COMMUNITY TELEVISION FOUNDATION OF SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

June 30, 2013 and 2012

COMMUNITY TELEVISION FOUNDATION OF SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
June 30, 2013 and 2012

TABLE OF CONTENTS

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Community Television Foundation
of South Florida, Inc. and Affiliates
Miami, Florida

We have audited the accompanying consolidated financial statements of Community Television Foundation of South Florida, Inc. and Affiliates (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

6550 N. Federal Highway ■ Suite 410 ■ Fort Lauderdale, FL 33308 ■ 954.771.0896 ■ 954.938.9353 (F) ■ www.kmccpa.com

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Television Foundation of South Florida, Inc. and Affiliates as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of other financial information on pages 23 through 26 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2013, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contacts, 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 Foundation's internal control over financial reporting and compliance.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 17, 2013

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

A S S E T S

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	$ 500,475	$ 884,012
Receivables, net of allowance for doubtful accounts of $ 5,783 and $ 24,100 in 2013 and 2012, respectively	409,794	472,838
Prepaid expenses and other assets	240,860	207,630
Program broadcast rights, net of amortization	760,086	881,032
Total current assets	1,911,215	2,445,512
Other assets	47,748	39,913
Investments	22,879,078	20,876,956
Cash surrender value and premiums receivable on life insurance policies	847,464	863,037
Program broadcast rights, net of amortization, noncurrent portion	311,495	436,791
Property and equipment, net	7,698,029	8,229,949
Total assets	$ 33,695,029	$ 32,892,158

L I A B I L I T I E S A N D N E T A S S E T S

	2013	2012
LIABILITIES:		
Current liabilities:		
Accounts payable	1,441,185	636,582
Accrued expenses	480,113	510,860
Current portion of pension liability	648,868	861,760
Refundable program advances	465,602	149,707
Program broadcast rights payable	50,140	73,681
Present value of annuity obligations	171,953	171,953
Line of credit	1,500,000	1,500,000
Capital lease payable	123,116	37,694
Total current liabilities	4,880,977	3,942,237
Borrowings with financial institution	4,755,190	3,399,148
Deferred compensation payable	201,117	228,476
Present value of annuity obligations	1,532,933	1,572,926
Pension liability, due beyond one year	3,001,485	3,321,351
Program broadcast rights, due beyond one year	-	29,025
Capital lease payable, due beyond one year	448,316	141,601
Total liabilities	14,820,018	12,634,764
NET ASSETS:		
Unrestricted:		
Board designated	5,797,103	4,842,478
Undesignated	1,901,277	4,468,632
Temporarily restricted	4,401,339	4,170,992
Permanently restricted	6,775,292	6,775,292
Total net assets	18,875,011	20,257,394
Total liabilities and net assets	$ 33,695,029	$ 32,892,158

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

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
June 30, 2013 and 2012

	2013	2012
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenues, gains and other support:		
Contract productions	$ 2,437,663	$ 2,108,235
Contributions and bequests	4,163,626	4,749,665
Satisfaction of program restrictions	381,650	298,831
Corporation for Public Broadcasting:		
Community Service Grant	1,081,724	1,670,446
Capital and Other Federal Grants	-	82,010
State of Florida Department of Education:		
Community Service Grant	307,447	-
Capital Grants	-	169,000
Program underwriting	914,481	987,292
Interest income	454,237	395,665
Other	157,559	204,874
Donated property	251,051	-
(Loss)Gain on sale of property	(8,524)	400,942
Net realized gain on sale of investments and equipment	19,394	26,168
Net unrealized gain on investments	1,752,255	38,432
Total revenues, gains (losses) and other support	11,912,563	11,131,560
Operating expenses:		
Program production, acquisition and delivery	8,988,912	9,299,978
Development and marketing	2,802,956	3,156,914
General and administrative	1,561,588	1,619,874
Interest expense	181,548	126,317
Total operating expenses	13,535,004	14,203,083
Nonoperating expenses:		
Required recognition of loss as a result of partial settlement of employee benefit plan	-	(1,470,771)
Change in unrestricted net assets	(1,622,441)	(4,542,294)

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

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
June 30, 2013 and 2012
(continued)

	2013	2012
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Contributions and bequests	-	39,600
Interest income	156,438	148,301
Net unrealized gain on investments	368,447	56,627
Change in present value of annuity obligations	34,777	1,064
Net assets released from restrictions	(381,650)	(298,831)
Net realized gain on sale of investments	52,335	53,335
Change in temporarily restricted net assets	230,347	96
Change in total net assets	(1,392,094)	(4,542,198)
PENSION LIABILITY ADJUSTMENT	9,711	(508,021)
NET ASSETS, beginning of year	20,257,394	25,307,613
NET ASSETS, end of year	$ 18,875,011	$ 20,257,394

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

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	2013	2012
OPERATING ACTIVITIES:		
Cash received from supporters and customers	$ 9,296,908	$ 9,500,758
Interest received	646,273	551,968
Interest paid	(172,907)	(116,605)
Cash paid to acquire programs	(1,633,069)	(2,057,626)
Cash paid for support services, to suppliers and employers	(9,767,812)	(10,626,326)
Net cash used in operating activities	(1,630,607)	(2,747,831)
INVESTING ACTIVITIES:		
Net proceeds from sale of land	-	1,073,185
Cash received from sales or maturities of investments	631,497	1,865,497
Cash paid for property and equipment	(626,460)	(813,525)
Cash paid for investments	(506,143)	(1,435,624)
Net cash provided by (used in) investing activities	(501,106)	689,533
FINANCING ACTIVITIES:		
Borrowings from financial institution	1,540,000	1,850,000
Repayment of borrowings from financial institution	(183,960)	(552,521)
Capital lease proceeds, net of payments	392,136	179,296
Net cash provided by financing activities	1,748,176	1,476,775
Net change in cash and cash equivalents	(383,537)	(581,523)
CASH AND CASH EQUIVALENTS, beginning of year	884,012	1,465,535
CASH AND CASH EQUIVALENTS, end of year	$ 500,475	$ 884,012

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012
(continued)

	2013	2012
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:		
Change in net assets	$ (1,392,094)	$ (4,542,198)
Adjustments:		
Amortization of program rights	1,826,745	2,131,736
Provision for depreciation	1,400,908	1,408,436
Net unrealized gain on investments	(2,120,702)	(95,058)
Change in present value of annuity obligation	(39,993)	9,475
Accretion of discount on investments	64,954	60,516
In-kind and barter revenue and expense, net	(2,338)	(1,770)
Net realized gain on sale of investments, property and equipment	(63,205)	(480,446)
Program acquisitions	(1,633,069)	(2,057,626)
Property donations	(251,051)	-
Bad debt expense	(18,316)	14,963
Changes in assets and liabilities:		
Receivables	83,700	(156,708)
Prepaid expenses and other assets	(41,062)	23,345
Cash surrender value and premiums receivable on life insurance policies	(11,786)	(12,582)
Accounts payable, accrued expenses and pension liability	250,807	1,127,966
Refundable program advances	315,895	(177,880)
Net cash used in operating activities	$ (1,630,607)	$ (2,747,831)

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

NOTE 1 - ORGANIZATION AND OPERATIONS

Community Television Foundation of South Florida, Inc. (CTF) operates a television station WPBT on Channel 2, televising to the seven-county South Florida service area. WPBT is a noncommercial television station and is affiliated with the Public Broadcasting Service. CTF also produces program features and series for national and international distribution.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation:

The consolidated financial statements include the accounts of CTF, WPBT Communications Foundation, Inc. (WCFI), and WCFI's wholly-owned affiliate, Comtel, Inc. (Comtel), (collectively referred to hereinafter as CTF). All significant intercompany balances and transactions have been eliminated in consolidation.

WCFI was created by the Board of Directors of CTF for the purpose of providing support to CTF and all of its Board of Directors are members of CTF's Board of Directors. WCFI's funding is obtained primarily through contributions, bequests and investment earnings. Comtel is a for-profit entity, which derives revenue primarily from the production of television material for commercial distribution. Contract productions are the primary source of Comtel's revenue.

Basis of presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CTF are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted - Net assets whose use by CTF is subject to donor-imposed restrictions that can be fulfilled by actions of CTF or that expire by the passage of time.

Permanently restricted - Net assets subject to donor-imposed restrictions, which require that they be maintained permanently by CTF. Generally, the donors of these assets permit CTF to use all or part of the investment return on these assets. Such assets include CTF's permanent endowment funds.

Program broadcast rights:

Program broadcast rights are recorded at the lower of unamortized cost or estimated net realizable value. Program broadcast rights are amortized over the contract period generally using the straight-line method. The estimated cost of program broadcast rights to be charged to operations during the next year has been classified as a current asset.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment:

Property and equipment is stated at cost less accumulated depreciation, except that donated property and equipment used in the normal course of business is stated at its approximate fair value at the date of donation. Depreciation is computed using principally the straight-line method over the estimated useful lives (Note 7) of the assets. Costs of repairs and maintenance are charged to operating expense as incurred; improvements and betterments are capitalized. When items are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gains or losses are credited or charged to operations. It is the Foundation's policy to capitalize all property and equipment assets in excess of $ 800.

Donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Without donor stipulations regarding how long these donated assets must be maintained, CTF reports expirations of donor restrictions when the donated assets are placed in service, reclassifying temporarily restricted net assets to unrestricted net assets at that time. For the year ended June 30, 2013, CTF received production equipment valued at $ 251,051, however, for 2012 no donated property or equipment was received.

Investments:

All investments in equity and debt securities are measured at fair value. Estimates of fair value are made based on quoted market prices of the related security. Investments consist of corporate and foreign bonds, certificates of deposits, and marketable equity securities. CTF, by policy, limits the amount of credit exposure to any one counter party.

Investment securities held by WCFI have been classified as long-term assets in the accompanying consolidated statements of financial position because they have been designated by the Board of Directors as a quasi-endowment fund for the long-term support of CTF (Note 3).

Cash and cash equivalents:

CTF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. CTF maintains cash balances at financial institutions which may, at times, exceed Federally insured amounts.

Contract production and program underwriting:

Contract production revenue is recorded as the related program is aired or when the contract obligation is fulfilled. Revenue for program underwriting is recorded on a prorata basis over the period covered.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions:

Unconditional contributions, including unconditional promises to give are reported as increases in either unrestricted, temporarily restricted or permanently restricted net assets. Other contributions are reported as increases in the appropriate category of net assets, except for those contributions subject to donor-imposed restrictions that are met in the same fiscal year they are received, which are included in unrestricted revenues. Expenses are reported as decreases in unrestricted net assets. Both realized and unrealized gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as net assets released from restrictions and satisfaction of program restrictions in the consolidated statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met. CTF had no conditional promises to give as of June 30, 2013 and 2012.

Contribution revenue related to the fair value of interests in an estate is recognized when CTF is notified by the probate court that the related will is valid, unless the amounts and timing of the distributions from the estate are uncertain, in which case the related revenue is recorded upon receipt. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions under split interest agreements are recorded at the fair value of the future interest, taking into account the present value of any related payments to be made to other beneficiaries. Present value computations are made using published Internal Revenue Service mortality tables and a discount rate commensurate with the risk involved at the inception of each individual split interest arrangement. Changes in the present value of annuity obligations are recognized in the consolidated statements of activities and classified by appropriate net asset class to reflect the accretion of interest and changes in mortality assumptions.

In-kind contributions:

In-kind contributions are recorded as revenue and expense in the accompanying consolidated statement of activities. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. No in-kind contributions were recognized as revenue and expenses during the year ended June 30, 2013 and 2012.

Barter agreements:

CTF enters into certain barter arrangements whereby CTF receives marketing and advertising services in exchange for on-air credits and acknowledgments. Barter revenue is recognized when the on-air credits and acknowledgments are broadcast, and barter costs when the services are received or used. The amount of barter revenue recognized during the years ended June 30, 2013 and 2012 approximated $ 56,320 and $ 96,255, respectively. The amount of barter expense recognized during the years ended June 30, 2013 and 2012 approximated $ 53,982 and $ 94,485 respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates and assumptions:

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of consolidated financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates and assumptions.

Fundraising appeals:

CTF utilizes various pamphlets, brochures and informational methods to inform the general public of their activities and to solicit funds. These costs are charged to development and marketing.

Reclassification:

Certain prior year amounts have been reclassified to be consistent and comparable with the current year financial statement presentation.

Date of management review:

Subsequent events have been evaluated through October 17, 2013, which is the date the financial statements were available to be issued.

NOTE 3 - NET ASSETS

Unrestricted net assets include Board-designated quasi-endowment funds, together with interest thereon, which, in accordance with the provisions of the endowment fund established by WCFI for the support of CTF, are required to remain in the endowment investment fund except as follows:

- An annual amount equal to 7% of the total funds in the endowment shall be paid out at the direction of CTF. Eligible funds consist of all unrestricted funds and earnings of the true endowments. At its option, CTF may withdraw the entire 7% in any fiscal year or defer payment thereof until future years.

The net unrestricted assets of the quasi-endowment amounted to $ 5,797,103 at June 30, 2013 and $ 4,842,478 at June 30, 2012, and are classified as Board designated in the accompanying consolidated statements of financial position. CTF elected to withdraw from the quasi-endowment fund, $ 583,300 and $ 537,638, as provided under the endowment's terms, for the years ended June 30, 2013 and 2012, respectively.

Temporarily restricted net assets reflect WCFI's interest in a charitable remainder trust, annuity agreements, and two funds established for specific types of programs. Under the terms of the trust and annuity agreements, WCFI is required to pay the donor, or the donor's designee, an annual return on the underlying assets during their lifetime. Upon the death of the donor or designee, such amounts will revert to WCFI and will be reclassified from temporarily restricted net assets to unrestricted net assets. In 2013 and 2012, CTF used approximately $ 209,631 and $ 127,710 for the purchase of the designated types of programs from the two funds established for specific types of programs.

NOTE 3 - NET ASSETS (continued)

Permanently restricted net assets are assets restricted by the donor to be held in an endowment fund in perpetuity. Investment returns on endowment funds which are required to be added to the related endowment by donor stipulations or by law are also classified as permanently restricted net assets. Investment returns on endowment funds, which are not required to be added to the related endowment are classified as temporarily restricted or unrestricted net assets. CTF received approximately $ 131,100 and $ 132,700 during the years ended June 30, 2013 and 2012, respectively, from the earnings of the true endowment for specific programming purposes. Additionally, CTF received approximately $ 80,900 during both of the years ended June 30, 2013 and 2012 from the earnings of the Vernon Julianne Trust.

NOTE 4 - INVESTMENTS

Investments at June 30, 2013 and 2012, consist of the following:

	2013	2012
Unrestricted investments:		
Equity funds and corporate and foreign bonds pledged as collateral in connection with the borrowing with financial institution (Note 8)	$ 8,551,551	$ 5,870,454
Equity funds	265,173	1,931,130
Corporate and foreign bonds	284,191	362,701
Total unrestricted investments	9,100,915	8,164,285
Restricted investments:		
Investment of endowment funds in equity funds	5,830,007	5,095,575
Investments of endowment funds in corporate and foreign bonds	2,175,501	2,135,458
Investments of gifts of future interest in equity funds	3,024,682	2,601,302
Investment of gifts of future interest, corporate and foreign interest bearing securities and certificates of deposits	2,747,973	2,880,336
Total restricted investments	13,778,163	12,712,671
Total investments	$ 22,879,078	$ 20,876,956

NOTE 5 - FAIR VALUE MEASUREMENT

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, WCFI provides certain disclosures based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. ASC No. 820 defines fair value as 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that WCFI has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included with Level 1 that are observable for the investments, either directly or indirectly. (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)
- Level 3 inputs are unobservable inputs for the investments. (e.g. information about assumptions, including risk, market participants would use in pricing a security.)

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table represents the investments at June 30, 2013 and 2012:

	Level 1	Level 2	Level 3	Total 2013
ASSET CLASS:				
Equities and equity funds	$ 15,274,342	$ -	$ -	$ 15,274,342
Corporate and foreign bonds	-	6,720,565	-	6,720,565
Certificates of deposit	-	884,171	-	884,171
Total	$ 15,274,342	$ 7,604,736	$ -	$ 22,879,078

	Level 1	Level 2	Level 3	Total 2012
ASSET CLASS:				
Equities and equity funds	$ 13,178,857	$ -	$ -	$ 13,178,857
Corporate bonds	-	6,800,091	-	6,800,091
Certificates of deposit	-	898,008	-	898,008
Total	$ 13,178,857	$ 7,698,099	$ -	$ 20,876,956

For the years ended June 30, 2013 and 2012, there were no transfers between Level 1, 2 and 3. The Foundation's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer.

NOTE 6 – ENDOWMENTS

WCFI has endowed funds established for the support of CTF. The endowment includes both donor restricted endowment funds and funds designated by WCFI to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law:

The Board of Directors interprets the State of Florida's Uniform Prudent Management of Institutional Funds Act (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 stipulations to the contrary. As a result of this interpretation, we classify as permanently restricted net assets (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.

Investment policies:

The goal of the investment program for the endowment is to provide an annual level of support for the current programs of Community Television Foundation of South Florida, Inc. consistent with the preservation of WCFI's purchasing power over time. Assets held shall be diversified to control the risk of loss resulting from the over-concentration of funds in a specific maturity, issue or type/class of securities.

Spending policies:

WCFI has a policy of appropriating for distribution an amount equal to 7% of the total available funds in the endowment. CTF has the option to withdraw the entire 7% in any fiscal year or defer payment thereof until future years. At the discretion of the Board, WCFI may grant CTF additional funding.

Endowment net asset composition by type of fund as of June 30, 2013 and 2012 is as follows:

	Unrestricted	Permanently Restricted	Total 2013
Donor-restricted endowment funds	$ -	$ 6,775,292	$ 6,775,292
Board-designated endowment funds	6,636,562	-	6,636,562
Total funds	$ 6,636,562	$ 6,775,292	$ 13,411,854

NOTE 6 – ENDOWMENTS (continued)

	Unrestricted	Permanently Restricted	Total 2012
Donor-restricted endowment funds	$ -	$ 6,775,292	$ 6,775,292
Board-designated endowment funds	5,588,641	-	5,588,641
Total funds	$ 5,588,641	$ 6,775,292	$ 12,363,933

Changes in endowment net assets for the fiscal year ended June 30, 2013 and 2012 are as follows:

	Unrestricted	Permanently Restricted	Total 2013
Endowment net assets, at beginning of year	$ 5,588,641	$ 6,775,292	$ 12,363,933
Investment income	364,641	-	364,641
Net depreciation (realized and unrealized)	1,736,221	-	1,736,221
Contributions	403,282	-	403,282
Satisfaction of program restrictions	381,650	-	381,650
Appropriation of endowment assets for expenditure	(1,837,873)	-	(1,837,873)
Endowment net assets, at end of year	$ 6,636,562	$ 6,775,292	$ 13,411,854

	Unrestricted	Permanently Restricted	Total 2012
Endowment net assets, at beginning of year	$ 11,131,593	$ 6,775,292	$ 17,906,885
Investment income	301,290	-	301,290
Net appreciation (realized and unrealized)	(44,447)	-	(44,447)
Contributions	525,111	-	525,111
Satisfaction of program restrictions	298,831	-	298,831
Appropriation of endowment assets for expenditure	(6,623,737)	-	(6,623,737)
Endowment net assets, at end of year	$ 5,588,641	$ 6,775,292	$ 12,363,933

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2013 and 2012:

	2013	2012	Estimated Useful Lives in Years
Engineering and production equipment	$ 24,968,197	$ 24,224,035	7
Computer, office furniture and equipment	6,750,316	6,733,548	5-7
Building and improvements	7,574,175	7,526,580	15-30
Transmitter, tower and antenna	6,158,416	6,208,127	15-30
Vehicles	43,006	43,006	3
	45,494,110	44,735,296	
Less accumulated depreciation	38,395,906	37,105,172	
	7,098,204	7,630,124	
Land	599,825	599,825	
	$ 7,698,029	$ 8,229,949	

Provision for depreciation is classified as follows in the accompanying consolidated statements of activities:

	2013	2012
Program production, acquisition and delivery	$ 1,387,428	$ 1,394,783
General and administrative	3,293	2,540
Development and marketing	10,187	11,113
	$ 1,400,908	$ 1,408,436

NOTE 8 - BORROWINGS WITH FINANCIAL INSTITUTION

WCFI entered into an agreement with an investment company to borrow against investment holdings. The loan balances at June 30, 2013 and 2012 were $ 3,077,241 and $ 1,775,425, respectively, with interest at 0.5% below the broker-call rate (1.5% at June 30, 2013). The loan is collateralized by investments, with a fair value of $ 6,154,480 and $ 3,550,850 at June 30, 2013 and 2012.

Interest expense, for the years ended June 30, 2013 and 2012 was $ 38,591 and $ 28,331, respectively.

NOTE 8 - BORROWINGS WITH FINANCIAL INSTITUTION (continued)

CTF also entered into an agreement with its investment company to borrow against investment holdings. The loan balances at June 30, 2013 and 2012 were $ 1,677,949 and $ 1,623,723, respectively, with interest at 0.5% below broker-call rate (1.5% at June 30, 2013).

Interest expense for the years ended June 30, 2013 and 2012 was $ 25,801 and $ 24,667, respectively. The loan is collateralized by investments with a fair value of $ 2,464,584 and $ 2,319,604, respectively at June 30, 2013 and 2012.

NOTE 9 - COMMUNITY SERVICE AND OTHER GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two Federal fiscal years as described in the Communications Act, 47 United States of America Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization date.

According to the Communications Act, funds may be used at the discretion of its recipients. CTF uses these funds for purposes relating to the production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

These Community Service Grants are reported in the accompanying consolidated financial statements as unrestricted revenues; however, certain guidelines must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and license status with the Federal Communications Commission.

The State of Florida Department of Education also distributes annual Community Service Grants to public telecommunications entities in the state. CTF received $ 307,447 for the year ended June 30, 2013. There were no grants distributed for the year ended June 30, 2012.

NOTE 10 – LINE OF CREDIT

CTF has a line of credit of $ 1,500,000, which provides for interest on outstanding borrowings at the prevailing prime rate (3.25% at both June 30, 2013 and 2012). The line of credit matures on January 31, 2014, and is subject to renewal on an annual basis. At June 30, 2013 and 2012 the outstanding balance was $ 1,500,000. The lender holds a security interest in certain cash deposits and investments maintained with them and the balance is guaranteed by WCFI.

NOTE 11 – SPLIT INTEREST AGREEMENTS

The Foundation accepts gifts subject to split interest agreements. A split interest agreement is created when a donor contributes assets to the Foundation or places them in a trust for the benefit of the Foundation, but the Foundation is not the sole beneficiary of the assets economic value. These gifts are in the form of charitable gift annuities or charitable remainder annuity trusts which provide that the Foundation, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. At the time of agreement, gifts are recorded at the fair market value of the asset received net of any applicable liability. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift. The present value of the estimated future payments is $ 1,704,886 and $ 1,744,879 at June 30, 2013 and 2012, respectively, using discount rates ranging from 2.7% to 17.8% and applicable mortality tables. On an annual basis, the Foundation reevaluates the amount of estimated future payments. As of June 30, 2013 and 2012, the Foundation reported a change in value of split-interest agreements of $ (39,993) and $ 9,475, respectively. Split interest agreements are recorded as temporarily restricted or permanently restricted depending on donor imposed stipulations. The Foundation holds qualifying assets in excess of the minimum gift annuity reserves required by Florida law. The reserve amount is calculated following assumptions set forth by Florida Statute in Section 627.481(2)(a)1.b.

NOTE 12 - PROGRAM PRODUCTION, ACQUISITION AND DELIVERY

Program production, acquisition and delivery expenses for the years ended June 30, 2013 and 2012, included the following:

	2013	2012
Broadcasting and delivery	$ 3,271,539	$ 3,151,515
Acquired programming	2,871,668	3,189,280
Other program production	2,543,894	2,742,208
Commercial production	301,811	216,975
Total program production, acquisition and delivery	$ 8,988,912	$ 9,299,978

NOTE 13 - EMPLOYEE BENEFIT PLANS

CTF sponsored a noncontributory defined benefit pension plan (the Plan) that covered substantially all of its employees. The Plan was amended effective March 30, 2006 to provide that there will be no further benefits after that date. Benefits previously accrued under the Plan will be preserved, but no additional increases in accrued benefits will occur after that date. Benefits are based on an employee's years of service and earnings during the ten years ending March 30, 2006. In accordance with its present annual funding policy, CTF contributes the minimum amount required by regulations of the Employee Retirement Income Security Act. For the years ending June 30, 2013 and 2012, CTF contributed $ 685,614 and $ 752,195, respectively. CTF expects to contribute a minimum of $ 648,868 to the Plan in 2013-14.

NOTE 13 - EMPLOYEE BENEFIT PLANS (continued)

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-715, *Not-for-Profit Entities, Compensation - Retirement Benefits*, CTF recognizes the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the balance sheet.

The following table displays the funding status of the Plan:

	2013	2012
Fair value of Plan assets	$ 11,350,000	$ 9,788,017
Projected benefit obligation	(15,000,353)	(13,971,128)
Unfunded liability	$ (3,650,353)	$ (4,183,111)

On behalf of the Board of Directors of Community Television Foundation of South Florida, Inc., the Executive Committee approved an amendment to the Plan for a lump sum offer to a group of terminated vested participants. This involved 117 or approximately 50% of the Plan participants. The buyout of $ 2,497,171 took place as of March 30, 2012. The buyout was taken by 78 participants and six participants elected early annuity payments.

There were benefits of $ 659,003 and $ 634,970 paid during the years ended June 30, 2013 and 2012, respectively. Further, CTF recorded a pension expense of $ 162,567 and $ 143,550 in 2013 and 2012.

Substantially all of the Plan's assets are invested in fixed income debt securities and equities. Asset allocation by asset category based on fair value are as follows:

	2013	2012
Equity securities	40%	40%
Debt securities	60%	60%

The target asset allocation, according to the Plan's investment policy, is 60% for debt securities and 40% for equity securities.

The following assumptions were used to determine the benefit obligation and the net benefit costs:

	2013	2012
Weighted-average assumptions:		
Discount rate to determine benefit obligation	4.5%	5.0%
Discount rate to determine net periodic pension costs	5.0%	6.0%
Expected rate of return on Plan assets	7.5%	8.0%
Mortality table	2000 Combined Healthy Mortality Table	2000 Combined Healthy Mortality Table
Measurement date	6/30/13	6/30/12

NOTE 13 - EMPLOYEE BENEFIT PLANS (continued)

The following table reflects the changes in the pension liability using the above assumptions:

		2013		2012
Pension liability, beginning of year	$	4,183,111	$	2,812,963
Contributions		(685,613)		(752,195)
Pension liability adjustment		(9,711)		508,021
Net periodic benefit cost		162,566		143,551
Required recognition of loss as a result of a partial settlement of employee benefit plan		-		1,470,771
Pension liability, end of year	$	3,650,353	$	4,183,111

The net periodic benefit cost is calculated as follows:

		2013		2012
Interest cost	$	680,519	$	861,501
Net loss amortization		242,156		198,288
Expected return on assets		(760,109)		(916,239)
	$	162,566	$	143,550

The estimated future benefit payments that are expected to be paid are as follows:

Years Ending June 30,		
2013-2014	$	691,805
2014-2015	$	748,321
2015-2016	$	823,585
2016-2017	$	917,725
2017-2018	$	984,754
2018-2023	$	5,405,848

CTF has a voluntary tax deferred retirement plan (CTF 401(k) Profit Sharing Plan) (the "Plan") available to substantially all employees in accordance with the provisions of Section 401(k) of the Internal Revenue Code. The Plan allows the participant to make pre-tax contributions up to defined statutory limits. CTF may, at its discretion, make a matching contribution based on a percentage of the participant's Plan contributions. The Plan has a seven-year vesting schedule on the employer matching contribution. CTF did not match contributions to the Plan during the year ended June 30, 2013 and 2012.

NOTE 14 - INCOME TAXES

CTF and WCFI have qualified as nonprofit organizations under Internal Revenue Code Section 501(a) as organizations described in Section 501(c)(3) and are exempt from income taxes. Comtel is organized as a for-profit entity and, as such, is subject to income taxes. Income taxes for Comtel are accounted for using the liability method under which deferred tax liabilities and assets are recognized based on the expected future tax consequences of the differences between the financial statements and tax bases of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Comtel did not have a provision or credit for income taxes for the years ended June 30, 2013 and 2012. At June 30, 2013 and 2012, Comtel had a deferred tax asset of approximately \$ 387,000 and \$ 337,000, respectively, primarily related to net operating loss carryforwards of approximately \$ 1,028,000 expiring through the year 2032. The deferred tax asset has been offset in full by a valuation allowance at June 30, 2013 and 2012 since in the opinion of management, it is more likely than not that the deferred tax asset benefit will not be realized.

NOTE 15 - EMPLOYMENT AGREEMENT

CTF has entered into employment agreements with a former officer (the CTF Agreement and the Comtel Agreement). The CTF Agreement terminated May 14, 2004 upon retirement of the officer. Post-termination health insurance benefits will be provided at 50% of cost for the remainder of the employee's life. In addition, CTF has purchased a life insurance policy for the officer for which CTF is only entitled to receive an amount equal to the premiums paid. As of June 30, 2013 and 2012, the amount approximated \$ 367,600, which is included in the cash surrender value and premiums receivable in the accompanying consolidated statements of financial position.

The Comtel Agreement, provides for supplemental retirement benefits in the amount of \$ 3,000 per month to the officer or his beneficiaries for a continuous period of 15 years, which began in November 2004. Amounts due under the deferred compensation and supplemental retirement arrangements have been included in deferred compensation payable in the accompanying consolidated statements of financial position.

In connection with its obligations under the Comtel agreement, Comtel has purchased a life insurance policy with a cash surrender value of approximately \$ 479,859 and \$ 495,432 at June 30, 2013 and 2012, respectively. The cash surrender value of this policy at retirement together with earnings thereon are expected to discharge the obligations in connection with the Comtel Agreement.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

CTF leases equipment which expires up to 2018 and a vehicle which expires in 2013. Five leases contain a bargain purchase option and are accounted for as capital leases.

Total rent expense for all operating leases (including facilities and land) amounted to approximately \$ 33,077 and \$ 39,910 for 2013 and 2012, respectively.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (continued)

Property under the capital lease of $ 613,320, net of accumulated depreciation of $ 60,765 is included in engineering and production.

Approximate future minimum lease payments at June 30, 2013 and 2012 are as follows:

Years Ending June 30,	Capital Leases 2013	Operating Leases 2013	Operating Leases 2012
2014	152,200	35,900	35,900
2015	152,200	20,500	20,500
2016	152,200	8,500	8,500
2017	123,900	-	-
Thereafter	65,400	-	-
	645,900	$ 64,900	$ 64,900
Less interest	(74,468)		
	$ 571,432		

NOTE 17 – JOINT MASTER CONTROL

CTF is a founding member, along with other public television stations, of Digital Convergence Alliance (DCA). DCA is a not for profit corporation which has applied for its 501 (c)(3) exemption. It will serve as the governing body through which stations will combine their individual master control, traffic operations and delivery systems into a combined, centralized unit designed to achieve maximum performance and cost efficiency.

DCA is the recipient of a $7 million grant from the Corporation for Public Broadcasting for the purpose of financing DCA's purchase of equipment. Member stations will contribute a combined total of $ 700,000; CTF's share is $70,707. CTF will also invest $ 59,100 for build out costs. CTF has paid $ 71,905 through June 30, 2013 of the above startup costs and $ 28,427 for future services which are reflected as prepaid expenses and other assets on the statement of financial position.

The member stations will pay annual fees to DCA to cover the cost of operating the master control services, administrative services, insurance, capital needs, etc. CTF expects their annual cost to be approximately $ 204,500 and will go on line with the joint master control services during the Spring of 2014. Member stations are required to continue their participation in the DCA for ten years in order to avoid penalty (at CPB's discretion, penalty of 10% of the grant amount during the first five years and 5% of the grant amount during the second five years).

SUPPLEMENTAL INFORMATION

COMMUNITY TELEVISION FOUNDATION OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION
June 30, 2013

	CTF	WCFI	Eliminating Entries	Consolidated Totals
ASSETS:				
Current assets:				
Cash and cash equivalents	$ 305,931	$ 194,544	$ -	$ 500,475
Receivables, net of allowance for doubtful accounts	196,734	372,258	(159,198)	409,794
Prepaid expenses and other assets	240,860	-	-	240,860
Program broadcast rights, net of amortization	760,086	-	-	760,086
Due from affiliate	1,017,607	1,514,541	(2,532,148)	-
Total current assets	2,521,218	2,081,343	(2,691,346)	1,911,215
Other assets	28,733	19,015	-	47,748
Investments	2,464,584	20,414,494	-	22,879,078
Cash surrender value and premiums receivable on life insurance policies	367,605	479,859	-	847,464
Program broadcast rights, net of amortization, noncurrent portion	311,495	-	-	311,495
Property and equipment, net	7,698,029	-	-	7,698,029
Total assets	$ 13,391,664	$ 22,994,711	$ (2,691,346)	$ 33,695,029
LIABILITIES AND NET ASSETS:				
Current liabilities:				
Accounts payable	$ 1,441,341	$ 322	$ (478)	$ 1,441,185
Accrued expenses	638,796	515	(159,198)	480,113
Current portion of pension liability	648,868	-	-	648,868
Refundable program advances	446,313	19,289	-	465,602
Program broadcast rights payable	50,140	-	-	50,140
Present value of annuity obligations	-	171,953	-	171,953
Due to affiliate, note payable	1,323,063	1,017,607	(2,340,670)	-
Line of credit	1,500,000	-	-	1,500,000
Capital lease payable	123,116	-	-	123,116
Total current liabilities	6,171,637	1,209,686	(2,500,346)	4,880,977
Borrowings with financial institution	1,677,949	3,077,241	-	4,755,190
Deferred compensation payable	-	201,117	-	201,117
Present value of annuity obligations	-	1,532,933	-	1,532,933
Pension liability, due beyond one year	3,001,485	-	-	3,001,485
Notes payable, due beyond one year	191,000	-	(191,000)	-
Program broadcast rights payable, due beyond one year	-	-	-	-
Capital lease payable, due beyond one year	448,316	-	-	448,316
Total liabilities	11,490,387	6,020,977	(2,691,346)	14,820,018
Net assets:				
Unrestricted:				
Board designated	-	5,797,103	-	5,797,103
Undesignated	1,901,277	-	-	1,901,277
Temporarily restricted	-	4,401,339	-	4,401,339
Permanently restricted	-	6,775,292	-	6,775,292
Total net assets	1,901,277	16,973,734	-	18,875,011
Total liabilities and net assets	$ 13,391,664	$ 22,994,711	$ (2,691,346)	$ 33,695,029

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

	CTF	WCFI	Eliminating Entries	Consolidated Totals
CHANGE IN UNRESTRICTED NET ASSETS:				
Revenues, gains (losses) and other support:				
Contract productions	$ 1,901,138	$ 536,525	$ -	$ 2,437,663
Contributions and bequests	4,765,251	403,282	(1,004,907)	4,163,626
Satisfaction of program restrictions	-	381,650	-	381,650
Corporation for Public Broadcasting:				
Community Service Grant	1,081,724	-	-	1,081,724
State of Florida Department of Education:				
Community Service Grant	307,447	-	-	307,447
Program underwriting	914,481	-	-	914,481
Interest income	87,075	385,068	(17,906)	454,237
Other	670,205	205	(512,851)	157,559
Loss on sale of property	(8,524)	-	-	(8,524)
Donated Property	251,051	-	-	251,051
Net realized gain on sale of investments	-	19,394	-	19,394
Net unrealized gain on investments	35,633	1,716,622	-	1,752,255
Total revenues, gains (losses) and other support	10,005,481	3,442,746	(1,535,664)	11,912,563
OPERATING EXPENSES:				
Program production, acquisition and delivery	8,988,912	472,591	(472,591)	8,988,912
Development and marketing	2,160,122	642,834	-	2,802,956
General and administrative	1,281,291	320,557	(40,260)	1,561,588
Interest expense	152,222	47,232	(17,906)	181,548
Contribution to affiliate	-	1,004,907	(1,004,907)	-
Total operating expenses	12,582,547	2,488,121	(1,535,664)	13,535,004
Change in unrestricted net assets	(2,577,066)	954,625	-	(1,622,441)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:				
Interest income	-	156,438	-	156,438
Net unrealized gain on investments	-	368,447	-	368,447
Change in present value of annuity obligations	-	34,777	-	34,777
Net assets released from restrictions	-	(381,650)	-	(381,650)
Net realized gain on sale of investments	-	52,335	-	52,335
Change in temporarily restricted net assets	-	230,347	-	230,347
Change in net assets	(2,577,066)	1,184,972	-	(1,392,094)
PENSION LIABILITY ADJUSTMENT	9,711	-	-	9,711
NET ASSETS, beginning of year	4,468,632	15,788,762	-	20,257,394
NET ASSETS, end of year	$ 1,901,277	$ 16,973,734	$ -	$ 18,875,011

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE - STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

	CTF	WCFI	Eliminating Entries	Consolidated Totals
OPERATING ACTIVITIES:				
Cash received from supporters and customer	$ 9,764,258	$ 1,050,406	$ (1,517,756)	$ 9,296,908
Interest received	121,485	542,694	(17,906)	646,273
Interest paid	(152,222)	(38,591)	17,906	(172,907)
Cash paid to acquire programs	(1,633,069)	-	-	(1,633,069)
Cash paid for support services, to suppliers and employees	(9,002,241)	(2,283,327)	1,517,756	(9,767,812)
Net cash provided by (used in) operating activities	(901,789)	(728,818)	-	(1,630,607)
INVESTING ACTIVITIES:				
Cash received from sales or maturities of investments	-	631,497	-	631,497
Cash paid for property and equipment	(626,460)	-	-	(626,460)
Cash paid for investments	-	(506,143)	-	(506,143)
Repayments from affiliate	-	589,736	(589,736)	-
Loans to affiliates	-	(1,390,000)	1,390,000	-
Net cash provided by (used in) investing activities	(626,460)	(674,910)	800,264	(501,106)
FINANCING ACTIVITIES:				
Borrowings from financial institution	150,000	1,390,000	-	1,540,000
Repayment of borrowings from financial institution	(95,774)	(88,186)	-	(183,960)
Borrowings from affiliate	1,390,000	-	(1,390,000)	-
Repayments of borrowings from affiliate	(589,736)	-	589,736	-
Capital lease proceeds, net	392,136	-	-	392,136
Net cash provided by (used in) financing activities	1,246,626	1,301,814	(800,264)	1,748,176
Net decrease in cash and cash equivalents	(281,623)	(101,914)	-	(383,537)
CASH AND CASH EQUIVALENTS, beginning of year	587,554	296,458	-	884,012
CASH AND CASH EQUIVALENTS, end of year	$ 305,931	$ 194,544	$ -	$ 500,475

OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE - STATEMENT OF CASH FLOWS
(continued)
For the Year Ended June 30, 2013

	CTF	WCFI	Eliminating Entries	Consolidated Totals
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:				
Change in net assets	$ (2,577,066)	$ 1,184,972	-	$ (1,392,094)
Adjustments:				
Amortization of program rights	1,826,745	-	-	1,826,745
Provision for depreciation	1,400,908	-	-	1,400,908
Net unrealized gain on investments	(35,633)	(2,085,069)	-	(2,120,702)
Change in present value of annuity obligation	-	(39,993)	-	(39,993)
Accretion of discount on investments	34,410	30,544	-	64,954
In-kind and barter revenue and expense, net	(2,338)	-	-	(2,338)
Net realized (gain) loss on sale of investments, equipment and property	8,524	(71,729)	-	(63,205)
Program acquisitions	(1,633,069)	-	-	(1,633,069)
Property donations	(251,051)	-	-	(251,051)
Bad debt expense	-	(18,316)	-	(18,316)
Changes in assets and liabilities:				
Receivables	(231,742)	52,124	263,318	83,700
Prepaid expenses and other assets	(41,017)	(45)	-	(41,062)
Cash surrender value on life insurance policies over deferred compensation payable	-	(11,786)	-	(11,786)
Accounts payable, accrued expenses and pension liability	262,645	181	(12,019)	250,807
Refundable program advances	336,895	(21,000)	-	315,895
Due to affiliate	-	251,299	(251,299)	-
Net cash used in operating activities	$ (901,789)	$ (728,818)	$ -	$ (1,630,607)

INTERNAL CONTROLS AND COMPLIANCE

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

To the Board of Directors
Community Television Foundation
of South Florida, Inc. and Affiliates
Miami, 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 consolidated financial statements of Community Television Foundation of South Florida, Inc. and Affiliates (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statement of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated 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 the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keefe, McCullough & Co., LLP

KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida
October 17, 2013