

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

FLORIDA WEST COAST PUBLIC BROADCASTING, INC.

September 30, 2022 and 2021

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Florida West Coast Public Broadcasting, Inc.

### **Opinion**

We have audited the accompanying financial statements of Florida West Coast Public Broadcasting, Inc. (a nonprofit organization) ("WEDU"), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida West Coast Public Broadcasting, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Florida West Coast Public Broadcasting, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WEDU's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not



absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WEDU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WEDU's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of WEDU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WEDU's 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 WEDU's internal control over financial reporting and compliance.



Tampa, Florida  
December 14, 2022

Florida West Coast Public Broadcasting, Inc.

STATEMENTS OF FINANCIAL POSITION

September 30,

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,124,787	\$ 1,999,446
Receivables - current portion, net (note C)	164,861	296,664
Prepaid expenses and other current assets	172,795	146,099
Beneficial interest in trust - current portion (notes D and H)	49,518	69,920
<b>TOTAL CURRENT ASSETS</b>	<u>1,511,961</u>	<u>2,512,129</u>
Beneficial interest in trust - long term portion (notes D and H)	425,322	610,716
Beneficial interest in perpetual trust (note H)	2,006,180	2,634,788
Beneficial interest in funds held by others (note H)	1,411,479	1,741,562
Investments held for long-term purposes (notes F, G and H)	25,894,504	26,582,453
Land, building and equipment, net (note E)	4,372,006	4,614,339
Investment in the Digital Convergence Alliance (note I)	-	56,293
Other assets	60,383	54,108
<b>TOTAL ASSETS</b>	<u>\$ 35,681,835</u>	<u>\$ 38,806,388</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 170,385	\$ 213,342
Accrued expenses	840,837	762,933
Deferred production and underwriting fees	390,018	110,996
<b>TOTAL CURRENT LIABILITIES</b>	<u>1,401,240</u>	<u>1,087,271</u>
Other liabilities	7,117	7,117
<b>TOTAL LIABILITIES</b>	<u>1,408,357</u>	<u>1,094,388</u>
Net assets		
Without donor restrictions	28,438,568	30,720,417
With donor restrictions	5,834,910	6,991,583
<b>TOTAL NET ASSETS</b>	<u>34,273,478</u>	<u>37,712,000</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 35,681,835</u>	<u>\$ 38,806,388</u>

The accompanying notes are an integral part of these statements.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Contributions and gifts	\$ 9,557,756	\$ 2,208	\$ 9,559,964
Governmental grants	1,789,611	-	1,789,611
In-kind contributions	1,862,798	-	1,862,798
Local program underwriting	892,360	-	892,360
Program production and studio rental	119,922	-	119,922
Rental income	1,203,041	-	1,203,041
Change in value of beneficial interest in trusts	-	(628,707)	(628,707)
Change in value of beneficial interest in funds held by others	-	(257,402)	(257,402)
Other income	16,709	-	16,709
	<u>15,442,197</u>	<u>(883,901)</u>	<u>14,558,296</u>
Distributions from beneficial interest in trusts and funds held by others	<u>272,772</u>	<u>(272,772)</u>	<u>-</u>
<b>Total revenue</b>	<u>15,714,969</u>	<u>(1,156,673)</u>	<u>14,558,296</u>
<b>Expenses</b>			
Program services			
Programming and production	6,257,751	-	6,257,751
Broadcasting	2,812,415	-	2,812,415
	<u>9,070,166</u>	<u>-</u>	<u>9,070,166</u>
Supporting services			
Fundraising and membership	2,222,461	-	2,222,461
Management and general	1,311,997	-	1,311,997
	<u>3,534,458</u>	<u>-</u>	<u>3,534,458</u>
<b>Total expenses</b>	<u>12,604,624</u>	<u>-</u>	<u>12,604,624</u>
Revenues less expenses	3,110,345	(1,156,673)	1,953,672
Investment return (realized and unrealized) (note F)	(5,335,901)	-	(5,335,901)
Other changes in net assets (note I)	(56,293)	-	(56,293)
Change in net assets	(2,281,849)	(1,156,673)	(3,438,522)
Net assets at beginning of year	<u>30,720,417</u>	<u>6,991,583</u>	<u>37,712,000</u>
Net assets at end of year	<u>\$ 28,438,568</u>	<u>\$ 5,834,910</u>	<u>\$ 34,273,478</u>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30, 2021

	Without donor restrictions	With donor restrictions	Total
<b>Revenue</b>			
Contributions and gifts	\$ 10,176,096	\$ 3,339	\$ 10,179,435
Governmental grants	2,382,356	-	2,382,356
In-kind contributions	1,758,902	-	1,758,902
Local program underwriting	946,773	-	946,773
Program production and studio rental	176,669	-	176,669
Rental income	1,151,713	-	1,151,713
Change in value of beneficial interest in trusts	-	571,673	571,673
Change in value of beneficial interest in funds held by others	-	338,668	338,668
Other income	78,996	-	78,996
	<u>16,671,505</u>	<u>913,680</u>	<u>17,585,185</u>
Distributions from beneficial interest in trusts and funds held by others	<u>250,866</u>	<u>(250,866)</u>	<u>-</u>
<b>Total revenue</b>	<u>16,922,371</u>	<u>662,814</u>	<u>17,585,185</u>
<b>Expenses</b>			
Program services			
Programming and production	6,122,187	-	6,122,187
Broadcasting	2,563,871	-	2,563,871
	<u>8,686,058</u>	<u>-</u>	<u>8,686,058</u>
Supporting services			
Fundraising and membership	2,060,585	-	2,060,585
Management and general	1,270,587	-	1,270,587
	<u>3,331,172</u>	<u>-</u>	<u>3,331,172</u>
<b>Total expenses</b>	<u>12,017,230</u>	<u>-</u>	<u>12,017,230</u>
Revenues less expenses	4,905,141	662,814	5,567,955
Investment return (realized and unrealized) (note F)	3,443,127	-	3,443,127
Loss on disposal of assets	(16,143)	-	(16,143)
Other changes in net assets (note I)	(48,176)	-	(48,176)
	<u>8,283,949</u>	<u>662,814</u>	<u>8,946,763</u>
Change in net assets	8,283,949	662,814	8,946,763
Net assets at beginning of year	<u>22,436,468</u>	<u>6,328,769</u>	<u>28,765,237</u>
Net assets at end of year	<u>\$ 30,720,417</u>	<u>\$ 6,991,583</u>	<u>\$ 37,712,000</u>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

STATEMENTS OF CASH FLOWS

For the year ended September 30,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (3,438,522)	\$ 8,946,763
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	527,931	525,856
Loss on disposal of assets	-	16,143
Change in value of beneficial interest in trust	620,797	(566,574)
Change in value of beneficial interest in funds held by others	257,402	(338,668)
Net realized and unrealized gains	5,335,901	(3,443,127)
Funds appropriated from beneficial interest in trust	205,905	192,830
Funds appropriated from beneficial interest in funds held by others	73,679	58,036
Endowment transfers	(6,812)	-
Funds appropriated from endowment	937,479	832,253
Decrease (increase) in receivables	131,803	(97,975)
Decrease in investment in Digital Convergence Alliance	56,293	48,176
Increase in prepaid expenses and other current assets	(26,696)	(5,149)
Increase in other assets	(6,275)	(2,267)
Increase (decrease) in accounts payable and accrued expenses	34,947	(93,543)
Increase (decrease) in deferred revenue	279,022	(70,374)
Total adjustments	<u>8,421,376</u>	<u>(2,944,383)</u>
Net cash provided by operating activities	<u>4,982,854</u>	<u>6,002,380</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(285,598)</u>	<u>(475,312)</u>
Net cash used by investing activities	<u>(285,598)</u>	<u>(475,312)</u>
Cash flows from financing activities		
Purchase of endowment investments, net	(5,348,935)	(6,049,826)
Increase in funds held by others	<u>(1,208)</u>	<u>(1,339)</u>
Net cash used by financing activities	<u>(5,350,143)</u>	<u>(6,051,165)</u>
Net decrease in cash, cash equivalents and restricted cash	(652,887)	(524,097)
Cash, cash equivalents and restricted cash at beginning of year	<u>2,304,866</u>	<u>2,828,963</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 1,651,979</u>	<u>\$ 2,304,866</u>
Supplemental disclosures of cash flow information		
Cash paid during the year		
Interest	<u>\$ -</u>	<u>\$ -</u>
Taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.



Florida West Coast Public Broadcasting, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2022

	Program Services			Supporting Services			Combined Total
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	
Salaries, payroll taxes and employee benefits	\$ 1,858,367	\$ 1,181,523	\$ 3,039,890	\$ 803,645	\$ 628,070	\$ 1,431,715	\$ 4,471,605
Advertising	233,736	4,900	238,636	17,168	67,324	84,492	323,128
Contract services	550,717	438,637	989,354	321,864	94,243	416,107	1,405,461
Depreciation	57,176	397,807	454,983	-	72,948	72,948	527,931
Donated facilities	888,120	178,114	1,066,234	133,585	149,778	283,363	1,349,597
Insurance	14,659	91,912	106,571	3,665	40,311	43,976	150,547
Broadcast system membership fees and program rights	2,120,891	-	2,120,891	200	50,896	51,096	2,171,987
Mailings and postage	85,362	306	85,668	62,078	2,323	64,401	150,069
Membership services	39,388	39,388	78,776	315,107	-	315,107	393,883
Premiums and commissions	41,809	41,809	83,618	369,940	-	369,940	453,558
Program guide	52,764	-	52,764	52,764	-	52,764	105,528
Professional membership and dues	13,590	2,977	16,567	7,376	7,294	14,670	31,237
Professional services	15,919	23,891	39,810	3,980	43,777	47,757	87,567
Repairs and maintenance	38,900	75,327	114,227	25,320	28,214	53,534	167,761
Supplies and printing	92,730	71,869	164,599	42,854	59,131	101,985	266,584
Telephone	26,918	67,189	94,107	22,085	22,379	44,464	138,571
Travel	44,030	11,549	55,579	29,180	15,724	44,904	100,483
Utilities	82,675	185,217	267,892	11,650	29,585	41,235	309,127
<b>Total expenses</b>	<b>\$ 6,257,751</b>	<b>\$ 2,812,415</b>	<b>\$ 9,070,166</b>	<b>\$ 2,222,461</b>	<b>\$ 1,311,997</b>	<b>\$ 3,534,458</b>	<b>\$ 12,604,624</b>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2021

	Program Services			Supporting Services			Combined Total
	Programming and Production	Broadcasting	Total	Fundraising and Membership	Management and General	Total	
Salaries, payroll taxes and employee benefits	\$ 1,774,642	\$ 1,013,381	\$ 2,788,023	\$ 709,540	\$ 537,907	\$ 1,247,447	\$ 4,035,470
Advertising	388,390	4,488	392,878	13,465	108,380	121,845	514,723
Contract services	448,716	429,168	877,884	309,308	83,391	392,699	1,270,583
Depreciation	55,499	382,742	438,241	-	87,615	87,615	525,856
Donated facilities	807,154	161,922	969,076	121,441	136,161	257,602	1,226,678
Insurance	13,441	94,985	108,426	3,360	36,962	40,322	148,748
Broadcast system membership fees and program rights	2,155,288	4,625	2,159,913	5,270	32,376	37,646	2,197,559
Mailings and postage	64,606	779	65,385	90,060	3,244	93,304	158,689
Membership services	39,435	39,435	78,870	315,480	-	315,480	394,350
Premiums and commissions	23,411	23,411	46,822	315,523	-	315,523	362,345
Program guide	46,321	-	46,321	46,321	-	46,321	92,642
Professional membership and dues	9,772	243	10,015	5,963	5,780	11,743	21,758
Professional services	14,461	20,691	35,152	4,710	61,234	65,944	101,096
Repairs and maintenance	43,416	70,369	113,785	28,583	44,568	73,151	186,936
Supplies and printing	72,041	101,924	173,965	34,038	57,488	91,526	265,491
Telephone	61,880	54,363	116,243	34,839	31,551	66,390	182,633
Travel	23,658	6,614	30,272	16,899	8,200	25,099	55,371
Utilities	80,056	154,731	234,787	5,785	35,730	41,515	276,302
<b>Total expenses</b>	<b>\$ 6,122,187</b>	<b>\$ 2,563,871</b>	<b>\$ 8,686,058</b>	<b>\$ 2,060,585</b>	<b>\$ 1,270,587</b>	<b>\$ 3,331,172</b>	<b>\$ 12,017,230</b>

The accompanying notes are an integral part of this statement.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. General

The accompanying financial statements include the accounts of Florida West Coast Public Broadcasting, Inc. ("WEDU"). WEDU is a nonprofit Florida corporation that operates a non-commercial public television station, WEDU, broadcasting to the west central Florida service area. WEDU receives its contributions and underwriting primarily from viewers in its service area along with funding from various federal and state grants.

The accounting and reporting policies of WEDU conform to accounting principles generally accepted in the United States of America and are in accordance with the auditing and accounting guide issued by the American Institute of Certified Public Accountants, *Audits of Not-for-Profit Organizations*.

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on WEDU as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups – with donor restrictions and without donor restrictions.

These two groups are defined as follows:

- Net assets without donor restrictions - the portion of WEDU's net assets that is not subject to donor-imposed restrictions.
- Net assets with donor restrictions - the portion of WEDU's net assets that is subject to donor-imposed restrictions

A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the nature of the organization, the environment in which it operates, or its mission. A donor-imposed restriction may be temporary or permanent. Temporary restrictions may be fulfilled by actions of the organization to meet the stipulations or be fulfilled by the passage of time. Permanent restrictions stipulate that the resources must be maintained in perpetuity.

WEDU follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC").

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations that require a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

FASB ASC 958-605 requires WEDU to distinguish between contributions that increase net assets without donor restrictions and net assets with donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair values.

2. Accounting Standard Update

During fiscal year 2022, WEDU adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

3. Revenue Recognition

Contributions, including unconditional pledges or promises to give, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. An allowance for uncollectible pledges receivable is provided based upon management's judgment and analysis regarding the creditworthiness of the donor, prior collection history, type of contribution and nature of fundraising activity.

Production underwriting is recorded on a completed contract basis. Program underwriting is recorded pro rata over the broadcast period. The unexpended portion of revenue received for program and production underwriting is reflected in the statement of financial position as deferred revenue.

In-kind contributions are recorded as revenue and expense in the fiscal year during which the benefit is received. In-kind contributions consist primarily of the use of donated facilities, professional services and promotions and are recorded at fair value.

4. Cash and Cash Equivalents

WEDU considers all short-term investments with an original maturity of three months or less to be cash equivalents, except those managed as part of investment strategies for investments held for long term purposes and beneficial interest in a perpetual trust asset. Cash and cash equivalents within investments held for long term purposes and beneficial interest in perpetual trust are considered restricted cash and may represent funds restricted due to management's policy or other arrangements.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,124,787	\$ 1,999,446
Restricted cash included in investments held for long-term purposes	515,370	285,688
Restricted cash included in beneficial interest in perpetual trust	<u>11,822</u>	<u>19,732</u>
Totals	<u>\$ 1,651,979</u>	<u>\$ 2,304,866</u>

5. Concentration of Credit Risk

Financial instruments, which potentially subject WEDU to concentrations of credit risk, consist principally of cash, cash equivalents and investments.

6. Pledges Receivable

The fair value of the pledges receivable is estimated by discounting expected future cash flows using a rate of return based on the yield of a U.S. Treasury Security with a maturity date similar to the expected collection period.

7. Bequests in Process

WEDU recognizes a receivable and revenue for its interest in bequests in process based on the estimated realizable value expected to be received. WEDU records bequests in process when the court declares the related will valid.

8. Beneficial Interest in Trusts

WEDU has a beneficial interest in a perpetual trust known as the Clayton B. Howe Trust and receives income from this trust, which is administered by a third party. Perpetual trusts are recorded at the fair value of the trust assets and are classified as net assets with donor restriction restricted in perpetuity.

WEDU has a beneficial interest in a charitable trust in which annual distributions are received. Charitable trusts are recorded at the present value of expected cash flows to be received by the trust, discounted at a rate of 5% and are classified as net assets with donor restrictions.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Beneficial Interest in Funds Held by Others

WEDU has transferred assets to a community foundation which holds the funds for the benefit of WEDU. When a nonprofit transfers assets to a charitable trust or community foundation in which the resource provider names itself as beneficiary, the economic benefit of the transferred assets remains with the resource provider. The asset received in exchange is a beneficial interest in assets held by others, measured at the fair value of the asset contributed. Changes in the value are recognized in the statement of activities as "change in value of beneficial interest in funds held by others."

10. Land, Building, and Equipment

Land, building, and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of receipt. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from three to thirty years. WEDU capitalizes land, building and equipment additions that exceed \$5,000.

11. Functional Allocation of Expense

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of WEDU are reported as expenses of those functional areas. A portion of costs that benefit multiple functional areas are allocated on the basis of time and effort or other allocable bases.

12. Income Taxes

WEDU is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. WEDU has cumulative unrelated business losses for tax purposes of approximately \$650,000; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities. There is a valuation allowance against the unrelated business taxable income net operating loss deferred tax asset due to the uncertainty of future unrelated business taxable income. Tax years after September 30, 2018 remain subject to examination by taxing authorities.

Management is not aware of any activities that would jeopardize WEDU's tax-exempt status. WEDU is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Use of Estimates

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

14. In-Kind and Non-Cash Contributions

In-kind donation items used by WEDU are recorded as contributions and expenses to the extent that an objective basis is available to measure the value of such items.

WEDU uses facilities that are provided at no cost to the Organization but the recorded value is based on current market rates for rental facilities that WEDU would have paid. Contributed services are recorded as contributions and expenses at their fair value, to the extent they create or enhance non-financial assets or require specialized skills, are provided by individuals or organizations possessing these skills, and would typically need to be purchased if not provided by donations.

In-kind contributions consisted of the following during the year ended September 30,:

	<u>2022</u>	<u>2021</u>
Donated facilities	\$ 1,349,597	\$ 1,226,678
Advertising and promotional services	472,382	495,571
Other services	<u>40,819</u>	<u>36,653</u>
Total	<u>\$ 1,862,798</u>	<u>\$ 1,758,902</u>

A substantial number of volunteers have donated significant amounts of their time and resources toward the objectives of WEDU. However, no amounts are recorded in the accompanying financial statements for non-specialist services.

15. Reclassifications

Certain amounts from September 30, 2021 financial statements have been reclassified to conform to the September 30, 2022 presentation. These reclassifications did not result in a change in previously reported change in net assets.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE B - LIQUIDITY

WEDU's financial assets available within one year of the date of the financial statements of financial position for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,124,787	\$ 1,999,446
Current portion of receivables	<u>164,861</u>	<u>296,664</u>
Total financial assets available within one year	<u>\$ 1,289,648</u>	<u>\$ 2,296,110</u>

WEDU maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. WEDU's investments are considered to be long term in nature, however, are available for expenditure subject to approval from the Board. Board designated investments were approximately \$24,000,000 and \$25,000,000, for the years ended September 30, 2022 and 2021, respectively.

NOTE C - RECEIVABLES

Receivables consist of the following at September 30,:

	<u>2022</u>	<u>2021</u>
Pledges receivable, net of allowance for doubtful accounts of \$0 for both years	\$ -	\$ 5,282
Accounts receivable, net of allowance for doubtful accounts of \$27,429 and \$7,429, respectively	149,019	211,282
Grants receivable	<u>15,842</u>	<u>80,100</u>
Total receivables, net	<u>\$ 164,861</u>	<u>\$ 296,664</u>

NOTE D - BENEFICIAL INTEREST IN TRUST

In December 2018, WEDU received a beneficial interest in a trust known as the Doris Wagner Trust, which is administered by a third party. The trustee is required to pay WEDU an annuity amount equal to 5% of the initial net fair market value of WEDU's share of the trust on an annual basis. WEDU received \$73,415 and \$65,560 from the trust for the years ended September 30, 2022 and 2021, respectively.



Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE E - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following at September 30,:

	<u>2022</u>	<u>2021</u>
Land	\$ 614,029	\$ 614,029
Building	912,329	912,329
Telecasting equipment	3,163,304	4,433,843
Office furniture and equipment	668,963	634,525
Leasehold improvements	626,998	665,161
Digital transmission tower, antenna and related equipment	<u>6,679,783</u>	<u>6,861,517</u>
	12,665,406	14,121,404
Less accumulated depreciation	<u>(8,293,400)</u>	<u>(9,507,065)</u>
	<u>\$ 4,372,006</u>	<u>\$ 4,614,339</u>

Land under the operating facility, valued at \$75,000 was received in fiscal year 1976 from the City of Tampa and restricted for use as the site for construction of an educational and/or public broadcasting facility. Title will revert to the City of Tampa if the land ceases to be used for the purpose of a nonprofit and noncommercial educational and/or public broadcasting system.

Portions of the digital transmission tower and related equipment acquired with federal or state grant money are considered to be owned by WEDU. Furthermore, these grants have a reversionary clause that vests ownership of the related assets with the grantor entity for the useful life of the asset or a specific time period of 10 years, as described in the contracts. The cost basis of such property and equipment is \$5,019,493 and is expected to be utilized by WEDU for its entire useful life.

NOTE F - INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments held for long-term purposes represent WEDU's endowment fund, are stated at fair market value and are comprised of the following at September 30,:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 515,370	\$ 285,688
Fixed income	5,941,205	7,110,128
Stocks and mutual funds	<u>19,437,929</u>	<u>19,186,637</u>
	<u>\$ 25,894,504</u>	<u>\$ 26,582,453</u>

These endowment fund investments include Board designated funds and donor restricted funds, which limit their use to the investment return earned during the year.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE F - INVESTMENTS HELD FOR LONG-TERM PURPOSES - Continued

The components of investment return are as follows for the years ended September 30,:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 537,964	\$ 349,642
Net realized gains	626,197	476,017
Net unrealized (losses) gains	(6,359,279)	2,737,552
Investment fees	<u>(140,783)</u>	<u>(120,084)</u>
	<u>\$ (5,335,901)</u>	<u>\$ 3,443,127</u>

NOTE G - ENDOWMENTS

WEDU's endowment includes both donor restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

In July 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). WEDU has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, WEDU classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the FUPMIFA, WEDU considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of WEDU and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and that appreciation of investments
6. Other resources of WEDU

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE G - ENDOWMENTS - Continued

7. The investment policies of WEDU

*Return Objectives, Risk Parameters, and Strategies*

WEDU has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that WEDU must hold in perpetuity or for a donor-specified period(s). The terms of the operating policies of the endowment funds (the "Fund") requires that the Fund will be monitored by the Investment Committee and approved by the Board of Directors. The Investment Committee is responsible to oversee the portfolio's investments and monitor the investments on an ongoing basis to ensure that long-term objectives are being met.

The Investment Committee has agreed to a target asset allocation for the portfolio's assets and seeks advice from professional investment managers which hold the assets. The Fund is to invest funds in accordance with the standards set forth in WEDU's investment policy.

*Spending Policy and how the Investment Objective Related to Spending Policy*

WEDU's Board of Directors, on the recommendation of the Investment Committee, has adopted a spending policy that governs the annual distributions from the endowment fund that may be expended for current operations of WEDU. This policy authorizes WEDU to distribute from its endowment fund a specified percentage, to be determined by the Board of Directors (Board) from time to time, of the current market at budget time or fiscal year-end of the endowment fund.

The policy also allows the Board to base the distribution formula on the average market value over a period of several years as it chooses to do so. For the fiscal years ended September 30, 2022 and 2021, WEDU's Board of Directors authorized the distribution and expenditure of five percent (5%) of the five-year average market value of the endowment as of December 31, 2021 and 2020, respectively.

Distributions cannot exceed the accumulated unspent earnings of the endowment without WEDU's Board approval. Income earned in excess of the spending rate may be reinvested in endowment principal. This is consistent with WEDU's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through investment return.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Directors of WEDU has interpreted FUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE G - ENDOWMENTS - Continued

At September 30, 2022, funds with original gift values of \$175,000 fair values of \$168,188, and deficiencies of \$6,812 were reported in net assets with donor restrictions. Deficiencies of this nature may exist temporally due to unfavorable market fluctuations that occur shortly after the investment of new contributions for donor-restricted endowment funds.

Changes in the endowment's net assets are as follows:

	Board Designated	With donor restrictions	Total
Endowment net assets at September 30, 2020	\$ 16,069,103	\$ 6,328,769	\$ 22,397,872
Interest and dividends	349,642	82,589	432,231
Realized and unrealized activity, net of fees	3,093,485	827,752	3,921,237
Endowment additions	5,967,879	3,339	5,971,218
Endowment distributions	<u>(832,253)</u>	<u>(250,866)</u>	<u>(1,083,119)</u>
Endowment net assets at September 30, 2021	24,647,856	6,991,583	31,639,439
Interest and dividends	537,964	100,368	638,332
Realized and unrealized activity, net of fees	(5,873,865)	(993,289)	(6,867,154)
Endowment additions	5,584,429	2,208	5,586,637
Transfers	(6,812)	6,812	-
Endowment distributions	<u>(937,479)</u>	<u>(272,772)</u>	<u>(1,210,251)</u>
Endowment net assets at September 30, 2022	<u>\$ 23,952,093</u>	<u>\$ 5,834,910</u>	<u>\$ 29,787,003</u>

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Financial Accounting Standards Board's *Accounting Standards Codification 820* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements).

A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of nonperformance.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on company-specific data. These unobservable assumptions reflect the Organization's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

ITEMS MEASURED AT FAIR VALUE ON A RECURRING BASIS

Investments held for long-term purposes, beneficial interest in trusts, and beneficial interest in funds held by others are recorded at fair value on a recurring basis. Below is a description on valuation methodologies for these assets.

Investments held for long-term purposes and beneficial interest in perpetual trusts primarily consist of publicly traded stocks and mutual funds. WEDU uses quoted market prices of identical assets on active exchanges, or Level 1 measurement.

Beneficial interest in trust consists of a charitable trust in which WEDU receives annual payments. The fair value of the charitable trusts in which the Organization is a remainder beneficiary is based on the Organization's beneficial interest in the investments held in the trust, which are measure at fair value.

Beneficial interest in funds held by others consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets:				
Investments held for long-term purposes				
Cash and equivalents	\$ 515,370	\$ -	\$ -	\$ 515,370
Equities				
U.S. Large Cap	13,913,609	-	-	13,913,609
International	5,524,320	-	-	5,524,320
Fixed				
U.S. Treasuries and agencies	-	5,940,841	-	5,940,841
Mortgage securities	-	364	-	364
Beneficial interest in trust	-	474,840	-	474,840
Beneficial interest in perpetual trust				
Cash and equivalents	11,822	-	-	11,822
Equities				
U.S. Large Cap	603,965	-	-	603,965
Small-Mid Cap	246,214	-	-	246,214
Opportunistic Equity	62,769	-	-	62,769
International Equity	364,486	-	-	364,486
Fixed				
U.S. Treasuries and agencies	-	642,982	-	642,982
International	-	73,942	-	73,942
Beneficial interest in funds held by others	-	-	1,411,479	1,411,479
	<u>-</u>	<u>-</u>	<u>1,411,479</u>	<u>1,411,479</u>
Total assets	<u>\$ 21,242,555</u>	<u>\$ 7,132,969</u>	<u>\$ 1,411,479</u>	<u>\$ 29,787,003</u>

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Assets:				
Investments held for long-term purposes				
Cash and equivalents	\$ 285,688	\$ -	\$ -	\$ 285,688
Equities				
U.S. Large Cap	13,873,999	-	-	13,873,999
International	5,312,638	-	-	5,312,638
Fixed				
U.S. Treasuries and agencies	-	7,109,341	-	7,109,341
Mortgage securities	-	787	-	787
Beneficial interest in trust	-	680,636	-	680,636
Beneficial interest in perpetual trust				
Cash and equivalents	19,732	-	-	19,732
Equities				
U.S. Large Cap	866,866	-	-	866,866
Small-Mid Cap	326,508	-	-	326,508
International Equity	621,170	-	-	621,170
Fixed				
U.S. Treasuries and agencies	-	719,565	-	719,565
International	-	80,947	-	80,947
Beneficial interest in funds held by others	-	-	1,741,562	1,741,562
Total assets	<u>\$ 21,306,601</u>	<u>\$ 8,591,276</u>	<u>\$ 1,741,562</u>	<u>\$ 31,639,439</u>

Assets and liabilities in all levels could result in volatile and material price fluctuations. Realized and unrealized gains and losses on level 3 assets represent only a portion of the risk to market fluctuations on the statement of financial position.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE H - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The following table illustrates a roll forward for all assets measured at fair value on a recurring basis using significant unobservable inputs (level 3).

A reconciliation of WEDU's level 3 assets follows:

Beneficial interest in funds held by others at September 30, 2020	\$ 1,459,930
Additions	1,000
Realized and unrealized gains, net	338,668
Distributions	<u>(58,036)</u>
Beneficial interest in funds held by others at September 30, 2021	1,741,562
Additions	1,000
Realized and unrealized losses, net	(257,402)
Distributions	<u>(73,681)</u>
Beneficial interest in funds held by others at September 30, 2022	<u><u>\$ 1,411,479</u></u>

NOTE I - INVESTMENT IN THE DIGITAL CONVERGENCE ALLIANCE (DCA)

On March 1, 2013 WEDU entered into agreements with the Corporation for Public Broadcasting (CPB) and the Digital Convergence Alliance (DCA) as a founding member of the Network Operations Center (NOC). CPB awarded a \$7 million grant to the Digital Convergence Alliance (DCA), comprising 11 public television stations that serve communities in Florida, Georgia, Texas, Wisconsin, and Illinois, to combine their operations into a single master control location. Specifically, CPB's grant will allow the DCA to establish the NOC, resulting in projected lower direct costs and a projected savings of more than \$20 million over 10 years.

Under the agreements, WEDU is required to pay \$2.2 million over a ten year period for the joint master control services provided by NOC (\$1.7 million), and for funding equipment replacements (\$0.5 million). These required payments could be reduced if additional NOC clients are acquired by the DCA. WEDU would likely be required to pay a \$700,000 penalty for withdrawing from the agreement at any time during the first five years. The possible withdrawal penalty is reduced to \$350,000 between years six and ten of the contracts. WEDU paid \$274,352 to the DCA for the years ended September 30, 2022 and 2021, respectively. Approximately \$2,377,000 and \$2,103,000 has been paid by WEDU as of September 30, 2022 and 2021, respectively, since entering into the agreement.



Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE I - INVESTMENT IN THE DIGITAL CONVERGENCE ALLIANCE (DCA) - Continued

WEDU accounts for its investment in the DCA as an investment in a cooperative. Under this method of accounting, WEDU's investment in DCA is increased or reduced by WEDU's allocation of DCA's net income or losses. For the year ended September 30, 2021, WEDU's share of loss was \$48,176 which consisted primarily of WEDU's share of depreciation on broadcast equipment. The carrying amount of the investment in DCA was \$56,293 as of September 30, 2021.

In August 2021, WEDU signed a station service level agreement with Centralcast, LLC to provide joint master control services to the station effective February 28, 2023. As a result of the agreement with the DCA coming to an end, the DCA is expected to dissolve in fiscal year 2023 and WEDU deemed the carrying value of the investment in DCA to be \$-0- at September 30, 2022.

NOTE J - LINE OF CREDIT

WEDU has an unsecured \$500,000 bank line of credit which is payable on demand and reviewed annually by the bank. Interest is payable monthly at LIBOR index rate (2.55% and 0.08% at September 30, 2022 and 2021, respectively) plus 270 basis points with minimum interest of 3.25%. The effective interest rate at September 30, 2022 and 2021 was 5.25% and 3.25%, respectively. There was no outstanding balance on this line of credit as of September 30, 2022 and 2021.

NOTE K - RETIREMENT PLAN AND DEFERRED COMPENSATION PLAN

WEDU formed the Florida West Coast Public Broadcasting, Inc. Tax Deferred Annuity Plan (the "Plan"), effective October 1991. The Plan is a Defined Contribution Plan created under Section 403(b) of the Internal Revenue Code and is available to all employees who have completed six months of service. Pursuant to the Plan document, WEDU, at the discretion of the Board of Directors, will match up to 4% of eligible employee contributions. WEDU contributed approximately \$102,000 and \$86,000 to the Plan during fiscal years 2022 and 2021, respectively.

During 2022, a defined benefit supplemental executive retirement plan was formed. Benefits for this plan are based on the Participant's fixed retirement benefit as determined by the Board of Directors. Currently, benefits under the plan will begin to vest in October 2026. For the year ended September 30, 2022, no amounts have been recorded in the Statement of Financial Position. WEDU plans to begin accruing the liability when benefits vest.

Florida West Coast Public Broadcasting, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2022 and 2021

NOTE L - COMMITMENTS AND CONTINGENCIES

WEDU leases a building and space on the digital transmission tower to unrelated organizations under operating lease agreements for terms of up to 25 years. Approximate future minimum rentals to be received by WEDU are as follow:

Year ending September 30,

2023	\$ 849,000
2024	378,000
2025	337,000
2026	321,000
Thereafter	<u>1,012,000</u>
	<u>\$ 2,897,000</u>

WEDU leases equipment under operating leases. The following is a schedule of approximate minimum lease payments under those operating leases:

Year ending September 30,

2023	\$ 4,000
2024	<u>2,000</u>
	<u>\$ 6,000</u>

NOTE M - SUBSEQUENT EVENTS

WEDU has evaluated events and transactions occurring subsequent to September 30, 2022 as of December 14, 2022 which is the date the financial statements were available to be issued.

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

FLORIDA WEST COAST PUBLIC BROADCASTING, INC.

September 30, 2022



RIVERO, GORDIMER & COMPANY, P.A.

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

Herman V. Lazzara  
Sam A. Lazzara  
Kevin R. Bass  
Jonathan E. Stein  
Stephen G. Douglas  
Marc D. Sasser, of Counsel  
Cesar J. Rivero, in Memoriam (1942-2017)

Michael E. Helton  
James K. O'Connor  
David M. Bohnsack  
Julie A. Davis

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

Board of Directors  
Florida West Coast Public Broadcasting, Inc.

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 financial statement of Florida West Coast Public Broadcasting, Inc. ("WEDU"), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2022.

**Report on Internal Control Over Financial Reporting**

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether WEDU's 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 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 WEDU's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WEDU's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bueco, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida  
December 14, 2022

INDEPENDENT AUDITORS' MANAGEMENT LETTER  
FLORIDA WEST COAST PUBLIC BROADCASTING, INC.

September 30, 2022



RIVERO, GORDIMER & COMPANY, P.A.

Member  
American Institute of Certified Public Accountants  
Florida Institute of Certified Public Accountants

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

Board of Directors  
Florida West Coast Public Broadcasting, Inc.

In planning and performing our audit of the financial statements of Florida West Coast Public Broadcasting, Inc. ("WEDU"), as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered WEDU's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WEDU's internal control. Accordingly, we do not express an opinion on the effectiveness of the WEDU's 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This report is intended solely for the information and use of the management, Board of Directors, others within the entity and grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Tampa, Florida  
December 14, 2022

