COMMUNITY TELEVISION FOUNDATION OF SOUTH FLORIDA, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

June 30, 2014 and 2013

COMMUNITY TELEVISION FOUNDATION OF SOUTH FLORIDA, INC. AND AFFILIATES

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FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S 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, 2014 and 2013, 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.

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, 2014 and 2013, 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 schedules of other financial information on pages 23 through 26 are presented for purposes of additional analysis and are 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 23, 2014, 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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2014

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

A S S E T S

		2014		2013
CURRENT ASSETS:				
Cash and cash equivalents	$	559,204	$	500,475
Receivables, net of allowance for doubtful accounts of $ 2,882 and $ 5,783 in 2014 and 2013, respectively		597,314		409,794
Prepaid expenses and other assets		298,995		240,860
Program broadcast rights, net of amortization		748,235		760,086
Total current assets		2,203,748		1,911,215
Other assets		209,425		47,748
Investments		20,689,038		22,879,078
Cash surrender value and premiums receivable on life insurance policies		830,324		847,464
Program broadcast rights, net of amortization, noncurrent portion		387,863		311,495
Property and equipment, net		6,205,046		7,698,029
Total assets	$	30,525,444	$	33,695,029

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

		2014		2013
LIABILITIES:				
Current liabilities:				
Accounts payable	$	752,884	$	1,441,185
Accrued expenses		473,214		480,113
Current portion of pension liability		158,235		648,868
Refundable program advances		816,624		465,602
Program broadcast rights payable		47,136		50,140
Present value of annuity obligations		168,055		171,953
Line of credit		1,500,000		1,500,000
Capital lease payable		277,212		123,116
Total current liabilities		4,193,360		4,880,977
Borrowings with financial institution		1,404,014		4,755,190
Deferred compensation payable		172,644		201,117
Deferred revenue		596,530		-
Present value of annuity obligations		1,488,441		1,532,933
Pension liability, due beyond one year		2,120,285		3,001,485
Capital lease payable, due beyond one year		765,576		448,316
Total liabilities		10,740,850		14,820,018
NET ASSETS:				
Unrestricted:				
Board designated		6,503,437		6,636,562
Undesignated		1,519,291		1,061,818
Temporarily restricted		4,986,574		4,401,339
Permanently restricted		6,775,292		6,775,292
Total net assets		19,784,594		18,875,011
Total liabilities and net assets	$	30,525,444	$	33,695,029

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, 2014 and 2013

	2014	2013
CHANGE IN UNRESTRICTED NET ASSETS:		
Revenues, gains (losses) and other support:		
Contract productions	$ 1,674,571	$ 2,437,663
Contributions and bequests	4,527,300	4,163,626
Satisfaction of program restrictions	366,772	381,650
Corporation for Public Broadcasting:		
Community Service Grant	1,065,019	1,081,724
State of Florida Department of Education:		
Community Service Grant	307,447	307,447
Program underwriting	1,199,438	914,481
Interest income	448,362	454,237
Other	230,038	157,559
Donated property	-	251,051
Gain (loss) on sale of property and equipment	444,363	(8,524)
Net realized gain on sale of investments	2,403,421	19,394
Net unrealized gain on investments	140,885	1,752,255
Total revenues, gains (losses) and other support	12,807,616	11,912,563
Operating expenses:		
Program production, acquisition and delivery	8,261,543	8,988,912
Development and marketing	3,142,345	2,802,956
General and administrative	1,644,533	1,561,588
Interest expense	274,728	181,548
Total operating expenses	13,323,149	13,535,004
Change in unrestricted net assets	(515,533)	(1,622,441)

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, 2014 and 2013
(continued)

	2014	2013
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:		
Interest income	157,039	156,438
Net unrealized gain on investments	572,745	368,447
Change in present value of annuity obligations	40,658	34,777
Net assets released from restrictions	(366,772)	(381,650)
Net realized gain on sale of investments	181,565	52,335
Change in temporarily restricted net assets	585,235	230,347
Change in total net assets	69,702	(1,392,094)
PENSION LIABILITY ADJUSTMENT	839,881	9,711
NET ASSETS, beginning of year	18,875,011	20,257,394
NET ASSETS, end of year	$ 19,784,594	$ 18,875,011

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, 2014 and 2013

	2014	2013
OPERATING ACTIVITIES:		
Cash received from supporters and customers	$ 8,889,627	$ 9,296,908
Interest received	677,407	646,273
Interest paid	(274,728)	(172,907)
Cash paid to acquire programs	(1,863,603)	(1,633,069)
Cash paid for support services, to suppliers and employers	(11,072,688)	(9,767,812)
Net cash used in operating activities	(3,643,985)	(1,630,607)
INVESTING ACTIVITIES:		
Cash received from sales or maturities of investments	7,474,634	631,497
Cash received from sales of property and equipment	1,371,966	-
Cash paid for property and equipment	(204,010)	(626,460)
Cash paid for investments	(3,671,568)	(506,143)
Net cash provided by (used in) investing activities	4,971,022	(501,106)
FINANCING ACTIVITIES:		
Borrowings from financial institution	-	1,540,000
Repayment of borrowings from financial institution	(1,868,308)	(183,960)
Capital lease proceeds	600,000	392,136
Net cash provided by (used in) financing activities	(1,268,308)	1,748,176
Net change in cash and cash equivalents	58,729	(383,537)
CASH AND CASH EQUIVALENTS, beginning of year	500,475	884,012
CASH AND CASH EQUIVALENTS, end of year	$ 559,204	$ 500,475

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, 2014 and 2013
(continued)

	2014	2013
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:		
Change in net assets	$ 69,702	$ (1,392,094)
Adjustments:		
Amortization of program rights	1,799,086	1,826,745
Provision for depreciation	1,360,430	1,400,908
Net unrealized gain on investments	(713,630)	(2,120,702)
Change in present value of annuity obligation	(48,390)	(39,993)
Accretion of discount on investments	74,078	64,954
In-kind and barter revenue and expense, net	5,490	(2,338)
Net realized gain on sale of investments and property and equipment	(3,029,349)	(63,205)
Program acquisitions	(1,863,603)	(1,633,069)
Property donations	-	(251,051)
Bad debt expense	-	(18,316)
Changes in assets and liabilities:		
Receivables	(196,629)	83,700
Prepaid expenses and other assets	(219,812)	(41,062)
Cash surrender value on life insurance policies over deferred compensation payable	(11,333)	(11,786)
Accounts payable, accrued expenses and pension liability	(1,218,043)	250,807
Refundable program advances	351,022	315,895
Program broadcast rights	(3,004)	-
Net cash used in operating activities	$ (3,643,985)	$ (1,630,607)

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, 2014, no donated property or equipment was received. CTF received production equipment valued at $ 251,051 for the year ended June 30, 2013.

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, 2014 and 2013.

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. Approximately $ 17,600 of in-kind contributions were recognized as revenue and expenses during the year ended June 30, 2014 and no in-kind contributions were recognized during the year ended June 30, 2013.

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, 2014 and 2013 approximated $ 103,841 and $ 56,320, respectively. The amount of barter expense recognized during the years ended June 30, 2014 and 2013 approximated $ 109,331 and $ 53,982 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.

Date of management review:

Subsequent events have been evaluated through October 23, 2014, 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 $ 6,503,437 at June 30, 2014 and $ 6,636,562 at June 30, 2013, and are classified as Board designated in the accompanying consolidated statements of financial position. CTF elected to withdraw from the quasi-endowment fund, $ 2,454,523 and $ 583,300, as provided under the endowment's terms, for the years ended June 30, 2014 and 2013, 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 2014 and 2013, CTF used approximately $ 153,949 and $ 209,631 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 $ 299,214 and $ 131,100 during the years ended June 30, 2014 and 2013, 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, 2014 and 2013 from the earnings of the Vernon Julianne Trust.

NOTE 4 - INVESTMENTS

Investments at June 30, 2014 and 2013, consist of the following:

	2014	2013
Unrestricted investments:		
Equity funds and corporate and foreign bonds pledged as collateral in connection with the borrowing with financial institution (Note 8)	$ 2,808,028	$ 8,551,551
Equity funds	326,057	265,173
Corporate and foreign bonds	1,835,877	284,191
Total unrestricted investments	4,969,962	9,100,915
Restricted investments:		
Investment of endowment funds in equity funds	7,244,716	5,830,007
Investments of endowment funds in corporate and foreign bonds	2,226,661	2,175,501
Investments of gifts of future interest in equity funds	3,340,131	3,024,682
Investment of gifts of future interest, corporate and foreign interest bearing securities and certificates of deposits	2,907,568	2,747,973
Total restricted investments	15,719,076	13,778,163
Total investments	$ 20,689,038	$ 22,879,078

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, 2014 and 2013:

	Level 1	Level 2	Level 3	Total 2014
ASSET CLASS:				
Equities and equity funds	$ 13,718,933	$ -	$ -	$ 13,718,933
Corporate and foreign bonds	-	6,511,325	-	6,511,325
Certificates of deposit	-	458,780	-	458,780
Total	$ 13,718,933	$ 6,970,105	$ -	$ 20,689,038

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

For the years ended June 30, 2014 and 2013, 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, 2014 and 2013 is as follows:

	Unrestricted	Permanently Restricted	Total 2014
Donor-restricted endowment funds	$ -	$ 6,775,292	$ 6,775,292
Board-designated endowment funds	6,503,437	-	6,503,437
Total funds	$ 6,503,437	$ 6,775,292	$ 13,278,729

NOTE 6 - ENDOWMENTS (continued)

	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

Changes in endowment net assets for the fiscal year ended June 30, 2014 and 2013 are as follows:

	Unrestricted	Permanently Restricted	Total 2014
Endowment net assets, at beginning of year	$ 6,636,562	$ 6,775,292	$ 13,411,854
Investment income	354,306	-	354,306
Net depreciation (realized and unrealized)	2,523,269	-	2,523,269
Contributions and other	501,578	-	501,578
Satisfaction of program restrictions	366,772	-	366,772
Appropriation of endowment assets for expenditure	(3,879,050)	-	(3,879,050)
Endowment net assets, at end of year	$ 6,503,437	$ 6,775,292	$ 13,278,729

	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 appreciation (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

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2014 and 2013:

	2014	2013	Estimated Useful Lives in Years
Engineering and production equipment	$ 16,189,655	$ 24,968,197	7
Computer, office furniture and equipment	5,609,230	6,750,316	5-7
Building and improvements	6,387,292	7,574,175	15-30
Transmitter, tower and antenna	3,991,481	6,158,416	15-30
Vehicles	43,006	43,006	3
	32,220,664	45,494,110	
Less accumulated depreciation	26,615,443	38,395,906	
	5,605,221	7,098,204	
Land	599,825	599,825	
	$ 6,205,046	$ 7,698,029	

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

	2014	2013
Program production, acquisition and delivery	$ 1,357,212	$ 1,387,428
General and administrative	2,910	3,293
Development and marketing	308	10,187
	$ 1,360,430	$ 1,400,908

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, 2014 and 2013 were $ 1,404,014 and $ 3,077,241, respectively, with interest at 0.5% below the broker-call rate (1.5% at June 30, 2014). The loan is collateralized by investments, with a fair value of $ 2,808,028 and $ 6,154,480 at June 30, 2014 and 2013.

Interest expense, for the years ended June 30, 2014 and 2013 was $ 34,571 and $ 38,591, respectively.

NOTE 8 - BORROWINGS WITH FINANCIAL INSTITUTION (continued)

CTF also entered into an agreement with its investment company to borrow against investment holdings. During the year ended June 30, 2014, CTF sold a portion of its investments and paid off the loan. The loan balances at June 30, 2013 was $ 1,677,949, with interest at 0.5% below broker-call rate (1.5% at June 30, 2013).

Interest expense for the years ended June 30, 2014 and 2013 was $ 24,485 and $ 25,801, respectively. The loan at June 30, 2013 was collateralized by investments with a fair value of $ 2,464,584.

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 years ended June 30, 2014 and 2013.

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, 2014 and 2013). The line of credit matures on January 28, 2015, and is subject to renewal on an annual basis. At June 30, 2014 and 2013 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 $ 1,656,496 and $ 1,704,886 at June 30, 2014 and 2013, respectively, using discount rates ranging from 2.7% to 17.5% and applicable mortality tables. On an annual basis, the Foundation reevaluates the amount of estimated future payments. As of June 30, 2014 and 2013, the Foundation reported a change in value of split-interest agreements of $ (48,390) and $ (39,993), 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, 2014 and 2013, included the following:

	2014	2013
Broadcasting and delivery	$ 3,121,326	$ 3,271,539
Acquired programming	2,778,051	2,871,668
Other program production	2,105,780	2,543,894
Commercial production	256,386	301,811
Total program production, acquisition and delivery	$ 8,261,543	$ 8,988,912

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, 2014 and 2013, CTF contributed $ 648,868 and $ 685,614, respectively. The minimum contribution is $ 158,235 for the 14/15 Plan year.

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:

	2014	2013
Fair value of Plan assets	$ 12,400,977	$ 11,350,000
Projected benefit obligation	(14,679,497)	(15,000,353)
Unfunded liability	$ (2,278,520)	$ (3,650,353)

There were benefits of $ 678,964 and $ 659,003 paid during the years ended June 30, 2014 and 2013, respectively. Further, CTF recorded a pension expense of $ 116,916 and $ 162,567 in 2014 and 2013.

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:

	2014	2013
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:

	2014	2013
Weighted-average assumptions:		
Discount rate to determine benefit obligation	4.5%	4.5%
Discount rate to determine net periodic pension costs	4.5%	5.0%
Expected rate of return on Plan assets	7.5%	7.5%
Mortality table	2000 Combined Healthy Mortality Table	2000 Combined Healthy Mortality Table
Measurement date	6/30/14	6/30/13

NOTE 13 - EMPLOYEE BENEFIT PLANS (continued)

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

	2014	2013
Pension liability, beginning of year	$ 3,650,353	$ 4,183,111
Contributions	(648,868)	(685,613)
Pension liability adjustment	(839,881)	(9,711)
Net periodic benefit cost	116,916	162,566
Pension liability, end of year	$ 2,278,520	$ 3,650,353

The net periodic benefit cost is calculated as follows:

	2014	2013
Interest cost	$ 658,153	$ 680,519
Net loss amortization	257,805	242,156
Expected return on assets	(799,042)	(760,109)
	$ 116,916	$ 162,566

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

Years Ending June 30,	
2014-2015	$ 743,663
2015-2016	$ 801,150
2016-2017	$ 899,607
2017-2018	$ 961,520
2018-2019	$ 1,048,713
2020-2024	$ 5,225,857

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, 2014 and 2013.

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, 2014 and 2013. At June 30, 2014 and 2013, Comtel had a deferred tax asset of approximately $ 426,000 and $ 387,000, respectively, primarily related to net operating loss carryforwards of approximately $ 1,131,000 expiring through the year 2033. The deferred tax asset has been offset in full by a valuation allowance at June 30, 2014 and 2013 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, 2014 and 2013, 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 $ 462,719 and $ 479,859 at June 30, 2014 and 2013, 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 - SALE OF TOWER

CTF sold their broadcast tower and transmitter building and entered into a 50 year ground lease. This provided an infusion of cash and a reduction of maintenance costs. In order to continue broadcasting from the tower CTF entered into an initial 15 year lease for space on the tower. A capital lease was recorded based on CTF's estimated use of the tower's capacity and a portion of the gain was deferred. The portion of the tower available for other tenants was treated as a sale and the gain is recognized for the year ended June 30, 2014.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

CTF leases equipment which expires up to 2018 and a vehicle which expired in 2013. Five leases contain a bargain purchase option and are accounted for as capital leases. As described in Note 16, CTF leases tower space which is classified as a capital lease because the present value of the minimum lease payments is 90% or more of the property's fair value.

Total rent expense for all operating leases amounted to approximately $ 35,900 and $ 33,100 for 2014 and 2013, respectively.

Property under the capital leases of $ 1,096,659, net of accumulated depreciation of $ 177,425 is included in depreciation expense in engineering and production.

Approximate future minimum lease payments at June 30, 2014 and 2013 are as follows:

Years Ending June 30,	Capital Leases 2014	Operating Leases 2014	Operating Leases 2013
2015	277,200	20,500	35,900
2016	281,000	8,500	20,500
2017	256,500	-	8,500
2018	202,100	-	-
Thereafter	1,675,200		-
	2,692,000	$ 29,000	$ 64,900
Less interest	(1,649,200)		
	$ 1,042,800		

NOTE 18 - JOINT MASTER CONTROL

CTF is a founding member, along with other public television stations, of Digital Convergence Alliance (DCA). DCA is qualified as a nonprofit organization under Internal Revenue Code Section 501 (a) as an organization described in Section 501 (c)(3) and is exempt from income taxes. 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 plus CTF also invested $ 115,872 for build-out costs. CTF has incurred $ 42,507 for future services which are reflected as prepaid expenses and the equipment and build-out costs of $ 181,579 are reflected as 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 early 2015. 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
OF FINANCIAL POSITION
June 30, 2014

	CTF	WCFI	Comtel	Eliminating Entries	Consolidated Totals
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 336,657	$ 218,936	$ 3,611	$ -	$ 559,204
Receivables, net of allowance for doubtful accounts	322,327	319,864	123,431	(168,308)	597,314
Prepaid expenses and other assets	277,607	13,941	7,447	-	298,995
Program broadcast rights, net of amortization	748,235	-	-	-	748,235
Due from affiliate	1,145,848	802,884	-	(1,948,732)	-
Total current assets	2,830,674	1,355,625	134,489	(2,117,040)	2,203,748
Other assets	209,425	-	-	-	209,425
Investments	839,663	20,314,375	-	(465,000)	20,689,038
Cash surrender value and premiums receivable on life insurance policies	367,605	-	462,719	-	830,324
Program broadcast rights, net of amortization, noncurrent portion	387,863	-	-	-	387,863
Property and equipment, net	6,205,046	-	-	-	6,205,046
Total assets	$ 10,840,276	$ 21,670,000	$ 597,208	$ (2,582,040)	$ 30,525,444
LIABILITIES AND NET ASSETS:					
Current liabilities:					
Accounts payable	$ 752,652	$ -	$ 232	$ -	$ 752,884
Accrued expenses	641,326	196	-	(168,308)	473,214
Current portion of pension liability	158,235	-	-	-	158,235
Refundable program advances	735,735	-	80,889	-	816,624
Program broadcast rights payable	47,136	-	-	-	47,136
Present value of annuity obligations	-	168,055	-	-	168,055
Due to affiliate, note payable	802,884	343,991	801,857	(1,948,732)	-
Line of credit	1,500,000	-	-	-	1,500,000
Capital lease payable	277,212	-	-	-	277,212
Total current liabilities	4,915,180	512,242	882,978	(2,117,040)	4,193,360
Borrowings with financial institution	-	1,404,014	-	-	1,404,014
Deferred compensation payable	-	-	172,644	-	172,644
Deferred revenue	596,530	-	-	-	596,530
Present value of annuity obligations	-	1,488,441	-	-	1,488,441
Pension liability, due beyond one year	2,120,285	-	-	-	2,120,285
Capital lease payable, due beyond one year	765,576	-	-	-	765,576
Total liabilities	8,397,571	3,404,697	1,055,622	(2,117,040)	10,740,850
Net assets:					
Unrestricted:					
Board designated	-	6,503,437	-	-	6,503,437
Undesignated (deficit)	2,442,705	-	(923,414)	-	1,519,291
Common stock	-	-	5,000	(5,000)	-
Paid in capital	-	-	460,000	(460,000)	-
Temporarily restricted	-	4,986,574	-	-	4,986,574
Permanently restricted	-	6,775,292	-	-	6,775,292
Total net assets	2,442,705	18,265,303	(458,414)	(465,000)	19,784,594
Total liabilities and net assets	$ 10,840,276	$ 21,670,000	$ 597,208	$ (2,582,040)	$ 30,525,444

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE
OF ACTIVITIES
For the Year Ended June 30, 2014

	CTF	WCFI	Comtel	Eliminating Entries	Consolidated Totals
CHANGE IN UNRESTRICTED NET ASSETS:					
Revenues, gains (losses) and other support:					
Contract productions	$ 1,178,366	$ -	$ 496,205	$ -	$ 1,674,571
Contributions and bequests	7,014,368	501,574	-	(2,988,642)	4,527,300
Satisfaction of program restrictions	-	366,772	-	-	366,772
Corporation for Public Broadcasting:					
Community Service Grant	1,065,019	-	-	-	1,065,019
State of Florida Department of Education:					
Community Service Grant	307,447	-	-	-	307,447
Program underwriting	1,199,438	-	-	-	1,199,438
Interest income	84,233	354,306	18,860	(9,037)	448,362
Other	704,023	4	-	(473,989)	230,038
Gain on sale of property and equipment	444,363	-	-	-	444,363
Net realized gain on sale of investments	69,275	2,334,146	-	-	2,403,421
Net unrealized (loss) gain on investments	(48,238)	189,123	-	-	140,885
Total revenues, gains (losses) and other support	12,018,294	3,745,925	515,065	(3,471,668)	12,807,616
OPERATING EXPENSES:					
Program production, acquisition and delivery	8,261,518	-	433,754	(433,729)	8,261,543
Development and marketing	2,438,231	704,114	-	-	3,142,345
General and administrative	1,375,330	151,723	157,740	(40,260)	1,644,533
Interest expense	241,668	34,571	7,526	(9,037)	274,728
Contribution to affiliate	-	2,988,642	-	(2,988,642)	-
Total operating expenses	12,316,747	3,879,050	599,020	(3,471,668)	13,323,149
Change in unrestricted net assets	(298,453)	(133,125)	(83,955)	-	(515,533)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS:					
Interest income	-	157,039	-	-	157,039
Net unrealized gain on investments	-	572,745	-	-	572,745
Change in present value of annuity obligations	-	40,658	-	-	40,658
Net assets released from restrictions	-	(366,772)	-	-	(366,772)
Net realized gain on sale of investments	-	181,565	-	-	181,565
Change in temporarily restricted net assets	-	585,235	-	-	585,235
Change in net assets	(298,453)	452,110	(83,955)	-	69,702
PENSION LIABILITY ADJUSTMENT	839,881	-	-	-	839,881
NET ASSETS, beginning of year	1,901,277	17,813,193	(839,459)	-	18,875,011
NET ASSETS, end of year	$ 2,442,705	$ 18,265,303	$ (923,414)	$ -	$ 19,784,594

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE
OF CASH FLOWS
For the Year Ended June 30, 2014

	CTF	WCFI	Comtel	Eliminating Entries	Consolidated Totals
OPERATING ACTIVITIES:					
Cash received from supporters and customers	$ 10,867,152	$ 542,030	$ 469,087	$ (2,988,642)	$ 8,889,627
Interest received	145,074	522,510	18,860	(9,037)	677,407
Interest paid	(241,668)	(34,571)	(7,526)	9,037	(274,728)
Cash paid to acquire programs	(1,863,603)	-	-	-	(1,863,603)
Cash paid for support services, to suppliers and employees	(9,737,925)	(3,843,918)	(479,487)	2,988,642	(11,072,688)
Net cash provided by (used in) operating activities	(830,970)	(2,813,949)	934	-	(3,643,985)
INVESTING ACTIVITIES:					
Cash received from sales or maturities of investments	-	7,474,634	-	-	7,474,634
Cash paid for property and equipment	(204,010)	-	-	-	(204,010)
Cash received from sales of property and equipment	1,371,966	-	-	-	1,371,966
Cash paid for investments	-	(3,671,568)	-	-	(3,671,568)
Repayments from affiliate	-	711,179	-	(711,179)	-
Net cash provided by (used in) investing activities	1,167,956	4,514,245	-	(711,179)	4,971,022
FINANCING ACTIVITIES:					
Repayment of borrowings from financial institution	(195,081)	(1,673,227)	-		(1,868,308)
Repayments of borrowings from affiliate	(711,179)	-	-	711,179	-
Capital lease proceeds	600,000	-	-	-	600,000
Net cash provided by (used in) financing activities	(306,260)	(1,673,227)	-	711,179	(1,268,308)
Net increase in cash and cash equivalents	30,726	27,069	934	-	58,729
CASH AND CASH EQUIVALENTS, beginning of year	305,931	191,867	2,677	-	500,475
CASH AND CASH EQUIVALENTS, end of year	$ 336,657	$ 218,936	$ 3,611	$ -	$ 559,204

COMMUNITY TELEVISION FOUNDATION
OF SOUTH FLORIDA, INC. AND AFFILIATES
SUPPLEMENTARY CONSOLIDATING SCHEDULE
OF CASH FLOWS
(continued)
For the Year Ended June 30, 2014

	CTF	WCFI	Comtel	Eliminating Entries	Consolidated Totals
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES:					
Change in net assets	$ (298,453)	$ 452,110	$ (83,955)	-	$ 69,702
Adjustments:					
Amortization of program rights	1,799,086	-	-	-	1,799,086
Provision for depreciation	1,360,430	-	-	-	1,360,430
Net unrealized (gain)loss on investments	48,238	(761,868)	-	-	(713,630)
Change in present value of annuity obligation		(48,390)	-	-	(48,390)
Accretion of discount on investments	34,446	39,632	-	-	74,078
In-kind and barter revenue and expense, net	5,490	-	-	-	5,490
Net realized (gain) loss on sale of investments and equipment and property	(513,638)	(2,515,711)	-	-	(3,029,349)
Program acquisitions	(1,863,603)	-	-	-	(1,863,603)
Changes in assets and liabilities:					
Receivables	(125,593)	(28,467)	(42,569)	-	(196,629)
Prepaid expenses and other assets	(217,439)	(206)	(2,167)	-	(219,812)
Due from affiliate	(128,241)	-	478	127,763	-
Cash surrender value on life insurance policies over deferred compensation payable	-	-	(11,333)	-	(11,333)
Accounts payable, accrued expenses and pension liability	(1,218,111)	(520)	110	478	(1,218,043)
Refundable program advances	289,422		61,600	-	351,022
Program broadcast rights	(3,004)	-	-	-	(3,004)
Due to affiliate	-	49,471	78,770	(128,241)	-
Net cash (used in) provided by operating activities	$ (830,970)	$ (2,813,949)	$ 934	$ -	$ (3,643,985)

INTERNAL CONTROLS AND COMPLIANCE

INDEPENDENT AUDITOR'S 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, 2014, 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 23, 2014.

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.

CPA's + Trusted Advisors

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 23, 2014