are maintained at high quality financial institutions, which the Corporation believes limits the risk.

Investments

The Corporation maintains certain investment accounts with financial institutions which are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation ("SIPC"). Management believes that the risk of loss with respect to the financial institutions has been limited by choosing strong institutions with which to do business.

Accounts and Membership Receivables

Concentrations of credit risk with respect to accounts and membership receivables are limited due to the large number of customers and members comprising the Corporation's underwriting and membership base and their dispersion across different industries and geographical locations.

Deferred Lease Asset

With regard to the deferred lease asset, management believes that credit risk is limited based on the stature of the payer under the lease.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-4 MEMBERSHIP CONTRIBUTIONS RECEIVABLE (PROMISES TO GIVE)

Membership contributions receivable (promises to give) as of June 30, 2018 and 2017 are as follows:

	2018	2017
Promises to give in less than one year	\$ 1,170,313	\$ 973,534
Less: Allowance for doubtful promises to give	(176,000)	(248,000)
Net promises to give	\$ 994,313	\$ 725,534

12-5 FAIR VALUE MEASUREMENTS

The Corporation follows ASC 820-10 *Fair Value Measurement and Disclosure* for measuring fair value. This guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This standard establishes a three-level hierarchy for fair value measurements based upon the significant inputs used to determine fair value. Observable inputs are those which are obtained from market participants external to the Company while unobservable inputs are generally developed internally, utilizing management’s estimates, assumptions and specific knowledge of the assets/liabilities and related markets. The three levels are defined as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access at the measurement date.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

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June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-5 FAIR VALUE MEASUREMENTS - Continued

Level 3

Valuation is based on unobservable inputs for an asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of a market participant. Therefore, unobservable inputs reflect the assumptions that market participants would use in valuing the asset or liability, including assumptions about risk. Unobservable inputs are developed based on the best information available in the circumstances, which might include information provided by the Organization’s investment manager. The data used to develop unobservable inputs are adjusted if information is reasonably available without undue cost and effort that indicates market participants would use different assumptions. Investment types which have been valued using this approach generally include investments in investee funds that have lockups that are greater than 3 months.

There have been no changes in the methodologies used at June 30, 2018 and 2017.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Equity securities: Valued at closing price reported in the active market in which the individual securities are traded.

Mutual funds (equity securities and international): Unadjusted quoted price in an active market or exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Corporation’s assets at fair value as of June 30, 2018 and 2017:

	Assets at Fair Value as of June 30, 2018			Total
	Level 1	Level 2	Level 3	
Equity Securities	\$ 8,730,742	\$ -	\$ -	\$ 8,730,742
Mutual Funds:				
Equity securities	440,526	-	-	440,526
International	4,468,231	-	-	4,468,231
Total Assets at Fair Value	\$ 13,639,499	\$ -	\$ -	\$ 13,639,499

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-5 FAIR VALUE MEASUREMENTS - Continued

	<u>Assets at Fair Value as of June 30, 2017</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equity Securities	\$ 7,869,753	\$ -	\$ -	\$ 7,869,753
Mutual Funds:				
Equity securities	483,179	-	-	483,179
International	<u>4,343,333</u>	<u>-</u>	<u>-</u>	<u>4,343,333</u>
Total Assets at Fair Value	<u>\$ 12,696,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,696,265</u>

12-6 FURNITURE AND EQUIPMENT

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Computer equipment	\$ 242,747	\$ 234,500	3 years
Furniture and fixtures	82,637	82,637	5 years
Leasehold improvements	<u>75,312</u>	<u>75,312</u>	5 years
	400,696	392,449	
Less: Accumulated depreciation	<u>297,956</u>	<u>235,858</u>	
Total Furniture and Equipment	<u>\$ 102,740</u>	<u>\$ 156,591</u>	

For the years ended June 30, 2018 and 2017, depreciation expense was approximately \$62,000 and \$48,000, respectively.

12-7 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets represent net assets that have been contributed by donors with either time or purpose restrictions. As of June 30, 2018, the Corporation had temporarily restricted net assets of approximately \$315,000 to be used for TV or Radio programming. As of June 30, 2017, the Corporation did not have any temporarily restricted net assets.

Permanently restricted net assets represent funds received by the Corporation whose use has been restricted by the donors. There were no permanently restricted net assets at June 30, 2018 and 2017.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-8 BOARD-DESIGNATED ENDOWMENT

The Corporation's board-designated endowment consists of funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

As of June 30, 2018, the board-designated endowment (unrestricted net assets) was \$14,047,642 of which \$443,186 is included in cash and cash equivalents and \$13,604,456 is included in endowment investments in marketable securities in the accompanying consolidated statement of financial position. As of June 30, 2017, the board-designated endowment (unrestricted net assets) was \$12,965,718 of which \$446,462 is included in cash and cash equivalents and \$12,519,256 is included in endowment investments in marketable securities in the accompanying consolidated statement of financial position.

Changes in endowment net assets for the fiscal year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets:				
Beginning of year	\$ 12,965,718	\$ -	\$ -	\$ 12,965,718
Contributions	1,805,564	-	-	1,805,564
Investment return - investment income	364,324	-	-	364,324
Investment return - realized and unrealized gains (losses)	732,810	-	-	732,810
Amounts distributed	(1,744,722)	-	-	(1,744,722)
Asset management fees	<u>(76,052)</u>	<u>-</u>	<u>-</u>	<u>(76,052)</u>
Endowment Net Assets - End of Year	<u>\$ 14,047,642</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,047,642</u>

Changes in endowment net assets for the fiscal year ended June 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets:				
Beginning of year	\$ 11,426,763	\$ -	\$ -	\$ 11,426,763
Contributions	975,000	-	-	975,000
Investment return - investment income	376,460	-	-	376,460
Investment return - realized and unrealized gains (losses)	786,535	-	-	786,535
Amounts distributed	(550,000)	-	-	(550,000)
Asset management fees	<u>(49,040)</u>	<u>-</u>	<u>-</u>	<u>(49,040)</u>
Endowment Net Assets - End of Year	<u>\$ 12,965,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,965,718</u>

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-8 BOARD-DESIGNATED ENDOWMENT - Continued

Interpretation of Relevant Law

During 2011, the State of Florida enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The term endowment fund as defined in UPMIFA does not include assets that an institution designates as an endowment fund for its own use. The endowment fund maintained by the Corporation is a board-designated endowment fund as of June 30, 2018 therefore the requirements of UPMIFA do not apply to the Corporation.

Funds with Deficiencies

From time to time, the fair value of assets associated with the endowment fund may fall below the level that the Corporation policies require to retain as a fund of perpetual duration. If this were to occur, the Corporation would not expend any monies from the fund until the fair value of the fund returns to a level above the principal. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies with the endowment fund as of June 30, 2018 and 2017.

Investment Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Finance and Endowment Committees, the endowment assets are invested in a manner that is in accordance with the investment policy.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation targets a diversified asset allocation designed to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

In fiscal year 2014, the Corporation began appropriating for distribution each year up to 5% of the total endowment value, as measured by the preceding year's ending value. The distributed amount may be increased by the affirmative vote of a majority of the members of the Finance and Endowment Committees.

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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-8 BOARD-DESIGNATED ENDOWMENT - Continued

Spending Policy and How the Investment Objectives Relate to Spending Policy - Continued

In establishing this policy, the Corporation considered the long-term expected return on its endowment which is measured against one or more benchmarks approved by the Finance and Endowment Committees. Accordingly, over the long term, the Corporation expects the current spending policy to allow its endowment to grow at an amount greater than a composite, weighted benchmark, similarly approved. This is consistent with the Corporations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

12-9 PENSION PLAN

The Corporation offers its employees a tax deferred annuity plan, a 457(b) plan, a 403(b) plan and a defined contribution plan that are administered by the Teachers' Insurance and Annuity Association (TIAA) and Voya Financial. The Corporation contributes 10% of the related payroll to this plan. Pension expense related to these four (4) Plans was \$125,012 and \$108,614 for the fiscal years ended June 30, 2018 and 2017, respectively.

In addition, the Corporation adopted a non-contributory 403(b) plan and 457(b) plan during fiscal year 2013 for the employees of South Florida Public Media Company in which eligible employees may make contributions up to the annual Internal Revenue Service limit on a pre-tax basis. The amount charged to expense for these two (2) plans for the years ended June 30, 2018 and 2017 totaled \$209,706 and \$210,083, respectively.

12-10 LONG-TERM BROADBAND FREQUENCY LEASE

On July 24, 2008, the Corporation entered into a long-term lease agreement for its Educational Broadband Services frequencies to Clearwire Spectrum Holdings II LLC. Under current Federal Communications Corporation (FCC) rules, licensees are allowed to lease out their "Excess Capacity" to commercial entities. The Corporation remains the licensee and will have the responsibility for compliance with all educational and other requirements imposed by the FCC.

Lease payments will be made in monthly payments as follows:

<u>Years</u>	<u>Monthly</u>	<u>Annually</u>
1	\$ 55,000	\$ 660,000
2	55,000	660,000
3	55,000	660,000
4	55,000	660,000
5	55,000	660,000
6 - 10	75,000	900,000
11 - 15	110,000	1,320,000
16 - 20	145,000	1,740,000
21 - 25	189,000	2,268,000
26 - 30	235,000	2,820,000

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
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NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-10 LONG-TERM BROADBAND FREQUENCY LEASE - Continued

During the years ended June 30, 2018 and 2017, the Corporation received \$900,000 and \$975,000 respectively under this agreement. Revenue under this lease agreement has been recognized on the statement of activities and changes in net assets on a straight-line basis over 360 months. Total revenue recognized for the fiscal years ended June 30, 2018 and 2017 on a straight-line basis was \$1,768,000. The deferred lease asset, which is included in the accompanying consolidated statement of financial position, was approximately \$5,276,000 and \$4,351,000 as of June 30, 2018 and 2017, respectively.

12-11 RELATED PARTY TRANSACTIONS

Due to WLRN

WLRN annually receives grant funding from the Corporation for Public Broadcasting (“CPB”) which the amount of that funding is determined in part by revenue received by the Corporation for both television and radio.

During the year ended June 30, 2016, management determined that certain information provided to WLRN in prior years was incorrect. Beginning in 2008, the Corporation incorrectly reported to WLRN a portion of its financial support by operating segments. The Corporation overstated the allocation of non-federal financial support to the television segment, and understated by the same amount the allocation to the radio segment. This resulted in an estimated cumulative over-funding to WLRN of \$1,128,247 as of June 30, 2017 from other sources. As the Corporation is a support component of WLRN, the Corporation has authorized the funding of this balance to WLRN in order for them to settle any amounts owed to CPB, should it become due.

During the year ended June 30, 2018, the Corporation made payment in the amount of \$1,128,247 to WLRN. As of June 30, 2018, there was no outstanding amount due to WLRN.

Required Supplementary Information

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
(A Public Telecommunication Entity Operated by
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BUDGETARY COMPARISON SCHEDULES AND NOTE TO THE SCHEDULES - Unaudited
(Required Supplementary Information)

For the Years Ended June 30, 2018 and 2017

	2018				2017			
	Original Budget	Final Amended Budget	General Fund Actual	Variance Positive (Negative)	Original Budget	Final Amended Budget	General Fund Actual	Variance Positive (Negative)
REVENUES								
Grants from the Florida Department of Education	\$ 407,447	\$ 407,447	\$ 407,447	\$ -	\$ 407,447	\$ 407,447	\$ 407,447	\$ -
Grants from Corporation for Public Broadcasting	666,029	2,049,779	1,227,829	(821,950)	1,200,893	2,724,291	1,218,126	(1,506,165)
Grants from the School Board of Miami-Dade County, Florida and Subsidies	1,471,193	2,573,288	2,716,165	142,877	1,619,771	3,672,761	3,084,235	(588,526)
Support from Friends of WLRN, Inc.	-	170,211	11,032	(159,179)	-	-	173,507	173,507
Total revenues	<u>2,544,669</u>	<u>5,200,725</u>	<u>4,362,473</u>	<u>(838,252)</u>	<u>3,228,111</u>	<u>6,804,499</u>	<u>4,883,315</u>	<u>(1,921,184)</u>
EXPENDITURES								
Current:								
Programming and production	580,530	1,115,859	1,667,020	(551,161)	1,250,531	1,986,175	1,712,967	273,208
Broadcasting and engineering	492,946	1,169,729	655,270	514,459	889,392	2,968,261	791,776	2,176,485
Management and general	1,471,193	2,915,137	1,964,432	950,705	1,088,188	1,850,063	2,207,263	(357,200)
Capital assets purchased or donated	-	-	60,434	(60,434)	-	-	26,865	(26,865)
Total expenditures	<u>2,544,669</u>	<u>5,200,725</u>	<u>4,347,156</u>	<u>853,569</u>	<u>3,228,111</u>	<u>6,804,499</u>	<u>4,738,871</u>	<u>2,065,628</u>
Change in fund balance	-	-	15,317	15,317	-	-	144,444	144,444
Fund balance at beginning of year, as restated (Note 1.O)	-	-	1,340,828	1,340,828	-	-	1,196,384	1,196,384
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,356,145</u>	<u>\$ 1,356,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,340,828</u>	<u>\$ 1,340,828</u>

Note to Required Supplementary Information (unaudited)

NOTE 1 - BUDGETARY POLICY

The Stations adopt 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.

Other Supplementary Information



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SUPPLEMENTARY INFORMATION

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

We have audited the special-purpose financial statements of the Stations as of and for the year ended June 30, 2018, and our report thereon dated January 24, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements as a whole. The supplementary combining statements of activities are presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

We did not audit the supplementary combining statements of activities for Friends of WLRN, Inc., a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Friends of WLRN, Inc., is based solely on the report of other auditors.

In our opinion, based upon our audit and the report of the other auditors, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

Other Information

The Totals (Memorandum Only) columns in the supplementary combining statements of activities on pages 48-49 are presented for purpose of additional analysis and are not a required part of the special-purpose financial statements. This information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

This report is intended solely for the information and use of the Honorable Chair and Members of The School Board of Miami-Dade County, Florida (the "School Board"), management and others within the School Board and the Corporation for Public Broadcasting ("CPB") as grantor and is not intended to be and should not be used by anyone other than these specified parties.

Miami, Florida
January 24, 2019
(except for the financial statements and notes thereto of
Friends of WLRN, Inc., as to which the date is
September 27, 2018)

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
(A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County , Florida)

SUPPLEMENTARY COMBINING STATEMENTS OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

	Operation of WLRN Television and Radio Stations			Friends of WLRN, Inc.			Totals (Memorandum Only)	
	Television	Radio	Total	Television	Radio	Total	Television	Radio
Support and Revenues								
Grants from the Florida Department of Education	\$ 307,447	\$ 100,000	\$ 407,447	\$ -	\$ -	\$ -	\$ 307,447	\$ 100,000
Grants from Corporation for Public Broadcasting	557,474	670,355	1,227,829	-	-	-	557,474	670,355
Grants from the School Board of Miami-Dade County, Florida and Subsidies	1,724,509	914,614	2,639,123	-	-	-	1,724,509	914,614
Support from Friends of WLRN, Inc.	-	11,032	11,032	-	-	-	-	11,032
Underwriting	-	-	-	106,380	4,439,178	4,545,558	106,380	4,439,178
Membership	-	-	-	466,300	3,755,989	4,222,289	466,300	3,755,989
Bequests	-	-	-	173,644	207,439	381,083	173,644	207,439
Miscellaneous income	-	-	-	8,216	120,921	129,137	8,216	120,921
Grants	-	-	-	-	45,889	45,889	-	45,889
Cultural connection	-	-	-	-	58,449	58,449	-	58,449
Major gifts	-	-	-	12,500	53,167	65,667	12,500	53,167
Production local and national	-	-	-	26,790	-	26,790	26,790	-
Gain (loss) on investments	-	-	-	400	1,088	1,488	400	1,088
Dividend and interest income	-	-	-	215	1,940	2,155	215	1,940
Total Support and Revenues	2,589,430	1,696,001	4,285,431	794,445	8,684,060	9,478,505	3,383,875	10,380,061
Contributions and Expenses								
Contributions to WLRN TV and FM stations:								
Programming and production	1,030,217	601,512	1,631,729	578,844	1,384,160	1,963,004	1,609,061	1,985,672
Broadcasting and engineering	552,503	92,045	644,548	20,489	37,580	58,069	572,992	129,625
Program information and promotion	-	-	-	38,186	34,621	72,807	38,186	34,621
Management and general	1,179,421	787,918	1,967,339	122,634	325,211	447,845	1,302,055	1,113,129
Equipment	-	-	-	32,286	223,281	255,567	32,286	223,281
South Florida Public Media	-	-	-	108,341	2,356,132	2,464,473	108,341	2,356,132
Depreciation and amortization	394,614	108,451	503,065	-	-	-	394,614	108,451
Total contributions to WLRN TV and FM stations	3,156,755	1,589,926	4,746,681	900,780	4,360,985	5,261,765	4,057,535	5,950,911

OPERATION OF WLRN TELEVISION AND RADIO STATIONS
(A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County , Florida)

SUPPLEMENTARY COMBINING STATEMENTS OF ACTIVITIES - CONTINUED

For the Fiscal Year Ended June 30, 2018

	<u>Operation of WLRN Television and Radio Stations</u>			<u>Friends of WLRN, Inc.</u>			<u>Totals (Memorandum Only)</u>	
	<u>Television</u>	<u>Radio</u>	<u>Total</u>	<u>Television</u>	<u>Radio</u>	<u>Total</u>	<u>Television</u>	<u>Radio</u>
Friends of WLRN expenses:								
Membership	\$ -	\$ -	\$ -	\$ 475,722	\$ 858,273	\$ 1,333,995	\$ 475,722	\$ 858,273
Underwriting	-	-	-	35,418	831,697	867,115	35,418	831,697
Management and general	-	-	-	246,202	1,156,386	1,402,588	246,202	1,156,386
Cultural connection	-	-	-	-	54,136	54,136	-	54,136
Total Friends of WLRN expenses	-	-	-	757,342	2,900,492	3,657,834	757,342	2,900,492
Total Contributions and Expenses	<u>3,156,755</u>	<u>1,589,926</u>	<u>4,746,681</u>	<u>1,658,122</u>	<u>7,261,477</u>	<u>8,919,599</u>	<u>4,814,877</u>	<u>8,851,403</u>
Change in Net Position/Net Assets before								
Endowment and Wireless Cable Income	(567,325)	106,075	(461,250)	(863,677)	1,422,583	558,906	(1,431,002)	1,528,658
Gain on investments - Endow ment	-	-	-	73,281	659,529	732,810	73,281	659,529
Dividend and interest income - Endow ment	-	-	-	36,432	327,892	364,324	36,432	327,892
Wireless cable	-	-	-	176,800	1,591,200	1,768,000	176,800	1,591,200
Change in Net Position/Net Assets	<u>\$ (567,325)</u>	<u>\$ 106,075</u>	<u>\$ (461,250)</u>	<u>\$ (577,164)</u>	<u>\$ 4,001,204</u>	<u>\$ 3,424,040</u>	<u>\$ (1,144,489)</u>	<u>\$ 4,107,279</u>

See note to supplementary combining statements of activities.

**OPERATION OF WLRN TELEVISION AND RADIO STATIONS
(A Public Telecommunications Activity Operated by
The School Board of Miami-Dade County, Florida)**

NOTE TO SUPPLEMENTARY COMBINING STATEMENTS OF ACTIVITIES

June 30, 2018 and 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying combining statements of activities are presented using GAAP, which is described in Notes 1 and 12-2 to the special-purpose financial statements. Certain common expense and revenue items directly relate to the television or radio segment and are charged accordingly. Other common expense and revenue items are allocated based on headcounts or pro-rata revenue (television or radio) to total revenue.

The Totals (Memorandum Only) columns in the supplementary combining statements of activities are presented for purpose of additional analysis and are not a required part of the special-purpose financial statements.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS 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 Honorable Chairperson and the Members of
The School Board of Miami-Dade County, Florida

We have audited, in accordance with the 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, the special-purpose financial statements of the governmental activities and the major fund of the Operation of WLRN Television and Radio Stations (the "Stations"), a public telecommunications activity operated by The School Board of Miami-Dade County, Florida, as of and for the year ended June 30, 2018, and the related notes to the special-purpose financial statements, which collectively comprise the Stations' basic financial statements, and have issued our report thereon dated January 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Stations' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Stations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Operation of WLRN Television and Radio Stations' internal control.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Stations' special-purpose financial statements are free from 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 special-purpose 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C Borders-Byrd, CPA LLC

Miami, Florida
January 24, 2019