

**WUWF-FM Radio Station
A Public Telecommunications Entity
Operated by the University of West Florida**

Financial Statements

For the Year Ended June 30, 2004

WUWF-FM Radio Station
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June 30, 2004

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CARR, RIGGS & INGRAM LLC.

4460 Legendary Drive
Suite 100
Destin, FL 32541

P | 850 837 3141

F | 850 654 4619

www.cricpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
University of West Florida
Pensacola, Florida

We have audited the accompanying basic financial statements of WUWF-FM Radio Station (the Radio Station), a public telecommunications entity operated by the University of West Florida (the University) as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WUWF-FM Radio Station as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Radio Station has not presented required supplementary information, Management's Discussion and Analysis, that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2004, on our consideration of the Radio Station's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Carr, Riggs & Ingram, L.L.C.

Destin, Florida
December 22, 2004

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WUWF-FM Radio Station
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Statement of Net Assets

<i>June 30,</i>	2004
Assets	
Current assets	
Cash - operating	\$ 34,304
Due from WUWF-TV Station, current portion	67,500
Due from UWF Foundation	305,716
Prepaid expense	51,054
Accounts receivable, net	3,321
Total current assets	461,895
Noncurrent assets	
Due from WUWF-TV Station, noncurrent portion	105,166
Due from UWF Foundation - restricted	35,029
Due from UWF Foundation - endowment	146,020
Buildings, equipment, and other capital assets, net	482,507
Total noncurrent assets	768,722
Total assets	\$ 1,230,617
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 21,327
Deferred revenue	66,783
Total current liabilities	88,110
Compensated absences liability	90,634
Total liabilities	178,744
Net assets	
Invested in capital assets	482,507
Restricted endowment	146,020
Unrestricted	423,346
Total net assets	1,051,873
Total liabilities and net assets	\$ 1,230,617

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

WUWF-FM Radio Station
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Statement of Revenues, Expenses, and Changes in Net Assets

<i>Year ended June 30,</i>	2004
Revenues	
Operating revenues	
General appropriations from University of West Florida	\$ 329,931
In-kind contributions	306,638
Other sources	50,070
Contributions and membership income	388,355
Support from Corporation for Public Broadcasting	163,503
Community service grants from Florida Department of Education	126,372
Total operating revenues	1,364,869
Expenses	
Operating expenses	
Programming and production	714,893
Broadcasting	54,744
Program information	63,820
Fundraising and development	179,603
Management and general	462,068
Depreciation	78,948
Total operating expenses	1,554,076
Operating loss	(189,207)
Nonoperating Revenues (Expenses)	
Interest income	9,395
Gain on disposal of assets	24
Donated equipment	2,451
Net increase in fair value of investments	68,729
Net nonoperating revenues (expenses)	80,599
Increase (decrease) in net assets	(108,608)
Net assets, beginning of year	1,160,481
Net assets, end of year	\$ 1,051,873

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

WUWF-FM Radio Station
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Statement of Cash Flows

<i>Year ended June 30,</i>	2004
Cash Flows from Operating Activities	
General appropriations from University of West Florida	\$ 329,931
Support from Corporation for Public Broadcasting	147,103
Community Service Grants from Florida Department of Education	106,614
Payments to employees	(510,580)
Payments to suppliers	(102,249)
<hr/>	
Net cash used by operating activities	(29,181)
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Cash Flows From Capital Activities	
Purchase of capital assets	(2,022)
Other receipts (payments)	(406)
<hr/>	
Net cash used by capital activities	(2,428)
<hr/>	
Net decrease in cash	(31,609)
<hr/>	
Cash, beginning of year	65,913
<hr/>	
Cash, end of year	\$ 34,304
<hr/>	
Reconciliation of net operating revenues (expenses) to net cash used by operating activities:	
Operating loss	\$ (189,207)
Adjustments to reconcile net operating loss to net cash used by operating activities:	
Depreciation expense	78,948
Changes in assets and liabilities:	
Receivables, net	41,679
Due from Foundation	120,927
Prepaid expenses	(50,354)
Accounts payable and accrued expenses	2,168
Compensated absences	2,816
Deferred revenues	(36,158)
<hr/>	
Net cash used by operating activities	\$ (29,181)
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Supplemental schedule of noncash activities:

A portion of the Radio Station's cash and investments are held by the University of West Florida Foundation, Inc. (the Foundation). These amounts are recorded as Due from the Foundation and therefore do not affect the Radio Station's "cash" as reported in the cash flow statement. See Note 4 in the accompanying notes to the financial statements for the activity in the Foundation accounts for the year ended June 30, 2004.

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

WUWF-FM Radio Station
A Public Telecommunications Entity
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Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

WUWF-FM Radio Station (the Radio Station) is a public telecommunications entity operated by the University of West Florida. Financial statements have been prepared for the purpose of complying with the requirements of the Corporation for Public Broadcasting's (CPB) reporting guidelines. The CPB's Annual Financial Report Handbook of Instructions requires organizations to prepare their financial statements in accordance with generally accepted accounting principles as prescribed by either the Financial Accounting Standards Board (FASB) or the Governmental Accounting Standards Board (GASB) depending on the reporting entity. The Radio Station follows the reporting guidelines of the University of West Florida as described in the following paragraphs.

Until 2001, Florida's public universities were governed by a Board of Regents, and their financial activities were reported in the State of Florida's financial statements as part of the primary government. Effective July 1, 2001, the Legislature amended Section 229.003, Florida Statutes, abolishing the Board of Regents and transferring its operations to the Florida Board of Education, which is responsible for overseeing kindergarten through graduate studies education. In addition, the Statute provided for separate boards of trustees appointed by the Governor for each university. Although the University is part of the State University System regulated and coordinated by the Florida Board of Education, effective July 1, 2001, it became a separate public instrumentality.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. Application of these criteria determines potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, effective July 1, 2001, the University became a component unit of the State of Florida.

The governing body of the University is its Board of Trustees. The Board constitutes a body corporate composed of twelve (12) members and one student member. The Governor appoints the 12 Board members. The Board of Trustees is under the general direction and control of the Commissioner of Education, the Chancellor of the Division of Colleges and Universities, and is governed by Florida law and rules of the Florida Board of Education. By statute, the Board of Trustees selects the University President, and the Florida Board of Education must ratify the candidate selected. The University Board of Trustees adopts University rules and procedures, and plans for future needs of the University. The University President is responsible for the management of the University and has the ultimate responsibility for administering the policies prescribed by the Board of Trustees.

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements include certain "WUWF-FM Radio Station" accounts of the University of West Florida Foundation, Inc. (the Foundation). The Foundation, a private, nonprofit corporation, is the designated custodian of funds received from the Radio Station's various fund-raising activities. The Foundation is a component unit of the University of West Florida and disclosures pertaining to the Foundation as a whole are presented in the University's notes to the financial statements.

Basis of Presentation

The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). In November 1999, the Governmental Accounting Standards Board issued GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB Statement No. 35 allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. The universities of the State University System, including the University of West Florida, elected to report as an entity engaged in only business-type activities. The Radio Station adopted GASB Statements No. 34 and 35, and this election required the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Basic Financial Statements:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows (presented using the direct method in compliance with GASB Statement No. 9)
 - Notes to Financial Statements

Basis of Accounting

Basis of accounting refers to when revenues, expenses, and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. As stated previously, the Radio Station follows the reporting guidelines of the University. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

WUWF-FM Radio Station
A Public Telecommunications Entity
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Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met.

The Radio Station's principal operating activities consist of WUWF-FM station programming and broadcasting, and various fundraising activities. Operating revenues and expenses include all fiscal transactions related to these activities as well as administration, operation and maintenance of assets, and depreciation of capital assets. Nonoperating revenues and expenses include investment income (losses), expenses and gains (losses) on disposal of assets.

The University follows Financial Accounting Standards Board statements and interpretations issued after November 30, 1989, unless those pronouncements conflict with GASB pronouncements. When both restricted and unrestricted resources are available to fund specific programs, it is the University's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting requires the Radio Station to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

The Radio Station's capital assets consist of buildings and furniture and equipment, and are stated at either historical cost or, in the case of gifts, at estimated fair value at date of receipt and at nominal cost for acquisition of surplus property. Additions, other improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$1,000 for tangible personal property and \$10,000 for building renovations and improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings and Improvements – 20 to 50 Years
- Furniture and Equipment:
 - Computer Equipment – 3 to 7 Years
 - Equipment (Non-Office) – 10 to 20 Years
 - Moveable Equipment – 3 to 20 Years

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Reporting

Community Service Grants from the Florida Department of Education and the Corporation for Public Broadcasting are reported in the financial statements of the University as restricted funds since, from the University's standpoint, these amounts are restricted for use by the Radio Station. However, these grant monies can be used to support the general operations of the Radio Station and are, therefore, reported by the Radio Station in the Unrestricted Current Fund. Restricted grants represent grants for which the grantor has placed restrictions on the Radio Station's use of the grant funds.

Revenue Recognition

Contributions and pledges that are unrestricted are recorded as revenue in the accompanying statement of revenues, expenses, and changes in net assets when received. Cash advances received through Community Service Grants from the Corporation for Public Broadcasting and from the Florida Department of Education, as well as restricted grants, are recorded as deferred revenue when received; revenues are recognized only to the extent that these resources are expended.

NOTE 2 – RECEIVABLES

Accounts Receivable

Accounts receivable consists of pledges receivable recorded at net present value. These receivables are deemed fully collectible, and therefore no allowance for uncollectible accounts has been recognized.

Due from WUWF-TV Station

The "Due from WUWF-TV Station" totals \$172,666 of which \$152,666 represents the remaining balance of a \$250,000 loan to the WUWF-TV Station, which is being paid back to the Radio Station in monthly installments of \$5,209 over a period of four years through fiscal year ending June 30, 2007. During the year, a loan was made to WUWF-TV Station for \$20,000, which is to be repaid in equal annual installments of \$5,000 over a period of four years through fiscal year ending June 30, 2008.

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets:				
Buildings	\$ 1,215,767	\$ -	\$ -	\$ 1,215,767
Furniture and equipment	833,673	42,754	(76,761)	799,666
Total capital assets	2,049,440	42,754	(76,761)	2,015,433
Less accumulated depreciation:				
Buildings	(795,868)	(34,019)	-	(829,887)
Furniture and equipment	(705,270)	(74,530)	76,761	(703,039)
Total accumulated depreciation	(1,501,138)	(108,549)	76,761	(1,532,926)
Total capital assets, net	\$ 548,302	\$ (65,795)	\$ -	\$ 482,507

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 4 - INVESTMENT IN UNIVERSITY OF WEST FLORIDA FOUNDATION, INC. POOL

The Foundation, a private, nonprofit corporation, is the designated custodian of funds received from the Radio Station's various fund-raising activities. These funds are disbursed pursuant to written requests submitted by the Radio Station. These amounts are included in the accompanying financial statements as follows:

	Unrestricted	Restricted	Endowment
Investments in University of West Florida Foundation, Inc. Pool at July 1, 2003	\$ 331,775	\$ 32,533	\$ 123,457
Contributions and membership income	439,223	-	-
Investment income (loss) recognized	42,706	2,154	-
Investment income deferred	-	2,496	22,563
Programming and production	(296,660)	-	-
Broadcasting	(25,380)	-	-
Program information	(50,153)	-	-
Fundraising and development	(135,446)	-	-
Management and general	(40,448)	(2,154)	-
Due from TV station	92,557	-	-
Prepaid expenses	(52,458)	-	-
Investments in University of West Florida Foundation, Inc. Pool at June 30, 2004	\$ 305,716	\$ 35,029	\$ 146,020

The balance of funds on hand of \$486,765 at June 30, 2004 is reported as Due from University of West Florida Foundation, Inc. in the accompanying financial statements. Funds at the Foundation are included in an investment pool.

NOTE 5 - INDIRECT ADMINISTRATIVE SUPPORT / IN-KIND CONTRIBUTIONS

Indirect administrative support consists of allocated financial and operational costs of the University and the Foundation, as well as certain other costs incurred by the University on behalf of the Radio Station, and is recorded as revenue and expenses in accordance with guidelines prescribed by the Corporation for Public Broadcasting. Revenue (in-kind contributions) and expenses for indirect administrative support totaling \$288,892 were reported for the fiscal year ended June 30, 2004.

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 5 - INDIRECT ADMINISTRATIVE SUPPORT / IN-KIND CONTRIBUTIONS (CONTINUED)

Other in-kind contributions generally consist of various goods and services donated by local businesses and donated services and support from the Florida Department of Education and other telecommunication activities. These contributions are recorded at their estimated fair value at the time of receipt. The following is a summary of other in-kind contribution revenue and expenses by fund and category for the fiscal year ended June 30, 2004:

In-kind contributions revenue - unrestricted	\$ 17,746
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In-kind contributions expenses - unrestricted	
Programming and productions	\$ 908
Broadcasting	2,019
Program information	3,150
Management and general	11,669
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Total in-kind contributions expenses - unrestricted	\$ 17,746

NOTE 6 - COMPENSATED ABSENCES

Employees earn the right to be compensated during absences pursuant to Section 6C-5.920, Florida Administrative Code, and pursuant to bargaining agreements between the Florida Board of Education and the United Faculty of Florida. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The costs of compensated absences for which employees are vested as of June 30, 2004, are estimated at \$90,634. The amount for accrued annual leave includes the employer's share of the Florida Retirement System and FICA contributions. Current expenses include \$2,816 for the net increase in the estimated compensated absence liability as of June 30, 2004.

NOTE 7 - RETIREMENT PLANS

Employees of the University participate in retirement plans of the State administered by the Department of Administration, Division of Retirement. The retirement plans of the State of Florida consist of contributory and non-contributory benefit plans. The plans provide for retirement, death, and disability benefits and require contributions by employees and/or participating agencies at stated percentages of compensation set by law as determined from time to time by the State Legislature. The plans' accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plan-related matters are the responsibility of the Department of Administration, Division of Retirement, and are not computed on an individual agency basis. Disclosures required by Statement No. 27 of the Governmental Accounting Standards Board (GASB) are included in the University's financial statements for the year ended June 30, 2004. The Radio Station's retirement plan contribution was \$32,362 for the fiscal year ended June 30, 2004.

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 8 - POSTEMPLOYMENT BENEFITS

Pursuant to Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS) to assist retirees of all State-administered retirement systems in paying health insurance costs. During the fiscal year ended June 30, 2004, the HIS program was funded by required contributions consisting of 1.11 percent assessed against the payroll for all active employees covered in State-administered retirement systems.

Eligible retirees, spouses, or financial dependents under any State-administered retirement system must provide proof of health insurance coverage, which can include Medicare. During the fiscal year ended June 30, 2004, participants received an extra \$5 per month for each year of creditable service completed at the time of retirement; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Radio Station leases a tower under an operating lease that expires January 31, 2008. Rental expense for the year ended June 30, 2004 was \$15,491. Commitments for rental payments are as follows:

<i>Year ending June 30,</i>	Total
2005	\$ 15,759
2006	15,759
2007	15,759
2008	9,193
Total	\$ 56,470

NOTE 10 – DONOR-RESTRICTED ENDOWMENT

If a donor has not provided specific instructions, state law permits the Board of Trustees to authorize for expenditure the net appreciation (realized and unrealized) of the endowment fund. When administering its power to spend net appreciation, the Board of Trustees is required to consider the University's "long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

WUWF-FM Radio Station
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Notes to Financial Statements

NOTE 10 – DONOR-RESTRICTED ENDOWMENT (CONTINUED)

A donor-restricted endowment has been established with the University of West Florida Foundation, Inc. (the Foundation) to provide support on behalf of the Radio Station's Consortium for the Holistic Application of Radio Learning through Outreach, Technology and Teacher Education (CHARLOTTE) program. The Foundation manages the endowment fund. According to the endowment agreement, the income will be disbursed as necessary by the General Manager of WUWF-FM Radio Station in accordance with the CHARLOTTE program's guidelines. If at any time the need for such funding should cease to exist, the President of the University, with concurrence of the Executive Committee of the Foundation, may use the income to meet other needs of the University. However, no part of the corpus will be expended for any reason. Income of the endowment fund has been used to pay investment expenses.

At June 30, 2004, investment income of \$35,029 is available to be spent on the CHARLOTTE program and is recorded as deferred revenue. The balance of the corpus at June 30, 2004 is \$146,020.

NOTE 11 - RISK MANAGEMENT PROGRAMS

The Radio Station is at risk for losses resulting from fire or theft, accidents, and worker's compensation claims resulting from injury or disability of the Radio Station employees. The Radio Station's risk of loss is covered by the insurance policies of the University of West Florida. There were no significant reductions in insurance coverage during the current year.



CARR, RIGGS & INGRAM LLC.

4460 Legendary Drive
Suite 100
Destin, FL 32541

P | 850 837 3141
F | 850 654 4619
www.cricpa.com

INDEPENDANT 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 Trustees
University of West Florida
Pensacola, Florida

We have audited the basic financial statements of the WUWF-FM Radio Station as of and for the year ended June 30, 2004, and have issued our report thereon dated December 22, 2004. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the WUWF-FM Radio Station's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the WUWF-FM Radio Station's basic financial statements are free of 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*.

This report is intended solely for the information and use of the University of West Florida (UWF), the UWF Board of Trustees, the State of Florida Department of Education, and the Corporation for Public Broadcasting, and is not intended to be, and should not be, used by anyone other than those specified parties.

Carr, Riggs & Ingram, L.L.C.

Destin, Florida
December 22, 2004

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