C Borders-Byrd, CPA LLC
Accountants and Consultants

February 13, 2018

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, 2017. 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 January 10, 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 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.

Certain special-purpose financial statement disclosures are particularly sensitive because of their significance to the special-purpose financial statement users. The most sensitive disclosures affecting the special-purpose financial statements were:

> The disclosure of the restatement of certain amounts as discussed in Note 1.O to the special purpose financial statements.
>
> The disclosure of uncertainty related to the Corporation for Public Broadcasting's Office of Inspector General ongoing audit as discussed in Note 9 to the special-purpose financial statements.

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

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

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. We noted no such 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 February 13, 2018.

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.

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

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

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

C Borders-Byrd, CPA LLC
Accountants and Consultants

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, 2017 and 2016

OPERATION OF WLRN TELEVISION AND RADIO STATIONS

Special-Purpose Financial Statements
June 30, 2017 and 2016

Table of Contents

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, 2017 and 2016, 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 $19,583,926 and $17,119,011 as of June 30, 2017 and 2016 and total revenues of $8,715,923 and $8,038,171 for the years then ended. Those statements were audited by other auditors, whose reports have 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 reports 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 reports 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, 2017 and 2016, 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.

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

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, 2017 and 2016, 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, 2016 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 February 13, 2018, 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.

C Borders-Byrd, CPA LLC

Miami, Florida
February 13, 2018
(except for the financial statements and notes thereto
of Friends of WLRN, Inc., as to which the dates are
December 8, 2017 and July 5, 2017, respectively)

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

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

June 30, 2017 and 2016

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, 2017 and 2016. 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 350,000 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 4 million persons age 12 and older, and of that number approximately 350,000 persons listen each week.

Financial Highlights

The assets of the Stations exceeded liabilities at the close of the fiscal years ended June 30, 2017 and 2016 by approximately $10.9 million and $11.2 million, respectively. Of this amount, as of June 30, 2017 and 2016 approximately $9.0 million and $9.5 million was invested in capital assets, and approximately $1.9 million and $1.7 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, 2017 and 2016, the Stations' governmental fund reported an ending fund balance of approximately $1.9 million and $1.7 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

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 and 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.

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.

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 $10,866,817 and $11,191,085 at the close of the fiscal years ended June 30, 2017 and 2016, respectively. A summary is provided below.

Summary of Net Position

	2017	2016
Current assets	$ 3,905,147	$ 3,158,388
Non-current assets	570,811	517,395
Capital assets, net	8,953,565	9,534,982
Total assets	13,429,523	13,210,765
Current liabilities	1,971,895	1,502,285
Non-current liabilities	570,811	517,395
Total liabilities	2,542,706	2,019,680
Net position:		
Net investment in capital assets	8,953,565	9,534,982
Restricted	1,933,252	1,656,103
Total net position	$ 10,886,817	$ 11,191,085

The largest portion of the Stations' net position of approximately $9.0 million and $9.5 million for fiscal years ended June 30, 2017 and 2016, 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 $1.9 million and $1.7 million of restricted funds for the Corporation for Public Broadcasting ("CPB") future grant funded expenses.

Summary of Changes in Net Position

	2017	2016
Revenues:		
Program revenues:		
Grants from the Florida Department of Education	$ 407,447	$ 407,447
Grants from CPB	1,335,949	1,300,038
Other grants, subsidies and support	3,326,040	4,127,530
Total revenues	5,069,436	5,835,015
Expenses:		
Program expenses	4,765,422	5,308,289
Loss on disposal of capital assets	20,218	62,724
Depreciation expense	588,064	590,020
Total expenditures/expenses	5,373,704	5,961,033
Change in net position	(304,268)	(126,018)
Net position, beginning of year	11,191,085	11,452,346
Net effect of prior year restatement (Note 1.O)	-	(135,243)
Net position, end of year	$ 10,886,817	$ 11,191,085

Capital Assets

As of June 30, 2017 and 2016, the Stations' investment in capital assets, net of accumulated depreciation, amounted to approximately $9.0 million and $9.5 million, respectively.

Summary of Capital Assets
(Net of Depreciation)

	2017	2016
Land	$ 69,518	$ 69,518
Buildings and improvements	7,852,267	8,118,101
Furniture, fixtures and equipment	988,119	1,282,185
Motor vehicles	43,661	65,178
Total capital assets	$ 8,953,565	$ 9,534,982

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, 2017 and 2016

	2017			2016		
	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	$ 511,880	$ -	$ 511,880	$ -	$ -	$ -
Due from Friends of WLRN, Inc.	1,128,247	-	1,128,247	963,750	-	963,750
Due from the School Board of Miami-Dade County, Florida	2,265,020	570,811	2,835,831	2,194,638	517,395	2,712,033
Capital assets, net of accumulated depreciation	-	8,953,565	8,953,565	-	9,534,982	9,534,982
Total assets	$ 3,905,147	9,524,376	13,429,523	3,158,388	10,052,377	13,210,765
LIABILITIES AND FUND BALANCE						
Current:						
Accounts payable and accrued expenses	$ 221,076	$ -	$ 221,076	$ 124,635	$ -	$ 124,635
Compensated absences	121,354	-	121,354	119,158	-	119,158
Due to Corporation for Public Broadcasting	1,629,465	-	1,629,465	1,258,492	-	1,258,492
Total current liabilities	1,971,895	-	1,971,895	1,502,285	-	1,502,285
Non-current:						
Compensated absences	-	570,811	570,811	-	517,395	517,395
Total liabilities	1,971,895	570,811	2,542,706	1,502,285	517,395	2,019,680
Fund balance:						
Restricted	1,933,252	(1,933,252)	-	1,656,103	(1,656,103)	-
Total fund balance	1,933,252	(1,933,252)	-	1,656,103	(1,656,103)	-
Total liabilities and fund balance	$ 3,905,147	(1,362,441)	2,542,706	3,158,388	(1,138,708)	2,019,680
NET POSITION						
Net investment in capital assets		$ 8,953,565	$ 8,953,565		$ 9,534,982	$ 9,534,982
Restricted		1,933,252	1,933,252		1,656,103	1,656,103
Total net position		$ 10,886,817	$ 10,886,817		$ 11,191,085	$ 11,191,085

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, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents (including endowment funds of $446,462 and $117,797 for 2017 and 2016, respectively)	$ 911,492	$ 598,005
Investments in marketable securities	177,009	95,421
Accounts receivable, (net of allowance of approximately $99,000 and $16,000 for 2017 and 2016, respectively)	655,877	540,907
Membership contributions receivable, net	725,534	811,598
Other receivables	57,306	55,713
Prepaid	29,428	103,267
Endowment investments in marketable securities (Note 12-8)	12,519,256	11,308,966
Security deposit	-	29,592
Deferred lease asset	4,351,433	3,558,433
Furniture and equipment, net of accumulated depreciation	156,591	17,109
Total Assets	$ 19,583,926	$ 17,119,011
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 307,418	$ 509,877
Deferred revenue	113,447	57,606
Due to WLRN	1,128,247	963,750
Total Liabilities	1,549,112	1,531,233
Net Assets		
Unrestricted:		
For current operations	5,069,096	4,161,015
Funds functioning as endowment (Note 12-8)	12,965,718	11,426,763
Total Net Assets	18,034,814	15,587,778
Total Liabilities and Net Assets	$ 19,583,926	$ 17,119,011

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, 2017 and 2016

	2017			2016		
	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	1,335,949	-	1,335,949	1,300,038	-	1,300,038
Grants from the School Board of Miami-Dade County, Florida and Subsidies	3,099,117	53,416	3,152,533	3,231,035	(67,255)	3,163,780
Support from Friends of WLRN, Inc.	173,507	-	173,507	963,750	-	963,750
Total revenues	5,016,020	53,416	5,069,436	5,902,270	(67,255)	5,835,015
EXPENDITURES/EXPENSES						
Current:						
Programming and production	1,712,967	27,196	1,740,163	1,639,852	-	1,639,852
Broadcasting and engineering	791,776	13,529	805,305	564,751	-	564,751
Programming information and promotion	-	-	-	34,944	-	34,944
Management and general	2,207,263	32,909	2,240,172	3,135,997	(4,531)	3,131,466
Depreciation and amortization	-	588,064	588,064	-	590,020	590,020
Capital assets purchased or donated	26,865	(26,865)	-	104,841	(104,841)	-
Total expenditures/expenses	4,738,871	634,833	5,373,704	5,480,385	480,648	5,961,033
Change in fund balance/net position	277,149	(581,417)	(304,268)	421,885	(547,903)	(126,018)
Fund balance/net position at beginning of year, as restated (Note 1.O)	1,656,103	9,534,982	11,191,085	1,234,218	10,082,885	11,317,103
Fund balance/net position at end of year	$ 1,933,252	$ 8,953,565	$ 10,886,817	$ 1,656,103	$ 9,534,982	$ 11,191,085

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
AND CHANGES IN NET ASSETS - COMPONENT UNIT

FOR THE YEARS ENDED JUNE 30, 2017 and 2016

	2017	2016
Support and Revenues		
Underwriting	$ 4,388,394	$ 4,144,957
Membership	3,864,460	3,216,565
Bequests	120,608	197,232
Miscellaneous income	144,269	126,026
Grants	26,482	107,680
Cultural connection	55,399	99,298
Special events	-	69,174
Major gifts	61,625	38,907
Production local and national	21,086	25,051
Gain on investments	30,748	10,554
Dividend and interest income	2,852	2,727
Total Support and Revenues	8,715,923	8,038,171
Contributions and Expenses		
Contributions to WLRN TV and FM stations:		
Programming and production	1,936,559	2,124,146
Broadcasting	73,390	61,479
Program information and promotion	82,715	73,219
Management and general (Note 12-11)	620,407	1,227,981
Equipment	298,432	359,471
South Florida Public Media	2,305,102	2,095,276
Total contributions to WLRN TV and FM stations	5,316,605	5,941,572
Friends of WLRN expenses:		
Membership	1,721,783	1,143,031
Underwriting	908,333	860,521
Special events	-	44,651
Management and general	1,198,547	1,019,891
Cultural connection	54,614	84,998
Total Friends of WLRN expenses	3,883,277	3,153,092
Total Contributions and Expenses	9,199,882	9,094,664
Change in Net Assets before Endowment and Wireless Cable Income	(483,959)	(1,056,493)
Gain (Loss) on investments - Endowment (Note 12-8)	786,535	(335,596)
Dividend and interest income - Endowment (Note 12-8)	376,460	394,353
Wireless cable	1,768,000	1,768,000
Change in Net Assets	2,447,036	770,264
Net Assets		
Beginning of year	15,587,778	14,817,514
End of year	$ 18,034,814	$ 15,587,778

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, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Increase in net assets	$ 2,447,036	$ 770,264
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	47,595	23,236
Bad debt expense	644,602	107,607
(Gain) loss on investments	(817,283)	325,042
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(198,690)	(35,867)
Membership contributions receivable	(474,818)	(328,668)
Other receivables	(1,593)	9,342
Deferred lease asset	(793,000)	(868,000)
Security deposit	29,592	-
Prepaid	73,839	(87,609)
Increase (decrease) in:		
Accounts payable and accrued expenses	(202,459)	(151,435)
Deferred revenue	55,841	(48,025)
Due to WLRN	164,497	963,750
Net Cash Provided by Operating Activities	975,159	679,637
Cash Flows from Investing Activities		
Acquisition of furniture and equipment	(187,077)	(4,622)
Purchases of investments	(17,439,374)	(3,213,270)
Sales of investments	16,964,779	2,769,515
Net Cash Used in Investing Activities	(661,672)	(448,377)
Cash Flows from Financing Activities	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	313,487	231,260
Cash and Cash Equivalents		
Beginning of year	598,005	366,745
End of year	$ 911,492	$ 598,005

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

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) 2017 and 2016 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, 2017 and 2016, 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 Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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.

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 represents cash and cash equivalents held on behalf of the Stations as of June 30, 2017 and 2016 for restricted grants, compensated absences, accrued payroll expenses, accounts payable, and other School Board support.

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.

	Useful Life (Years)
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.

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.

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.

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 $679,630 and $590,427 for the years ended June 30, 2017 and 2016, 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 expense in Management and General. For the years ended June 30, 2017 and 2016 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 Benefits Other Than Pensions* in June 2015. This statement is effective for fiscal years beginning after June 15, 2017. The adoption of GASB 75 will have a material impact on the District's financial position and results of operations. 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. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in June 2015. The requirements of this statement are effective for reporting periods beginning after June 15, 2015. The Stations adopted GASB 76 in the fiscal year 2016 financial statements. The adoption of GASB 76 did not impact the Stations' financial position or results of operations.

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 current fiscal year 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 Pension 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 current fiscal year 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. New Accounting Pronouncements – Adopted and Unadopted - Continued

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 current year 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.

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 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 GASB issued Statement No. 87, *Leases* in June 2017. The requirements of this Statement are effective for 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

Expenditures/expenses for fiscal year ended June 30, 2016 have been reclassified to conform to current year presentation of expenditures/expenses by functional category.

O. Restatement – Prior Period Adjustments

During fiscal year 2016, the Stations' management determined that certain financial information provided by its component unit, Friends of WLRN, Inc. in prior years was incorrect. The Stations included these incorrect amounts in the financial statements of prior years' submitted to its grantor. The grantor's funding allocations and award amounts for prior years and fiscal year 2016 were based in part on the revenue previously reported. Friends of WLRN, Inc. overstated the allocation of non-federal financial support to the WLRN television segment and understated by the same amount the allocation to the radio segment.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Restatement – Prior Period Adjustments - Continued

This resulted in a cumulative over-funding of $1,128,247 of which $164,497 pertains to the current fiscal year, and $963,750 is recorded in prior fiscal years as follows: $828,507 recorded in fiscal year ended June 30, 2016, and $135,243 is reflected in beginning fund balance/net position as of July 1, 2015.

Additionally, during fiscal year 2016, Friends of WLRN, Inc. authorized the funding of these amounts to WLRN TV in order to settle any amounts owed to CPB, and is reflected in Due from Friends of WLRN, Inc. in the amount of $1,128,247 and $963,750 for fiscal years ended June 30, 2017 and 2016, respectively.

WLRN has been further notified by a preliminary observation report from the CPB Office of the Inspector General that it will recommend that WLRN repay CSG funds for a total overpayment of $782,733 related to unsupported Non-Federal Financial Support ("NFFS") paid during fiscal years 2016 and 2017, respectively. The Stations are contesting a component in the amount of $281,515, the residual amount of $501,218 has been recorded in the 2017 and 2016 financial statements in the amount of $206,476 and $294,742, respectively.

Accordingly, the Governmental and Government-wide beginning fund balance/net position as of July 1, 2015 and certain 2016 amounts have been restated as follows:

	June 30, 2016		
Governmental Balance Sheet	**As Originally Reported**	**Adjustments**	**As Restated**
Due from Friends of WLRN, Inc.	$ -	$ 963,750	$ 963,750
Due from The School Board of Miami-Dade County, Florida	1,899,896	294,742	2,194,638
Due to Corporation for Public Broadcasting	-	1,258,492	1,258,492
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance			
Grants from Corporation for Public Broadcasting	$ 1,714,440	$ (414,402)	$ 1,300,038
Grants from The School Board of Miami-Dade County, Florida	2,936,293	294,742	3,231,035
Support from Friends of WLRN, Inc.	-	963,750	963,750
Management and general	2,427,150	708,847	3,135,997
Net effect of prior year restatement	-	(135,243)	(135,243)
Fund balance at beginning of year, as restated	1,369,461	(135,243)	1,234,218

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O. Restatement – Prior Period Adjustments - Continued

	June 30, 2016		
Government-Wide Statement of Net Position	**As Originally Reported**	**Adjustments**	**As Restated**
Due from Friends of WLRN, Inc.	$ -	$ 963,750	$ 963,750
Due from The School Board of Miami-Dade County, Florida	2,417,291	294,742	2,712,033
Due to Corporation for Public Broadcasting	-	1,258,492	1,258,492
Government-Wide Statement of Activities			
Grants from Corporation for Public Broadcasting	$ 1,714,440	$ (414,402)	$ 1,300,038
Grants from The School Board of Miami-Dade County, Florida	2,869,038	294,742	3,163,780
Support from Friends of WLRN, Inc.	-	963,750	963,750
Management and general	2,422,619	708,847	3,131,466
Net effect of prior year restatement	-	(135,243)	(135,243)
Net position at beginning of year, as restated	11,452,346	(135,243)	11,317,103

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

As of June 30, 2017, the fund balance of the governmental fund of $1,933,252 reported in the governmental fund balance sheet differs from total net position of governmental activities of $10,886,817 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)	**$ 1,933,252**
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)	**$ 10,886,817**

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

As of June 30, 2016, the fund balance of the governmental fund of $1,656,103 reported in the governmental fund balance sheet differs from total net position of governmental activities of $11,191,085 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)	**$ 1,656,103**
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.	9,534,982
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.	517,395
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.	(517,395)
Net position of governmental activities (page 8)	**$ 11,191,085**

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, 2017, the change in fund balance for the governmental fund of $277,149 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of $(304,268) 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)	**$ 277,149**
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 $(20,218).	(581,417)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	53,416
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental fund.	(53,416)
Change in net position of governmental activities (page 10)	**$ (304,268)**

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

During the fiscal year ended June 30, 2016, the change in fund balance for the governmental fund of $421,885 reported in the governmental fund statement of revenues, expenditures and changes in fund balance differs from the change in net position of $(126,018) 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)	**$ 421,885**
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in the governmental fund. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreases by the amount of depreciation expense charged for the year. Depreciation expense $(590,020), net of capital outlay $104,841 and loss on disposal of fixed assets $(62,724).	(547,903)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.	(67,255)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental fund.	67,255
Change in net position of governmental activities (page 10)	**$ (126,018)**

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, 2017 and 2016 consisted of the following balances:

	2017	2016
Restricted grants	$ 1,421,372	$ 1,656,103
Compensated absences	692,165	636,553
Accrued payroll	85,248	79,301
Accounts payable	135,828	45,334
Other School Board Support	501,218	294,742
	$ 2,835,831	$ 2,712,033

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity during the fiscal year ended June 30, 2017 and 2016 were as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
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	7,432,485	26,865	(520,691)	6,938,660
Motor vehicles	470,606	-	-	470,606
Total capital assets, being depreciated	20,234,568	26,865	(520,691)	19,740,743
Less accumulated depreciation for:				
Building and improvements	4,213,376	265,834	-	4,479,210
Furniture, fixtures and equipment	6,150,300	300,713	(500,473)	5,950,541
Motor vehicles	405,428	21,517	-	426,945
Total accumulated depreciation	10,769,104	588,063	(500,473)	10,856,695
Total capital assets, being depreciated, net	9,465,464	(561,198)	(20,218)	8,884,047
Total capital assets, net	$ 9,534,982	$ (561,198)	$ (20,218)	$ 8,953,565

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
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	7,911,202	104,841	(583,558)	7,432,485
Motor vehicles	470,606	-	-	470,606
Total capital assets, being depreciated	20,713,285	104,841	(583,558)	20,234,568
Less accumulated depreciation for:				
Building and improvements	3,947,542	265,834	-	4,213,376
Furniture, fixtures and equipment	6,369,920	301,214	(520,834)	6,150,300
Motor vehicles	382,456	22,972	-	405,428
Total accumulated depreciation	10,699,918	590,020	(520,834)	10,769,104
Total capital assets, being depreciated, net	10,013,367	(485,179)	(62,724)	9,465,464
Total capital assets, net	$ 10,082,885	$ (485,179)	$ (62,724)	$ 9,534,982

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:

	2017	2016
Beginning balance	$ 636,553	$ 703,807
Additions	80,887	73,648
Reductions	(25,275)	(140,902)
Ending balance	$ 692,165	$ 636,553

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, 2017 and 2016 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.

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

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.

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.

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

FRS Pension Plan - Continued

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during fiscal years ended June 30, 2017 and 2016 were as follows:

	2016-2017				2015-2016			
	Percent of Gross Salary				Percent of Gross Salary			
Class	Employee		Employer (1)		Employee		Employer (1)	
FRS, Regular	3.00	%	7.52	%	3.00	%	7.26	%
FRS, Elected County Officers	3.00		42.47		3.00		42.27	
FRS, Senior Management Service	3.00		21.77		3.00		21.43	
FRS, Special Risk Regular	3.00		22.57		3.00		22.04	
FRS, Special Risk Administrative	3.00		28.06		3.00		32.95	
DROP - Applicable to								
Members from All of the Above Classes	0.00		12.99		0.00		12.88	
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, 2017 and 2016. Also, employer rates, other than for DROP participants, include 0.06 percent and 0.04 percent for administrative costs of the Investment Plan for fiscal years ended June 30, 2017 and 2016, respectively.

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

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, 2017 and 2016, 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.

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

The Retiree Health Insurance Subsidy Program (HIS) - Continued

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, 2017 and 2016, 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.

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 46 and 50 participants during fiscal years ended June 30, 2017 and 2016, respectively. The contribution amounts were approximately $153,406 and $167,549 for fiscal years ended June 30, 2017 and 2016, respectively.

NOTE 6 – BENEFITS - Continued

Retirement Benefits - Continued

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 General Fund each year on a pay-as-you-go basis.

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, for certain postemployment health care benefits provided by the District for the fiscal year ended June 30, 2008.

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 Plan operates as a single employer defined benefit plan. Employees who participate in and satisfy the vesting, disability, early or normal retirement provision of FRS may be eligible for Other Post Employment Benefits (OPEB). Retirees and their dependents are permitted to remain covered under the District's respective medical plans as long as they pay the premium charged for the plan and coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, F.S.

Funding Policy – The District is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible dependents, as established by the Governor's recommended budget and the General Appropriations Act.

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

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

	2017	2016
CPB restricted net position at beginning of year	$ 1,656,103	$ 1,369,461
Add: CPB grant award for fiscal year	1,335,949	1,300,038
Deduct: CPB revenue expended	(1,058,800)	(1,013,396)
CPB restricted net position at end of year	$ 1,933,252	$ 1,656,103
Restricted Net Position		
CPB	$ 1,933,252	$ 1,656,103
Total	$ 1,933,252	$ 1,656,103

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, 2017. 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, 2017 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.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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, 2018. Currently, the District is processing the renewal agreement, to include the rent fee waiver, which will be effective through June 30, 2018. 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 amount for fiscal year ended June 30, 2017 was $61,200.

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.

Friends of WLRN, Inc., a separate 501(c)(3) non-profit fund raising organization for WLRN, disclosed to WLRN that during the fiscal year ended June 30, 2016, certain information provided to WLRN in prior years was incorrect. Friends of WLRN, Inc. overstated the allocation of non-federal financial support to the WLRN 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 up to $963,750 as of June 30, 2016 from the Corporation for Public Broadcasting. See Note 1.O.

Subsequent to the aforementioned disclosure by Friends of WLRN, Inc., the Corporation for Public Broadcasting ("CPB") Office of Inspector General advised by correspondence dated March 2, 2017 that they will be conducting an audit of WLRN's Corporation for Public Broadcasting Community Service Grants. The objective of the audit is to determine whether WLRN TV/FM: a) claimed Non-Federal Financial Support on its Annual Financial Reports in accordance with CPB's Financial Reporting Guidelines; b) complied with the Communications Act and CPB's certification requirements; and c) expended CPB grant funds in accordance with grant requirements for the period July 1, 2013 through June 30, 2015. Additionally, the CPB Office of Inspector General advised that they would audit the recent adjustments reported to CPB correcting underwriting revenues for the TV and radio grants and other revenue allocations for the period July 1, 2007 through June 30, 2015.

NOTE 9 – COMMITMENTS AND CONTINGENCIES - Continued

Contingencies - Continued

By correspondence dated September 29, 2017, the CPB Office of Inspector General provided WLRN with its Report No. ESJ1708-1710, *Evaluation of WLRN-TV/FM's Restatement of its Underwriting Revenue Split between Television and Radio for the Period July 1, 2007 through June 30, 2015* ("Report"). The Report states that the objective of the review is to determine the accuracy of the restated underwriting revenue split between TV and radio for the period of July 1, 2007 through June 30, 2015. In its Report, the CPB Office of Inspector General finds that over-reporting of TV underwriting revenues resulted in WLRN receiving $1,128,247 in TV Community Service Grants ("CSG") funds that it was not entitled to receive. Among the recommendations, the Report recommends that CPB management take action to recover TV CSG overpayment of $1,128,247 and apply appropriate penalties in accordance with CPB's CSG Non-Compliance Policy.

By correspondence dated February 2, 2018, the CPB issued its final determinations addressing the recommendations made in Report No. ESJ1708-1710. The CPB determined that WLRN must return to the CPB $1,128,247 in TV CSG funds within 45 days of its February 2, 2018 correspondence notifying WLRN. However, the CPB further determined that a penalty is not appropriate under the circumstances.

The Stations have recorded a liability Due to Corporation for Public Broadcasting for $1,128,247 and $963,750 for the fiscal years ended June 30, 2017 and 2016, respectively. Additionally, as Friends of WLRN, Inc. has indicated it will reimburse the District to the extent these amounts become due and payable to the Corporation for Public Broadcasting, the Stations have recorded a corresponding receivable Due from Friends of WLRN, Inc. in the amounts of $1,128,247 and $963,750 for the fiscal years ended June 30, 2017 and 2016, respectively.

Aside from the findings and recommendations contained in the Report No. ESJ1708-1710, WLRN was also notified on December 19, 2017 by the CPB Office of Inspector General that it will recommend that WLRN repay CSG funds in the amount of $459,249 for fiscal year 2014, and $323,484 for fiscal year 2015, for a total overpayment of $782,733 related to unsupported Non-Federal Financial Support ("NFFS") paid during fiscal years 2016 and 2017, respectively. A final determination as to the repayment of said funds by WLRN has not yet been made by the CPB. The Stations are contesting a component in the amount of $281,515, the residual amount of $501,218 has been recorded in the 2017 and 2016 financial statements in the amounts of $206,476 and $294,742, respectively. See Note 1.O.

Finally, the Stations' 2016 Annual Financial Report was filed subsequent to the due date. There are potentially monetary penalties associated with late filing. Management was not able to determine the amount of those penalties, if any.

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 $1,933,252 and $1,656,103 comprised of CPB grants for June 30, 2017 and 2016, respectively.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Stations through February 13, 2018, which is the date these special-purpose financial statements were available to be issued.

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-FM 91.3, WKWM-FM 91.5 and WLRN-TV Channel 17.

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.

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES – Continued

12-2 Summary of Significant Accounting Policies - Continued

Basis of Presentation - Continued

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.

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.

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 Summary of Significant Accounting Policies - Continued

Investments and Investment Income - Continued

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.

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.

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 Summary of Significant Accounting Policies - Continued

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 dues 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).

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.

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-2 Summary of Significant Accounting Policies - Continued

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, 2017 and 2016.

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, 2016, 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.

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.

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

<u>12-2 Summary of Significant Accounting Policies</u> - Continued

<u>Recent Accounting Pronouncements</u>

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 is in the process of evaluating the ASU for the potential impact on its consolidated financial statements upon adoption.

<u>Subsequent Events</u>

Management has evaluated subsequent events to determine if events or transactions occurring through December 8, 2017 which was the date the consolidated financial statements were available to be issued, require adjustment to or disclosure in the consolidated financial statements.

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

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.

12-4 Membership Contributions Receivable (Promises to Give)

Membership contributions receivable (promises to give) as of June 30, 2017 and 2016 are as follows:

	2017	2016
Promises to give in less than one year	$ 973,534	$ 953,875
Less: Allowance for doubtful promises to give	(248,000)	(142,277)
Net promises to give	$ 725,534	$ 811,598

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

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 - Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Valuation is determined from quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active, or by model-based techniques in which all significant inputs are observable in the market.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Corporation's assets at fair value as of June 30, 2017 and 2016:

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

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Equity Securities	$ 43,295	$ -	$ -	$ 43,295
Mutual Funds:				
Equity securities	4,588,900	-	-	4,588,900
International	2,382,260	-	-	2,382,260
Bonds	52,273	4,337,659	-	4,389,932
Total Assets at Fair Value	$ 7,066,728	$ 4,337,659	$ -	$ 11,404,387

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

12-5 Fair Value Measurements - Continued

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, 2017 and 2016.

Equity securities*:* Valued at unadjusted quoted price in an active market or exchange for the last trade at the official close.

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

Mutual funds (bond): Evaluated prices using observable, market-based inputs such as bid evaluation, mid evaluation and ask/offer evaluation.

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.

12-6 Furniture and Equipment

	2017	2016	Estimated Useful Lives
Computer equipment	$ 234,500	$ 161,926	3 years
Furniture and fixtures	82,637	29,726	5 years
Leasehold improvements	75,312	13,720	5 years
	392,449	205,372	
Less: Accumulated depreciation	235,858	188,263	
Total Furniture and Equipment	$ 156,591	$ 17,109	

Depreciation expense was approximately $48,000 and $23,000 for the fiscal years ended June 30, 2017 and 2016, 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. There were no temporarily restricted net assets at June 30, 2017 and 2016.

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, 2017 and 2016.

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, 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, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	(49,040)	-	-	(49,040)
Endowment Net Assets - End of Year	$ 12,965,718	$ -	$ -	$ 12,965,718

As of June 30, 2016, the board-designated endowment (unrestricted net assets) was $11,426,763 of which $117,797 is included in cash and cash equivalents and $11,308,966 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, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets:				
Beginning of year	$ 11,381,021	$ -	$ -	$ 11,381,021
Contributions	900,000	-	-	900,000
Investment return - investment income	394,353	-	-	394,353
Investment return - realized and unrealized gains (losses)	(335,596)	-	-	(335,596)
Amounts distributed	(875,000)	-	-	(875,000)
Asset management fees	(38,015)	-	-	(38,015)
Endowment Net Assets - End of Year	$ 11,426,763	$ -	$ -	$ 11,426,763

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, 2017 and 2016 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, 2017 and 2016.

Investment Return Objectives and Risk Parameters

The Corporation has adopted investment and spending polices 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.

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 has a tax deferred annuity plan covering substantially all of its employees. The defined contribution plan is administered by the Teachers' Insurance and Annuity Association (TIAA). The Corporation contributes 10% of the related payroll to this plan. Pension expense was $108,614 and $87,434 for the fiscal years ended June 30, 2017 and 2016, respectively. In addition, the Corporation adopted a non-contributory 403(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 IRS limit on a pre-tax basis. The amount charged to expense for the plan for the year ended June 30, 2017 and 2016 totaled $210,083 and $112,019, 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:

Years	Monthly	Annually
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

NOTE 12 – DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES - Continued

<u>12-10 Long-Term Broadband Frequency Lease</u> - Continued

During the years ended June 30, 2017 and 2016, the Corporation received $975,000 and $900,000 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, 2017 and 2016 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 $4,351,000 and $3,558,000 as of June 30, 2017 and 2016, respectively.

<u>12-11 Related Party Transactions</u>

<u>Due to WLRN</u>

WLRN annually receives grant funding from the Corporation for Public Broadcasting (“CPB”). 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 up to $1,128,247 and $963,750 as of June 30, 2017 and 2016 respectively, 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. As of June 30, 2017 and 2016, $1,128,247 and $963,750 respectively, is accrued and included in due to WLRN in the Corporation’s consolidated statement of financial position. The amounts charged to expense were $164,497 and $963,750 and are included in contributions to WLRN TV and FM stations in the accompanying consolidated statement of activities and changes in net assets for the years ended June 30, 2017 and 2016, respectively.

During the year ended June 30, 2017, CPB determined that the total cumulative over-funding to WLRN was $1,128,247 which includes $164,497 of additional over-funding received by WLRN during the year ended June 30, 2017.

Required Supplementary Information

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

BUDGETARY COMPARISON SCHEDULES AND NOTE TO THE SCHEDULES - Unaudited
(Required Supplementary Information)

For the Years Ended June 30, 2017 and 2016

	2017				2016			
	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	$ -	$ 405,447	$ 405,447	$ 407,447	$ 2,000
Grants from Corporation for Public Broadcasting	1,200,893	2,856,996	1,335,949	(1,521,047)	1,714,430	3,083,831	1,300,038	(1,783,793)
Grants from the School Board of Miami-Dade County, Florida and Subsidies	1,619,771	3,672,761	3,099,117	(573,644)	1,402,119	3,832,973	3,231,035	(601,938)
Support from Friends of WLRN, Inc.	-	-	173,507	173,507	-	-	963,750	963,750
Total revenues	3,228,111	6,937,204	5,016,020	(1,921,184)	3,521,996	7,322,251	5,902,270	(1,419,981)
EXPENDITURES								
Current:								
Programming and production	1,250,532	2,052,528	1,712,967	339,561	1,327,447	2,057,847	1,639,852	417,995
Broadcasting and engineering	889,392	3,034,613	791,776	2,242,837	1,171,932	3,219,319	564,751	2,654,568
Programming information and promotion	-	-	-	-	-	-	34,944	(34,944)
Management and general	1,088,188	1,850,063	2,207,263	(357,200)	1,022,617	2,045,085	3,135,997	(1,090,912)
Capital assets purchased or donated	-	-	26,865	(26,865)	-	-	104,841	(104,841)
Total expenditures	3,228,111	6,937,204	4,738,871	2,198,333	3,521,996	7,322,251	5,480,385	1,841,866
Change in fund balance	-	-	277,149	277,149	-	-	421,885	421,885
Fund balance at beginning of year, as restated (Note 1.O)	-	-	1,656,103	1,656,103	-	-	1,234,218	1,234,218
Fund balance at end of year	$ -	$ -	$ 1,933,252	$ 1,933,252	$ -	$ -	$ 1,656,103	$ 1,656,103

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 years ended June 30, 2017 and 2016, and our report thereon dated February 13, 2018. 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 reports have 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 reports of other auditors.

In our opinion, based upon our audits and the reports 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 48-51 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.

C Borders-Byrd, CPA LLC

Miami, Florida
February 13, 2018
(except for the financial statements and notes thereto of
Friends of WLRN, Inc., as to which the dates are
December 8, 2017 and July 5, 2017, respectively)

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

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, 2017

	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	731,479	604,470	1,335,949	-	-	-	731,479	604,470
Grants from the School Board of Miami-Dade County,								
Florida and Subsidies	1,813,239	1,339,294	3,152,533	-	-	-	1,813,239	1,339,294
Support from Friends of WLRN, Inc.	166,797	6,710	173,507	-	-	-	166,797	6,710
Underwriting	-	-	-	191,643	4,196,751	4,388,394	191,643	4,196,751
Membership	-	-	-	483,097	3,381,363	3,864,460	483,097	3,381,363
Bequests	-	-	-	-	120,608	120,608	-	120,608
Miscellaneous income	-	-	-	6,253	138,016	144,269	6,253	138,016
Grants	-	-	-	-	26,482	26,482	-	26,482
Cultural connection	-	-	-	-	55,399	55,399	-	55,399
Special events	-	-	-	-	-	-	-	-
Major gifts	-	-	-	-	61,625	61,625	-	61,625
Production local and national	-	-	-	21,086	-	21,086	21,086	-
Gain (loss) on investments	-	-	-	3,075	27,673	30,748	3,075	27,673
Dividend and interest income	-	-	-	286	2,566	2,852	286	2,566
Total Support and Revenues	3,018,962	2,050,474	5,069,436	705,440	8,010,483	8,715,923	3,724,402	10,060,957
Contributions and Expenses								
Contributions to WLRN TV and FM stations:								
Programming and production	1,047,546	692,617	1,740,163	703,924	1,232,635	1,936,559	1,751,470	1,925,252
Broadcasting and engineering	649,728	155,577	805,305	40,489	32,901	73,390	690,217	188,478
Program information and promotion	-	-	-	43,179	39,536	82,715	43,179	39,536
Management and general	1,250,187	989,985	2,240,172	302,903	317,504	620,407	1,553,090	1,307,489
Equipment	-	-	-	21,666	276,766	298,432	21,666	276,766
South Florida Public Media	-	-	-	201,905	2,103,197	2,305,102	201,905	2,103,197
Depreciation and amortization	470,451	117,613	588,064	-	-	-	470,451	117,613
Total contributions to WLRN TV and FM stations	3,417,912	1,955,792	5,373,704	1,314,066	4,002,539	5,316,605	4,731,978	5,958,331

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, 2017

	Operation of WLRN Television and Radio Stations			Friends of WLRN, Inc.			Totals (Memorandum Only)	
	Television	Radio	Total	Television	Radio	Total	Television	Radio
Friends of WLRN expenses:								
Membership	$ -	$ -	$ -	$ 548,634	$ 1,173,149	$ 1,721,783	$ 548,634	$ 1,173,149
Underwriting	-	-	-	66,848	841,485	908,333	66,848	841,485
Special events	-	-	-	-	-	-	-	-
Management and general	-	-	-	232,782	965,765	1,198,547	232,782	965,765
Cultural connection	-	-	-	-	54,614	54,614	-	54,614
Total Friends of WLRN expenses	-	-	-	848,264	3,035,013	3,883,277	848,264	3,035,013
Total Contributions and Expenses	3,417,912	1,955,792	5,373,704	2,162,330	7,037,552	9,199,882	5,580,242	8,993,344
Change in Net Position/Net Assets before Endowment and Wireless Cable Income	(398,950)	94,682	(304,268)	(1,456,890)	972,931	(483,959)	(1,855,840)	1,067,613
Gain on investments - Endowment	-	-	-	78,653	707,882	786,535	78,653	707,882
Dividend and interest income - Endowment	-	-	-	37,646	338,814	376,460	37,646	338,814
Wireless cable	-	-	-	176,800	1,591,200	1,768,000	176,800	1,591,200
Change in Net Position/Net Assets	$ (398,950)	$ 94,682	$ (304,268)	$ (1,163,791)	$ 3,610,827	$ 2,447,036	$ (1,562,741)	$ 3,705,509

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, 2016

	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	827,300	472,738	1,300,038	-	-	-	827,300	472,738
Grants from the School Board of Miami-Dade County, Florida and Subsidies	2,211,121	952,659	3,163,780	-	-	-	2,211,121	952,659
Support from Friends of WLRN, Inc.	963,750	-	963,750	-	-	-	963,750	-
Underwriting	-	-	-	158,516	3,986,441	4,144,957	158,516	3,986,441
Membership	-	-	-	534,268	2,682,297	3,216,565	534,268	2,682,297
Bequests	-	-	-	51,117	146,115	197,232	51,117	146,115
Miscellaneous income	-	-	-	-	126,026	126,026	-	126,026
Grants	-	-	-	-	107,680	107,680	-	107,680
Cultural connection	-	-	-	-	99,298	99,298	-	99,298
Special events	-	-	-	-	69,174	69,174	-	69,174
Major gifts	-	-	-	-	38,907	38,907	-	38,907
Production local and national	-	-	-	25,051	-	25,051	25,051	-
Gain (loss) on investments	-	-	-	1,055	9,499	10,554	1,055	9,499
Dividend income	-	-	-	272	2,455	2,727	272	2,455
Total Support and Revenues	4,309,618	1,525,397	5,835,015	770,279	7,267,892	8,038,171	5,079,897	8,793,289
Contributions and Expenses								
Contributions to WLRN TV and FM stations:								
Programming and production	1,159,112	480,740	1,639,852	714,138	1,410,008	2,124,146	1,873,250	1,890,748
Broadcasting and engineering	459,166	105,585	564,751	20,908	40,571	61,479	480,074	146,156
Program information and promotion	-	34,944	34,944	40,363	32,856	73,219	40,363	67,800
Management and general	2,312,217	819,249	3,131,466	1,087,931	140,050	1,227,981	3,400,148	959,299
Depreciation and amortization	476,611	113,409	590,020	-	-	-	476,611	113,409
Equipment	-	-	-	21,830	337,641	359,471	21,830	337,641
South Florida Public Media	-	-	-	488,653	1,606,623	2,095,276	488,653	1,606,623
Total contributions to WLRN TV and FM stations	4,407,106	1,553,927	5,961,033	2,373,823	3,567,749	5,941,572	6,780,929	5,121,676

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, 2016

	Operation of WLRN Television and Radio Stations			Friends of WLRN, Inc.			Totals (Memorandum Only)	
	Television	Radio	Total	Television	Radio	Total	Television	Radio
Friends of WLRN expenses:								
Membership	$ -	$ -	$ -	$ 328,424	$ 814,607	$ 1,143,031	$ 328,424	$ 814,607
Underwriting	-	-	-	71,673	788,848	860,521	71,673	788,848
Special events	-	-	-	-	44,651	44,651	-	44,651
Management and general	-	-	-	128,367	891,524	1,019,891	128,367	891,524
Cultural connection	-	-	-	-	84,998	84,998	-	84,998
Total Friends of WLRN expenses	-	-	-	528,464	2,624,628	3,153,092	528,464	2,624,628
Total Contributions and Expenses	4,407,106	1,553,927	5,961,033	2,902,287	6,192,377	9,094,664	7,309,393	7,746,304
Change in Net Position/Net Assets before Endowment and Wireless Cable Income	(97,488)	(28,530)	(126,018)	(2,132,008)	1,075,515	(1,056,493)	(2,229,496)	1,046,985
Loss on investments - Endowment	-	-	-	(33,560)	(302,036)	(335,596)	(33,560)	(302,036)
Dividend and interest income - Endowment	-	-	-	39,435	354,918	394,353	39,435	354,918
Wireless cable	-	-	-	176,800	1,591,200	1,768,000	176,800	1,591,200
Change in Net Position/Net Assets	$ (97,488)	$ (28,530)	$ (126,018)	$ (1,949,333)	$ 2,719,597	$ 770,264	$ (2,046,821)	$ 2,691,067

See note to supplementary combining statements of activities.

NOTE TO SUPPLEMENTARY COMBINING STATEMENTS OF ACTIVITIES

June 30, 2017 and 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying combining statements of activities are presented using GAAP, which is described in Notes 1 and 12-1 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. 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.

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, 2017, 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 February 13, 2018.

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.

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

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
February 13, 2018

540 NW 165th Street Road, Suite 300 ▪ Miami, FL 33169 ▪ (786) 467 9383 Office ▪ (305) 468 6432 Fax

CURRENT YEAR'S FINDING

None.

PRIOR YEAR'S FINDING

2016-001 – Accounting Errors and Non-Compliance

Criteria

Annually, WLRN receives grant funding from the Corporation for Public Broadcasting ("CPB") which in part is determined by the amount of certain revenues reported in the required audited financial statements for the Stations. In prior years, in accordance with accounting principles generally accepted in the United States of America the financial statements of WLRN included a component unit, Friends of WLRN, Inc., financial information by segment (television and radio). The financial information included in the audited financial statements for Friends of WLRN, Inc., by segment (television and radio) was unaudited and resulted in accounting errors related to underwriting revenue allocations by segment as well as the calculation of subsidies revenue and indirect costs for the School Board's support. The methodology for developing the subsidies revenue and the indirect cost was revised subsequent to yearend by the School Board finance function and corrected by post-closing adjustments.

Prior Year's Condition

During the year-ended June 30, 2016, management of Friends of WLRN, Inc. determined that certain information provided to The School Board of Miami-Dade County, Florida for prior years related to revenue recognition was incorrect. WLRN's management represented that Friends of WLRN, Inc. overstated the allocation of non-federal financial support to the WLRN television segment and understated by the same amount the allocation to the radio segment. This resulted in a potential over-funding by the grantor. Additionally, the methodologies for estimating the School Board's subsidies and certain indirect costs were not calculated correctly.

Prior Year's Cause

WLRN's management included unaudited financial information for its component unit in their audited financial statements and the component unit's financial information contained uncorrected accounting errors and non-compliance with regard to reporting to the grantor. Also, the methodologies used for determining the School Board's revenue subsidies and certain indirect costs were not calculated correctly.

Prior Year's Effect
WLRN could potentially be required to refund amounts previously received as revenue due to the accounting errors noted, plus potential penalties. Additionally, the 2016 audited financial statements are considered late by the CPB and are subjected to potential late filing penalties. Finally, the CPB's Office of Inspector General is currently conducting an audit of the grant compliance for the period July 1, 2013 to June 30, 2016 and an audit of the recent adjustments reported to CPB correcting underwriting revenues for the Television and Radio grants and other revenue allocations for period July 1, 2007 to June 30, 2015.

Prior Year's Recommendation
Management of WLRN should require audited financial information from Friends of WLRN, Inc. with sufficient time for inclusion as a component unit in WLRN's audited financial statements in order to meet the CPB filing deadline of November 30th, annually. Additionally, the financial information should include a statement of activities for the Television and Radio separate lines of business to facilitate preparation of the Annual Financial Report ("AFR") for the grantor with an audit opinion from Friends of WLRN, Inc.'s auditors. Finally, the School Board's finance function should review and approve WLRN's financial statements including the methodologies for calculating subsidies revenue and indirect costs.

Prior Year's Views of Responsible Officials and Corrective Action
As stated in the audit engagement letter dated June 1, 2017, the School Board's Financial Services Department assumed responsibility for the preparation and submission to CPB of the WLRN Television and Radio Stations financial statements, including the methodologies for calculating subsidies revenues and indirect costs, as well as serve as liaison with the WLRN external independent auditor, commencing with the fiscal year 2016.

The School Board's agreement with Friends of WLRN, Inc. will require the management of Friends of WLRN, Inc. to submit their independently audited financial statements, including a supplemental combining statement of activities by television and radio segment, no later than September 30th to allow for sufficient time for inclusion in the WLRN's audited financial statements in order to meet the annual CPB filing deadline.

Current Year's Status
Commencing with the fiscal year ended June 30, 2016, Friends of WLRN, Inc. auditors are providing a combining statement of activities by television and radio segment as part of their audited financial statements. The Stations have implemented improved processes and enhanced its methodologies for calculating subsidies and indirect cost in accordance with CPB guidelines.

The CPB issued its final determination report, requiring WLRN to repay overpayments in TV CSG funds amounting to $1,128,247 as a result of overstating the television segment of underwriting revenues for fiscal years 2007-2015, and that a penalty is not applicable. Friends of WLRN, Inc. has indicated that it will reimburse the Stations to the extent these amounts become due.

SCHEDULE OF FINDINGS AND RESPONSE

For the Fiscal Years Ended June 30, 2017 and 2016

WLRN has been notified by a preliminary observation report from the CPB Office of Inspector General of its recommendation that WLRN repay CSG funds for a total over payment of $782,733 related to unsupported non-federal financial support reported in fiscal years 2014 and 2015. The Stations are contesting a component in the amount of $281,515, the residual amount of $501,218 has been recorded in the 2017 and 2016 financial statements.

The financial statements for the fiscal year ended June 30, 2016 have been restated to reflect these prior period adjustments.