

***WFIT Radio
Station***

*(a department of Florida Institute of
Technology, Inc.)*

*Financial Statements
April 30, 2017
and 2016*

WFIT RADIO STATION
(a department of Florida Institute of Technology, Inc.)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Florida Institute of Technology, Inc.

We have audited the accompanying financial statements of WFIT Radio Station (a department of Florida Institute of Technology, Inc., a nonprofit organization), which comprise the statements of financial position as of April 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to 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.

Auditor's 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. Those standards require that we plan and perform the audit 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 auditor's 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 auditor considers 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 financial position of WFIT Radio Station as of April 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

August 24 , 2017
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

WFIT RADIO STATION
(a department of Florida Institute of Technology, Inc.)

STATEMENTS OF FINANCIAL POSITION
APRIL 30,

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from University	\$ 668,675	\$ 619,061
Accounts receivable, net	11,479	18,966
Pledges receivable, net	19,217	13,614
Long-lived assets, net	<u>1,667,138</u>	<u>1,706,561</u>
TOTAL ASSETS	<u>\$ 2,366,509</u>	<u>\$ 2,358,202</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	<u>\$ 15,209</u>	<u>\$ 6</u>
Total Liabilities	<u>15,209</u>	<u>6</u>
 NET ASSETS		
Unrestricted	953,645	921,171
Temporarily restricted	<u>1,397,655</u>	<u>1,437,025</u>
Total Net Assets	<u>2,351,300</u>	<u>2,358,196</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,366,509</u>	<u>\$ 2,358,202</u>

See notes to financial statements.

WFIT RADIO STATION
(a department of Florida Institute of Technology, Inc.)

STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30,

	2017		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Corporation for Public Broadcasting Grant	\$ 101,848	\$ -	\$ 101,848
Underwriting revenues	108,689	-	108,689
Memberships	190,803	-	190,803
Other contributed support	333,809	-	333,809
Net assets released from restrictions	39,370	(39,370)	-
Total support and revenues	774,519	(39,370)	735,149
EXPENSES			
Program services			
Programming and production	185,581	-	185,581
Broadcasting	99,056	-	99,056
Support services			
Management and general	255,474	-	255,474
Fundraising and development	201,934	-	201,934
Total expenses	742,045	-	742,045
CHANGE IN NET ASSETS	32,474	(39,370)	(6,896)
NET ASSETS - Beginning of year	921,171	1,437,025	2,358,196
NET ASSETS - End of year	\$ 953,645	\$ 1,397,655	\$ 2,351,300

See notes to financial statements.

WFIT RADIO STATION
(a department of Florida Institute of Technology, Inc.)

STATEMENTS OF ACTIVITIES
YEARS ENDED APRIL 30,

	2016		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES			
Underwriting revenues	\$ 146,396	\$ -	\$ 146,396
Memberships	167,221	-	167,221
Other contributed support	364,724	-	364,724
Net assets released from restrictions	39,370	(39,370)	-
Total support and revenues	717,711	(39,370)	678,341
EXPENSES			
Program services			
Programming and production	224,768	-	224,768
Broadcasting	143,124	-	143,124
Support services			
Management and general	260,165	-	260,165
Fundraising and development	185,966	-	185,966
Total expenses	814,023	-	814,023
CHANGE IN NET ASSETS	(96,312)	(39,370)	(135,682)
NET ASSETS - Beginning of year	1,017,483	1,476,395	2,493,878
NET ASSETS - End of year	\$ 921,171	\$ 1,437,025	\$ 2,358,196

See notes to financial statements.

WFIT RADIO STATION
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STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,896)	\$ (135,682)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	62,336	120,030
Bad debt expense (recovery)	(474)	2,423
Change in assets and liabilities:		
Due from University	(49,614)	35,729
Accounts receivable	9,359	(12,279)
Pledges receivable	(7,002)	166
Accounts payable	15,203	6
Net cash provided by operating activities	<u>22,912</u>	<u>10,393</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(22,912)</u>	<u>(10,393)</u>
NET CHANGE IN CASH	-	-
CASH - Beginning of year	<u>-</u>	<u>-</u>
CASH - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

WFIT RADIO STATION
(a department of Florida Institute of Technology, Inc.)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 and 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

WFIT Radio Station (the “Station”), a department of Florida Institute of Technology, Inc. (the “University”), is a noncommercial, public radio station licensed to the Florida Institute of Technology, Inc. and operates as a public service to its listening area. The Station is the only locally owned and operated public radio station in Brevard County.

The Station’s mission is to enrich the cultural and educational environment and to serve the public interests and needs of the citizens of East Central Florida. The Station provides quality programming that entertains and educates its listening audience. The Station’s sponsorship of local cultural events enriches the lives of thousands on Florida’s Space and Treasure Coasts.

The financial statements of the Station are presented on a stand-alone basis as a department of the University and have been prepared on the accrual basis. Because the Station is an integral part of the University, the majority of its expense accruals are included in the general liabilities of the University. Decreases occur in the amounts due from the University at the time of accrual.

Basis of Presentation—The Station’s financial statements are formatted into three classes of net assets based on the existence or absence of donor-imposed restrictions. These classes of net assets are unrestricted, temporarily restricted, and permanently restricted as described below.

Unrestricted Net Assets

Unrestricted net assets represent the difference between assets and liabilities that are not restricted by donor-imposed stipulations. Net assets which were previously restricted for which the Station has met donor restrictions are released from restriction and reported as unrestricted net assets in the financial statements.

Temporarily Restricted Net Assets

Temporarily restricted net assets are defined as net assets subject to donor-imposed stipulations that will be met either by actions of the Station and/or the passage of time. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received. The balance consists of the net book value of a building contributed by the Florida Department of Education. (See Note 8 for further details).

Permanently Restricted Net Assets

Permanently restricted net assets include gifts subject to donor-imposed stipulations that the corpus be maintained permanently by the Station. Generally, the donors of these assets permit the Station to use all, or part of, the earnings on related investments for general or specific purposes. No permanently restricted net assets exist for the Station as of April 30, 2017 or 2016.

Due From University—For purposes of the statements of cash flows, the asset Due from University includes the Station’s interests in the University’s cash balances.

WFIT RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 and 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Corporation for Public Broadcasting Community Service Grants—The Corporation for Public Broadcasting (the “CPB”) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. The CPB distributes annual Community Service Grants (“CSGs”) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and 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 Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain general provisions must be satisfied in connection with the application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and license status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as Corporation for Public Broadcasting Grant revenue.

Accounts Receivable, Net—Accounts receivable are generated by transactions in which the Station has provided services in advance of payment. Management estimates an allowance for doubtful accounts based upon its review of delinquent accounts and an assessment of the Station’s historical evidence of collections. It is the Station’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Pledges Receivable, Net—Unconditional short term promises to give (“pledges”) are recognized as support and revenue in the period the pledge is received. Management estimates an allowance for doubtful pledges based upon its review of delinquent pledges and an assessment of the Station’s historical evidence of collections.

Long-Lived Assets, Net— Long-lived assets are recorded at cost if purchased or at estimated fair value if received by gift. The University’s policy is to capitalize assets acquired through purchase greater than \$1,000 and acquired by gift greater than \$5,000 having a useful life greater than one year. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated lives of such assets range between 5 and 50 years.

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment loss, if any, is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management has determined that long-lived assets were not impaired at April 30, 2017 and 2016.

WFIT RADIO STATION
(a department of Florida Institute of Technology, Inc.)

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 and 2016

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Functional Allocation of Expenses—The costs of providing the Station’s various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among functions and supporting services benefited based on total expenses or other systematic bases.

Income Taxes—The Station is an integral part of the University and, therefore, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

The Station accounts for income taxes in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Topic 740 *Income Taxes*, which clarifies the accounting and disclosure requirements for uncertainty in tax positions. It requires a two-step approach to evaluate tax positions and determine if they should be recognized in the financial statements. The two-step approach involves recognizing any tax positions that are “more likely than not” to occur and then measuring those positions to determine if they are recognizable in the financial statements. Management regularly reviews and analyzes all tax positions and has determined no uncertain tax positions requiring recognition have occurred.

Management believes the Station is no longer subject to income tax examinations for fiscal years prior to 2013.

Use of Estimates in the Preparation of Financial Statements—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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from these estimates.

WFIT RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 and 2016

2. ACCOUNTS RECEIVABLE - NET

The following summarizes accounts receivable at April 30 which are expected to be realized in one year or less:

	<u>2017</u>	<u>2016</u>
Accounts receivable	\$ 14,349	\$ 23,708
Less allowance for doubtful accounts	<u>(2,870)</u>	<u>(4,742)</u>
Net accounts receivable	<u>\$ 11,479</u>	<u>\$ 18,966</u>

3. PLEDGES RECEIVABLE - NET

The following summarizes unconditional pledges receivable at April 30 which are expected to be realized in one year or less:

	<u>2017</u>	<u>2016</u>
Pledges	\$ 24,021	\$ 17,018
Less allowance for doubtful pledges	<u>(4,804)</u>	<u>(3,404)</u>
Pledges receivable, net	<u>\$ 19,217</u>	<u>\$ 13,614</u>

4. LONG-LIVED ASSETS - NET

The following is a summary of long-lived assets at April 30:

	<u>2017</u>	<u>2016</u>
Building improvements	\$ 380,856	\$ 380,856
Building	1,574,820	1,574,820
Equipment	193,363	170,451
Less accumulated depreciation	<u>(481,901)</u>	<u>(419,566)</u>
Long-lived assets, net	<u>\$ 1,667,138</u>	<u>\$ 1,706,561</u>

Depreciation expense was \$62,336 and \$120,030 for the years ended April 30, 2017 and 2016, respectively.

WFIT RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 and 2016

5. CAPITAL OUTLAY GRANTS

WFIT has purchased certain equipment and building improvements with funds received through State and Federal grants. The Station must notify the grantee if the equipment is sold or if the Station no longer meets certain qualifications within ten years of utilizing the funds for these equipment purchases. Under these grant agreements, if these events occur, the Station may be responsible for reimbursement of the grant funding agency if the requirements are not met. Purchases made from grant funds prior to and up through April 30, 2017 continue to meet the requirements of the initial funding and no liability exists related to these assets.

The following is a summary of assets purchased using funding provided by these grants at April 30:

	<u>2017</u>	<u>2016</u>
Building improvements	\$ 380,856	\$ 380,856
Equipment	35,236	35,236
Less accumulated depreciation	<u>(210,237)</u>	<u>(190,551)</u>
Long-lived assets, net	<u>\$ 205,855</u>	<u>\$ 225,541</u>

6. FUNDRAISING

Fundraising expenses consisted of the following for the years ended April 30:

	<u>2017</u>	<u>2016</u>
General	\$ 159,767	\$ 148,892
In-Kind contributed services	<u>42,167</u>	<u>37,074</u>
	<u>\$ 201,934</u>	<u>\$ 185,966</u>

7. OTHER CONTRIBUTED SUPPORT

Volunteer services have been contributed to the Station during the year, especially in the performance of fundraising, programming, and production activities. These volunteer services are not specialized in nature and are not valued or recorded in the accompanying financial statements for the years ended April 30, 2017 and 2016.

Indirect administrative support is provided by the University and consisted principally of indirect overhead.

Reimbursement grants are awarded and administered by governmental agencies and are based on expenses which the station has recognized in compliance with the grant agreement.

WFIT RADIO STATION
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED APRIL 30, 2017 and 2016

7. OTHER CONTRIBUTED SUPPORT (continued)

Total contributed goods and services for the years ended April 30, are as follows:

	2017	2016
Indirect administrative support	\$ 189,890	\$ 193,865
Reimbursement grants	87,820	117,735
Other contributed support	56,099	53,124
Total contributed goods and services	<u>\$ 333,809</u>	<u>\$ 364,724</u>

8. COMMITMENT

On January 13, 2011, the Station entered an agreement with the Florida Department of Education (“FDOE”) to construct and furnish a new radio station. Construction was completed during the year ended April 30, 2013 at a total cost of \$1,574,820 for the building. The Station also invested \$380,856 for improvements to connect the new building to existing structures. Upon completion, the FDOE leased the new building to the Station for 20 years at \$1 per year with four successive renewal options of five years each, for a total of 40 years, at the end of which title to the building transfers to the Station. In accordance with applicable accounting standards, this transaction was considered to be the contribution of a building with an estimated fair value equal to its total cost that is temporarily restricted for use as a radio station over the extended lease term. This temporarily restricted contribution is being released from restriction on a straight-line basis over the 40 year lease term while the building is being depreciated on a straight-line basis over 50 years, its useful life in accordance with the normal depreciation policy of the University for similar assets.

9. CONCENTRATIONS

Because the Station receives significant amounts of annual financial support from the University, the Corporation for Public Broadcasting, refundable government grants and its many volunteers, continued operation at levels reflected in the accompanying financial statements will depend upon the continued support of those or other sources.

For the year ended April 30, 2017 approximately 26% of the Station’s revenue was earned under a grant from the Florida Department of Education and the Corporation for Public Broadcasting. For the year ended April 30, 2016 approximately 16% of the Station’s revenue was earned under grants from the Florida Department of Education. As of April 30, 2017 approximately 25% of receivables were due from two customers. As of April 30, 2016 approximately 56% of receivables were due from two customers.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 24, 2017, the date at which the financial statements became available for issue and has determined that no material events occurred that would require disclosure.