

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

FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

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

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

June 30, 2017

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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, 2017 and 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, which collectively comprise the WBJB-FM Radio's basic financial statements as listed in the table of contents.

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, 2017 and 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, 2017 and 2016, 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.

Certified Public Accountants
Braintree, Massachusetts

DATE

WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE
Management’s Discussion and Analysis (Unaudited)
For fiscal years ended June 30, 2017, 2016, and 2015

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, 2017, 2016, and 2015. 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, FM Flashback, and student-run Brookdale Student Radio, along with an online only stream, Altrok Radio.

General Financial Information

The Station’s basic financial statements include the statements of net assets, statements of revenues, expenses and changes in net assets, and statements 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>Change 2016-2017</u>
Assets				
Current assets	\$ 209,601	189,474	191,110	20,127
Net capital assets	7,764	11,518	20,917	(3,754)
Total assets	<u>217,365</u>	<u>200,992</u>	<u>212,027</u>	<u>16,373</u>
Current liabilities	\$ 46,083	41,937	22,832	4,146

The increase in current liabilities of \$4,146 was due to an increase in unearned revenue. The increase in current assets of \$20,127 was due to the following:

- An increase of \$20,036 in the due from the Brookdale Community College account.
- A decrease of \$1,265 in the due from customers account.
- An increase of \$1,356 in various prepaid expenses.

Net capital assets decreased by \$3,754, due to depreciation of \$3,754.

WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE
Management's Discussion and Analysis (Unaudited) - Continued
For fiscal years ended June 30, 2017, 2016, and 2015

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>2017</u>	<u>2016</u>	<u>2015</u>	<u>Change 2017-2016</u>
Operating revenues:				
CPB Grant	\$ 87,141	73,062	103,452	14,079
Service revenue	158,844	136,265	170,287	22,579
General College appropriation	389,352	365,497	345,435	23,855
Institutional & administrative College support	40,758	41,145	43,295	(387)
Total operating revenues	<u>676,095</u>	<u>615,969</u>	<u>662,469</u>	<u>60,126</u>
Operating expenses:				
Programming & production	381,426	371,735	380,776	9,691
Broadcasting	186,995	176,707	165,648	10,288
Program information	2,729	3,190	8,068	(461)
Management & general	120,958	124,911	121,118	(3,953)
Fundraising & membership development	34,828	25,042	36,321	9,786
Depreciation	3,754	9,399	20,120	(5,645)
Total operating expenses	<u>730,690</u>	<u>710,984</u>	<u>732,051</u>	<u>19,706</u>
Operating loss	<u>(54,595)</u>	<u>(95,015)</u>	<u>(69,582)</u>	<u>40,420</u>
Nonoperating revenue				
Contributions	66,822	64,875	62,986	1,947
Net increase (decrease) in net position	12,227	(30,140)	(6,596)	42,367
Net Position				
Net position as of beginning of year	<u>159,055</u>	<u>189,195</u>	<u>195,791</u>	<u>(30,140)</u>
Net position as of end of year	<u>\$ 171,282</u>	<u>159,055</u>	<u>189,195</u>	<u>12,227</u>

WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE
Management's Discussion and Analysis (Unaudited) - Continued
For fiscal years ended June 30, 2017, 2016, and 2015

Results of Operations

In year 2017, total operating revenues increased by \$60,126 or 9.7% over year 2016 total operating revenues. CPB grant revenue increased by \$14,079. Other service revenue increased by \$22,579 or 16.5%.

Operating expenses increased by \$19,706 or 2.7%. The operating loss decreased by \$40,420.

As a public radio station and National Public Radio (NPR) member station, 90.5 the Night's mission is to broadcast local news, music and information in the interest of its community of local listeners. Similar to many public radio stations around the country, 90.5 the Night holds two on-air membership campaigns per year for the purpose of generating member donations to help support programming and operations.

90.5 the Night's member dollars and a community service grant, awarded by CPB, affords the station the opportunity to continue to bring a unique mix of music and local news to the Jersey Shore area.

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WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE
 Statements of Net Position
 As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Due from Brookdale Community College	\$ 202,152	182,116
Due from customers	630	1,895
Prepaid expenses	<u>6,819</u>	<u>5,463</u>
Total current assets	<u>209,601</u>	<u>189,474</u>
Noncurrent assets:		
Capital assets, net	<u>7,764</u>	<u>11,518</u>
Total Assets	<u>217,365</u>	<u>200,992</u>
LIABILITIES		
Current liabilities:		
Unearned revenue	<u>46,083</u>	<u>41,937</u>
Total current liabilities	<u>46,083</u>	<u>41,937</u>
NET ASSETS		
Invested in capital assets (note 2)	7,764	11,518
Unrestricted	<u>163,518</u>	<u>147,537</u>
Total net assets	<u>171,282</u>	<u>159,055</u>
Total Liabilities and Net Position	<u>\$ 217,365</u>	<u>200,992</u>

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WBJB-FM RADIO
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE
Statements of Revenues, Expenses, and Changes in Net Position
For the fiscal years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues:		
CPB Grant	\$ 87,141	73,062
Service revenue	158,844	136,265
Contributions	66,822	64,875
Institutional and administrative College support	40,758	41,145
	<u>353,565</u>	<u>315,347</u>
Operating expenses:		
Programming and production	381,426	371,735
Broadcasting	186,995	176,707
Program information	2,729	3,190
Management and general	120,958	124,911
Fundraising and membership development	34,828	25,042
Depreciation	3,754	9,399
	<u>730,690</u>	<u>710,984</u>
Total operating revenues	<u>353,565</u>	<u>315,347</u>
Total operating expenses	<u>730,690</u>	<u>710,984</u>
Operating loss	(377,125)	(395,637)
Nonoperating revenues:		
General College appropriation	389,352	365,497
Increase (decrease) in net position	12,227	(30,140)
Net assets:		
Net position as of beginning of year	<u>159,055</u>	<u>189,195</u>
Net position as of end of year	<u>\$ 171,282</u>	<u>159,055</u>

See accompanying notes to the financial statements.

WBJB-FM RADIO
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Statements of Cash Flows
For the fiscal years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Payments to suppliers	\$ (85,266)	(52,308)
Payments for employee salaries and benefits	(518,949)	(488,006)
Contractual payments	(71,966)	(75,655)
Service revenue	158,844	136,265
General College appropriation	389,352	365,497
Institutional and administrative College support	40,844	41,145
CPB Grant	87,141	73,062
	—	—
Net cash used in operating activities	—	—
	—	—
Net change in cash	—	—
Cash as of beginning of year	—	—
Cash as of end of year	\$ —	—
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating loss	\$ 12,227	(30,140)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,754	9,399
Change in assets and liabilities:		
Prepaid expenses	(1,356)	(142)
Due from customers	1,265	2,685
Unearned revenue	14,358	19,105
Due from Brookdale Community College	(30,248)	(907)
	—	—
Net cash used in operating activities	\$ —	—
Supplemental Information:		
Contributions in-kind	\$ 66,822	64,875

See accompanying notes to the 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, 2017 and 2016

(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 Presentation

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 Station classifies its resources into two net asset 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, 2017 or 2016.

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.

WBJB-FM RADIO
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BROOKDALE COMMUNITY COLLEGE

Notes to Financial Statements - Continued
For the fiscal years ended June 30, 2017 and 2016

(1) Organization and Summary of Significant Accounting Policies (continued)

Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the dates of the financial statements and revenues and expenses recognized during the reporting periods. The Station's significant estimates include its allocation of its expenses and useful lives of capital assets. Actual results could differ from those 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. All funds received are managed by the College.

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
A PUBLIC RADIO STATION OPERATED BY
BROOKDALE COMMUNITY COLLEGE

Notes to Financial Statements - Continued
For the fiscal years ended June 30, 2017 and 2016

(2) Capital Assets

Capital asset activity for the years ended June 30, 2017 and 2016 was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Balance June 30, 2017</u>
Depreciable assets:					
Equipment	\$ 689,749	—	689,749	—	\$ 689,749
Less accumulated depreciation:					
Equipment	<u>(668,832)</u>	<u>(9,399)</u>	<u>(678,231)</u>	<u>(3,754)</u>	<u>(681,985)</u>
Capital assets, net	<u>\$ 20,917</u>	<u>(9,399)</u>	<u>11,518</u>	<u>(3,754)</u>	<u>\$ 7,764</u>

(3) Fringe Benefits

Fringe benefits for the Station employees are included in the General College appropriation for the years ended June 30, 2017 and 2016.

(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, 2017 and 2016.

**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, 2017 and 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 **DATE**.

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.

Certified Public Accountants
Braintree, Massachusetts

DATE

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