

WBJB-FM RADIO
(a Public Radio Station Operated by
Brookdale Community College)

FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016



WBJB-FM RADIO
(a Public Radio Station Operated by Brookdale Community College)

**Financial Statements and
Management's Discussion and Analysis**

June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Brookdale Community College
Lincroft, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of WBJB-FM Radio (a public radio station operated by Brookdale Community College) ("WBJB-FM Radio"), which comprise the statements of net position as of June 30, 2016, the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of WBJB-FM Radio as of June 30, 2015 were audited by other auditors whose report dated December 17, 2015 expressed an unmodified opinion on the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the respective financial position of WJB-FM Radio as of June 30, 2016, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As more fully discussed in Note 1, the financial statements of WJB-FM Radio are intended to present the net position, revenues, expenses and changes in net position and cash flows that are attributable to the transactions of one department of Brookdale Community College. They do not purport to, and do not, present fairly the financial position of Brookdale Community College as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 to 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

O'Connor and Duen, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

November 29, 2016

WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE
Management's Discussion and Analysis (Unaudited)
For fiscal years ended June 30, 2016, 2015, and 2014

Introduction and Reporting Entity

The following Management's Discussion and Analysis is an overview of the financial condition and operations of WBJB-FM Radio (the "Station") for fiscal years ended June 30, 2016, 2015, and 2014. This discussion is supplemental to, and should be read with, the financial statements and related footnotes that follow this section.

WBJB-FM Radio is a public radio station operated by Brookdale Community College ("College"). The Station first broadcasted on January 13, 1975. The radio station currently reaches approximately 39,000 listeners on a weekly basis, featuring informational top of the hour National Public Radio ("NPR") newscasts and local features which include traffic, news, weather, community bulletin boards, public service announcements, and pertinent College information – all of which is integrated into the Adult, Album Alternative musical format, publicly providing informative, educational and artistic programming. As of March 2010, the Station now broadcasts three multicast HD channels: 90.5 The NIGHT, Altrok Radio, and student-run Brookdale Student Radio.

General Financial Information

The Station's basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The financial statements are prepared in accordance with the accounting principles established by the Governmental Accounting Standards Board ("GASB").

Summary of Assets and Liabilities

Assets and liabilities for the fiscal years ended June 30 were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Change</u> <u>2015-2016</u>
Assets				
Current assets	\$ 189,474	191,110	186,651	(1,636)
Net capital assets	<u>11,518</u>	<u>20,917</u>	<u>41,037</u>	<u>(9,399)</u>
Total assets	<u>200,992</u>	<u>212,027</u>	<u>227,688</u>	<u>(11,035)</u>
Current liabilities	\$ <u>41,937</u>	<u>22,832</u>	<u>31,897</u>	<u>19,105</u>

The increase in current liabilities of \$19,105 was due to an increase in unearned revenue. The decrease in current assets of \$1,636 was due to the following:

- An increase of \$907 in the due from the Brookdale Community College.
- A decrease of \$2,685 in the due from customers.
- An increase of \$142 in various prepaid expenses.

Net capital assets decreased by annual depreciation of \$9,399.

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Management's Discussion and Analysis (Unaudited) - Continued
For fiscal years ended June 30, 2016, 2015, and 2014

Summary of Revenues, Expenses, and Changes in Net Position

The Station receives its revenue from three major sources: College Support and Appropriation, Service Revenue (membership and underwriting), and Corporation for Public Broadcasting Grants.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>Change 2016-2015</u>
Operating revenues:				
CPB Grant	\$ 73,062	103,452	88,031	(30,390)
Service revenue	136,265	170,287	157,936	(34,022)
General College appropriation	365,497	345,435	335,946	20,062
Institutional & administrative College support	41,145	43,295	41,920	(2,068)
Total operating revenues	<u>615,969</u>	<u>662,469</u>	<u>623,833</u>	<u>(46,418)</u>
Operating expenses:				
Programming & production	371,735	380,776	372,332	(9,041)
Broadcasting	176,707	165,648	143,913	11,059
Program information	3,190	8,068	8,207	(4,878)
Management & general	124,911	121,118	115,747	3,875
Fund raising & membership development	25,042	36,321	35,690	(11,279)
Depreciation	9,399	20,120	20,121	(10,721)
Total operating expenses	<u>710,984</u>	<u>732,051</u>	<u>696,010</u>	<u>(20,985)</u>
Operating loss	(95,015)	(69,582)	(72,177)	(25,433)
Nonoperating revenue				
Contributions	64,875	62,986	61,151	1,889
Net decrease in net position	<u>(30,140)</u>	<u>(6,596)</u>	<u>(11,026)</u>	<u>(23,544)</u>
Net position				
Net position as of beginning of year	<u>189,195</u>	<u>195,791</u>	<u>206,817</u>	<u>(6,596)</u>
Net position as of end of year	<u>\$ 159,055</u>	<u>189,195</u>	<u>195,791</u>	<u>(30,140)</u>

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Management's Discussion and Analysis (Unaudited) - Continued
For fiscal years ended June 30, 2016, 2015, and 2014

Results of Operations

In year 2016, total operating revenues decreased overall by \$46,500 or 7% over year 2015 total operating revenues. CPB grant revenue decreased by \$30,390. This was due to the timing grant drawdowns. Other service revenue decreased by \$34,022 or 20%.

Operating expenses decreased by \$21,067 or 2.9%. The operating loss increased by \$25,433.

The decrease in service revenue was, in part, due to the cancellation of the annual Guitar Show which has been traditionally a non-traditional source of revenue for the department. This is was also the first fiscal year that the station asked for "sustaining members" of the station. Rather than a lump sum donation a number of donations were taken in monthly installments. Those installments were still being taken by the end of the fiscal year. Through time these monthly donations will provide an excellent source of baseline revenue for the department.

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Statements of Net Position
As of June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Due from Brookdale Community College	\$ 182,116	181,209
Due from customers	1,895	4,580
Prepaid expenses	<u>5,463</u>	<u>5,321</u>
Total current assets	<u>189,474</u>	<u>191,110</u>
Noncurrent assets:		
Capital assets, net	<u>11,518</u>	<u>20,917</u>
Total Assets	<u>200,992</u>	<u>212,027</u>
LIABILITIES		
Current liabilities:		
Unearned revenue	<u>41,937</u>	<u>22,832</u>
Total current liabilities	<u>41,937</u>	<u>22,832</u>
NET POSITION		
Invested in capital assets (note 2)	11,518	20,917
Unrestricted	<u>147,537</u>	<u>168,278</u>
Total net assets	<u>159,055</u>	<u>189,195</u>
Total Liabilities and Net Position	<u>\$ 200,992</u>	<u>212,027</u>

See accompanying notes to financial statements.

WBJB-FM RADIO
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BROOKDALE COMMUNITY COLLEGE
Statements of Revenues, Expenses, and Changes in Net Position
For the fiscal years ended June 30,

	<u>2016</u>	<u>2015</u>
Operating revenues:		
CPB Grant	\$ 73,062	103,452
Service revenue	136,265	170,287
General college appropriation	365,497	345,435
Institutional and administrative college support	<u>41,145</u>	<u>43,295</u>
Total operating revenues	<u>615,969</u>	<u>662,469</u>
Operating expenses:		
Programming and production	371,735	380,776
Broadcasting	176,707	165,648
Program information	3,190	8,068
Management and general	124,911	121,118
Fund raising and membership development	25,042	36,321
Depreciation	<u>9,399</u>	<u>20,120</u>
Total operating expenses	<u>710,984</u>	<u>732,051</u>
Operating loss before in-kind contributions	(95,015)	(69,582)
In-kind contributions	<u>64,875</u>	<u>62,986</u>
Operating loss	(30,140)	(6,596)
Net position:		
Net Position as of beginning of year	<u>189,195</u>	<u>195,791</u>
Net Position as of end of year	<u><u>\$ 159,055</u></u>	<u><u>189,195</u></u>

See accompanying notes to financial statements.

WBJB-FM RADIO
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Statements of Cash Flows
For the fiscal years ended June 30,

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (52,390)	(106,562)
Payments for employee salaries and benefits	(488,006)	(484,995)
Contractual payments	(75,655)	(70,912)
Service revenue	136,265	170,287
General college appropriation	365,497	345,435
Institutional and administrative College support	41,227	43,295
Grants	73,062	103,452
	<u>—</u>	<u>—</u>
Net cash used in operating activities	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Net change in cash	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Cash as of beginning of year	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Cash as of end of year	<u>\$ —</u>	<u>—</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (30,140)	(6,596)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	9,399	20,120
Change in assets and liabilities:		
Prepaid expenses	(142)	7,109
Due from customers	2,685	665
Unearned revenue	19,105	(9,065)
Due from Brookdale Community College	(907)	(12,233)
	<u>—</u>	<u>—</u>
Net cash used in operating activities	<u>\$ —</u>	<u>—</u>

See accompanying notes to financial statements.

WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE

Notes to Financial Statements
For the fiscal years ended June 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies

Organization

WBJB-FM Radio (the “Station”) is a department of Brookdale Community College (the “College”). The College does not routinely produce separate financial statements for its departments; however, for purposes of complying with the Corporation for Public Broadcasting’s financial reporting guidelines, the accompanying financial information is presented as if the Station is a separate entity. In order to obtain the accounting information necessary to produce the accompanying financial statements, common expense items of the College were allocated to the Station.

Summary of Significant Accounting Policies

Basis of Accounting and Measurement Focus

The accompanying financial statements of the Station have been prepared on the accrual basis of accounting using the economic resources measurement focus in accordance with *Governmental Accounting Standards Board* (“GASB”). The Station reports its financial statements as a business type activity. As defined by GASB Statement No. 35, business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Net Position

The College classifies its resources into the following net position categories:

- ***Invested in Capital Assets*** – Capital assets, net of accumulated depreciation.
- ***Unrestricted*** – Net position that is not subject to externally-imposed stipulations that may be designated for specific purposes by action of management or the Board of Trustees or may be otherwise be limited by contractual agreements with outside parties.
- ***Restricted:***

Nonexpendable - Net position subject to externally-imposed stipulations that must be maintained permanently by the Station.

Expendable - Net position whose use by the Station is subject to externally-imposed stipulations that can be fulfilled by actions of the Station pursuant to the stipulations or that expire by the passage of time.

The Station did not have any restricted net position as of June 30, 2016 or 2015.

Equipment

Equipment is recorded at cost or, in the case of donated equipment, at estimated fair value at date of receipt. Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets, which range from 5 to 10 years.

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Notes to Financial Statements - Continued
For the fiscal years ended June 30, 2016 and 2015

(1) Organization and Summary of Significant Accounting Policies

Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from these estimates.

Financial Dependency

The Station receives appropriations and support from the College, primarily for the Station's salaries and benefits and administrative costs. The Station is economically dependent on these amounts to carry on its operations and recognizes the revenue when the funds are received.

Unearned Revenue

Amounts received from grants which have not yet been earned under the terms of the agreements are recorded as unearned grant revenue in the accompanying statements of net position. Unearned revenue will be recorded as revenue as the services are provided.

Service Revenue

Service revenue is recognized once the services have been provided.

Classification of Revenues

The Station has classified its revenues as either operating or nonoperating revenues in accordance with the guidelines established by GASB Statement No. 34.

Income Taxes

The College is exempt from income taxes under Section 115(1) of the Internal Revenue Code, as amended. As a department of the College, the Station is also exempt from income taxes.

WBJB-FM RADIO
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Notes to Financial Statements - Continued
For the fiscal years ended June 30, 2016 and 2015

(2) Capital Assets

The fiscal years 2016 and 2015 activity in capital assets and accumulated depreciation was as follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Depreciable assets:					
Equipment	\$ 689,749	—	689,749	—	\$ 689,749
Less accumulated depreciation:					
Equipment	<u>(648,711)</u>	<u>(20,121)</u>	<u>(668,832)</u>	<u>(9,399)</u>	<u>(678,231)</u>
Capital assets, net	<u>\$ 41,038</u>	<u>(20,121)</u>	<u>20,917</u>	<u>(9,399)</u>	<u>\$ 11,518</u>

(3) Fringe Benefits

Fringe benefits for the Station employees are included in the general college appropriation for the years ended June 30, 2016 and 2015.

(4) Contributions

Contributions represent the valuation of the rental costs associated with the commercial FM radio facilities similar to those operated by WBJB-FM and installed on the Crown Castle Transmission Facility located on Brookdale Community College's Lincroft campus. Contributions were \$64,875 and \$62,986 for the fiscal years ended June 30, 2016 and 2015.

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



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 Trustees of
WBJB-FM Radio
A Public Radio Station Operated by Brookdale Community College
Lincroft, New Jersey

We have audited, 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, the financial statements of WBJB-FM Radio (a public radio station operated by Brookdale Community College) ("WBJB-FM Radio"), which comprise the statement of net position as of June 30, 2016, and the related statement of revenues and expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Station'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station'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 audits 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 Station's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

November 29, 2016