

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY**

FINANCIAL STATEMENTS

September 30, 2017 and 2016

With Independent Auditor's Report

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
Normal, Alabama**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Alabama A&M University
Normal, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the WJAB-FM Radio Station of Alabama A&M University ("the Station"), which comprise the statement of net position as of September 30, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position, cash flows, and functional expenses 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 opinions 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 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 opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station, as of September 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2018, on our consideration of the Station's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Station's internal control over financial reporting and compliance.

Birmingham, Alabama
May 4, 2018

Bank, Finley White 'Co

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended September 30, 2017**

Management's Discussion and Analysis

This section of the Station's annual financial report presents a discussion and analysis of the financial performance of the Station during the fiscal years ended September 30, 2017 and 2016. This discussion has been prepared by management along with the financial statements and related footnote disclosures. This report should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change and current known facts. The financial statements, footnotes and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities. The major reconciling item is depreciation of capital assets.

One of the most important questions asked about the Station's finances is whether the Station is better off or worse off as a result of the year's activities. The key to understanding this question is the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. These statements present financial information in a form similar to that used by corporations. The Station's net position is one indicator of the Station's financial health. Over time, increases or decreases in net position is one indicator of the improvement or erosion of the Station's financial health.

The Statements of Net Position includes all assets and liabilities. It is prepared on the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statements of Revenues, Expenses and Changes in Net Position present the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating viability is the Station's ability to meet financial obligations as they mature. The Statements of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities.

The Statement of Functional Expenses provides an overview of spending by category in Program Services (i.e., the direct expenses of providing programming that is broadcast on the Station) and Supporting Services (i.e., the expenses associated with management, fundraising, and other services required for the professional operation of the Station.)

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended September 30, 2017**

The Station has a basic financial structure that is summarized as follows:

Summary Statement of Net Position

	<u>2017</u>	<u>2016</u>	<u>Percent</u>
ASSETS			
Current Assets	\$ 149,483	\$ 139,837	33%
Capital Assets, Net	<u>302,842</u>	<u>330,698</u>	<u>67%</u>
Total Assets	<u>\$ 452,325</u>	<u>\$ 470,535</u>	<u>100%</u>
LIABILITIES			
Current Liabilities	\$ 850	\$ _____	100%
Total Liabilities	<u>850</u>	<u>_____</u>	<u>100%</u>
NET POSITION			
Net Investment in Capital Assets	302,842	330,698	67%
Restricted - expendable	<u>148,633</u>	<u>139,837</u>	<u>33%</u>
Total Net Position	<u>451,475</u>	<u>470,535</u>	<u>100%</u>
Total Liabilities and Net Position	<u>\$ 452,325</u>	<u>\$ 470,535</u>	<u>100%</u>

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Station's bank accounts and investments in cash equivalents of operating funds held by investment managers. The investments are recorded at fair value.

Capital Assets

Capital assets, consists of the Morrison Building space occupied by the Station, the radio tower and equipment used by the Station.

LIABILITIES

CURRENT LIABILITIES

Accounts Payable

Accounts payable represent amounts due at September 30, 2017, for goods and services received prior to the end of the fiscal year.

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended September 30, 2017**

NET POSITION

Net position of the Station represents the excess of assets over liabilities. Net position is classified into three categories: net investment in capital assets, restricted expendable, and unrestricted. Net investment in capital assets represents the Station's investment in capital assets such as movable equipment subject to the University's policies on capitalization, net of accumulated depreciation. Restricted expendable represents net position which has purpose restrictions imposed by third parties. Examples include contract and grant funds. Unrestricted net position of the Station does not have third-party restrictions, although management has designated these funds for a particular purpose. Total net position for the Station was \$451,475 as of September 30, 2017.

Summary Statement of Revenues, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Corporation for Public Broadcasting Grants	\$ 116,284	\$ 116,389
Telecoms Space Rentals	10,075	16,361
WJAB Fundraising	48,712	46,042
WJAB Underwriting	10,918	24,405
Support provided by Alabama A&M University	477,857	400,707
Donated services and facilities from Alabama A&M University	<u>262,008</u>	<u>218,471</u>
Total Operating Revenues	925,854	822,375
Operating Expenses	<u>944,914</u>	<u>821,186</u>
Operating Gain (Loss)	<u>(19,060)</u>	<u>1,189</u>
Change in Net Position	<u>(19,060)</u>	<u>1,189</u>
Net Position		
Net Position at Beginning of Year	<u>470,535</u>	<u>469,346</u>
Net Position at End of Year	<u>\$ 451,475</u>	<u>\$ 470,535</u>

Total operating revenues for fiscal year 2017 were \$925,854. Grants from the Corporation for Public Broadcasting were \$116,284. Direct support from Alabama A&M University ("the University") was \$477,857, and donated administrative and other facilities from the University was \$262,008. Operating expenses totaled \$944,914. Of this total, \$299,643 or 32% was for management and general expenses.

OPERATING REVENUES

Corporation for Public Broadcasting Grants

This includes all restricted revenues made available by the Corporation for Public Broadcasting ("the CPB"). Grant revenues are recorded when received. Unexpended grant funds that are returned to the CPB are expensed.

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended September 30, 2017**

Donated Facilities and Administrative Support

Donated facilities from Alabama A&M University consist of office and studio space on the University's main campus. Administrative support from the University consists of allocated institutional support and operation and maintenance of plant costs estimated as incurred by the University on behalf of the Station. This support is shown as operating revenue and expense on the Statements of Revenues, Expenses and Changes in Net Position. The expense is allocated to the management and general functional category.

OPERATING EXPENSES

Operating expenses totaling \$944,914 include salaries and benefits of \$557,334, management and general of \$299,643 (including depreciation in the amount of \$27,856), and materials and services of \$87,937.

Expenses by Function

Program Services:	
Programming and production	\$ 49,548
Broadcasting and engineering	575,432
Program information and promotion	3,150
Support Services:	
Fundraising and membership development	4,611
Underwriting	12,530
Management and general	<u>299,643</u>
Total operating expenses	<u>\$ 944,914</u>

STATEMENTS OF CASH FLOWS

Another way to assess the financial health of the Station is to look at the Statements of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Station during a period. The Statements of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due, and
- A need for external financing

Cash and cash equivalents provided by:	
Operating activities	\$ <u>9,646</u>
Net increase in cash and cash equivalents	9,646
Cash and cash equivalents - Beginning of the year	<u>139,837</u>
Cash and cash equivalents - End of the year	<u>\$ 149,483</u>

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended September 30, 2017**

The Station receives direct source of cash from the Corporation for Public Broadcasting grants, Fundraising, Underwriting, Telecoms Space Rentals, and the University. However, the donated facilities and administrative support from the University is a noncash item that is excluded from the Statements of Cash Flows.

Factors Impacting Future Periods

The Corporation for Public Broadcasting contributes approximately 13% of general operations. This level of support is one of the key factors influencing the Station's financial condition. The Station does not expect this level of support to change significantly in future years.

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Trustees, the Corporation for Public Broadcasting, and management of the Station with a general overview of the Station's finances and to show the Station's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Clayton A. Gibson, Vice President of Business and Finance, Alabama A&M University, 4900 Meridian Street, Patton Hall, Room 200, Normal, Alabama 35762, or call 256-372-5221 during regular office hours, Monday through Friday, from 8:00a.m. to 5:00p.m., Central Standard Time.

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
STATEMENTS OF NET POSITION
September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Restricted assets:		
Grants and contracts:		
Cash and cash equivalents	\$ <u>149,483</u>	\$ <u>139,837</u>
Total current assets	<u>149,483</u>	<u>139,837</u>
Non-current assets		
Capital assets, net	<u>302,842</u>	<u>330,698</u>
Total non-current assets	<u>302,842</u>	<u>330,698</u>
Total Assets	<u>\$ 452,325</u>	<u>\$ 470,535</u>
 LIABILITIES AND NET POSITION		
Current liabilities		
Payable from restricted assets:		
Accounts payable	\$ <u>850</u>	\$ <u>-</u>
Total payable from restricted assets	<u>850</u>	<u>-</u>
Total current liabilities	<u>850</u>	<u>-</u>
Net position		
Net investment in capital assets	<u>302,842</u>	<u>330,698</u>
Restricted - expendable	<u>148,633</u>	<u>139,837</u>
Total net position	<u>451,475</u>	<u>470,535</u>
Total Liabilities and Net Position	<u>\$ 452,325</u>	<u>\$ 470,535</u>

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Community Service Grant from the Corporation for Public Broadcasting	\$ 116,284	\$ 116,389
Telecoms Space Rentals	10,075	16,361
WJAB Fundraising	48,712	46,042
WJAB Underwriting	10,918	24,405
Support provided by Alabama A&M University	477,857	400,707
Donated administrative and other facilities from Alabama A&M University	<u>262,008</u>	<u>218,471</u>
Total operating revenues	<u>925,854</u>	<u>822,375</u>
OPERATING EXPENSES		
Program Services:		
Programming and production	49,548	41,763
Broadcasting and engineering	575,432	492,300
Program information and promotion	3,150	7,138
Support Services:		
Fundraising and membership development	4,611	10,236
Underwriting	12,530	16,716
Management and general	<u>299,643</u>	<u>253,033</u>
Total operating expenses	<u>944,914</u>	<u>821,186</u>
Total operating gain (loss)	<u>(19,060)</u>	<u>1,189</u>
Change in net position	<u>(19,060)</u>	<u>1,189</u>
NET POSITION		
Total net position, beginning of the year	<u>470,535</u>	<u>469,346</u>
Total net position, end of the year	<u>\$ 451,475</u>	<u>\$ 470,535</u>

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Corporation for Public Broadcasting Grants	\$ 116,284	\$ 116,389
Cash received from the University	477,857	400,707
Cash received from Fundraising and Underwriting	59,630	70,447
Cash received from Telecoms Space Rentals	10,075	16,361
Cash paid to suppliers for goods and services	(96,866)	(131,010)
Cash paid to employees for services	<u>(557,334)</u>	<u>(446,780)</u>
Net cash provided by operating activities	<u>9,646</u>	<u>26,114</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment	<u>-</u>	<u>(11,891)</u>
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(11,891)</u>
Net increase in cash and cash equivalents	9,646	14,223
Cash and cash equivalents at beginning of the year	<u>139,837</u>	<u>125,614</u>
Cash and cash equivalents at end of the year	<u>\$ 149,483</u>	<u>\$ 139,837</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating gain (loss)	\$ (19,060)	\$ 1,189
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:		
Depreciation	27,856	28,031
Change in accounts payable	<u>850</u>	<u>(3,106)</u>
Net cash flows from operating activities	<u>\$ 9,646</u>	<u>\$ 26,114</u>
NON-CASH TRANSACTIONS		
Donated administrative and other facilities from Alabama A&M University	\$ 262,008	\$ 218,471

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2017**

(With summarized financial information for the year ended September 30, 2016)

	Program Services				Supporting Services				2016 Total
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Programs Subtotal	Fundraising and Membership Development	Underwriting	Management and General	Support Subtotal	
Salaries and related benefits	\$ 5,309	\$ 528,319	\$ -	\$ 533,628	\$ -	\$ -	\$ 23,706	\$ 23,706	\$ 446,780
Programming costs	39,290	3,320	-	42,610	-	450	-	450	47,051
Professional and contract services	3,964	4,570	-	8,534	-	-	165,765	165,765	185,056
Building and equipment purchases	-	701	-	701	-	-	1,300	1,300	1,500
Supplies and small equipment purchases	-	7,072	-	7,072	-	-	26,148	26,148	12,637
Depreciation	-	-	-	-	-	-	27,856	27,856	28,031
Telephone	-	6,231	-	6,231	-	-	2,620	2,620	12,263
Postage	-	1,912	-	1,912	-	-	-	-	2,745
Utilities	-	-	-	-	-	-	47,161	47,161	59,606
Dues, subscriptions, and memberships	628	14,086	-	14,714	-	-	160	160	5,018
Other expenses	-	4,237	-	4,237	-	12,080	4,578	16,658	5,568
Printing	-	2,721	-	2,721	-	-	-	-	705
Repairs and maintenance	-	2,263	-	2,263	-	-	-	-	450
Advertising	-	-	3,150	3,150	4,611	-	349	4,960	13,080
Other communications	357	-	-	357	-	-	-	-	696
Total functional expenses	\$ 49,548	\$ 575,432	\$ 3,150	\$ 628,130	\$ 4,611	\$ 12,530	\$ 299,643	\$ 316,784	\$ 821,186

See Accompanying Notes to the Financial Statements.

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by WJAB-FM Radio Station of Alabama A&M University ("the Station") are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

The Station is a Public Telecommunications Entity operated by Alabama A&M University and is licensed under the provisions of the Communications Act of 1934.

Basis of Accounting

The financial statements of the Station have been prepared on the accrual basis of accounting.

In accordance with GASB Statement No. 20, the Station is required to follow all applicable GASB pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principle Board Opinions (APB) and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Expenses relating to the Station are included in the Public Service functional category on the financial statements of the University. Expenses are classified into the functional categories recommended by the Corporation for Public Broadcasting in this report.

Revenue Recognition

Operating revenues of the donated services and facilities from the University and revenues from grants and contracts are recognized when earned. Corporation for Public Broadcasting grants are recognized when awarded and received. Grant funds that are not used during the stated award period are returned to the Corporation of Public Broadcasting and expensed.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Station considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash on hand and demand deposits.

Restricted Assets

Restricted assets consist of monies and other resources which are restricted legally as described below:

Grants and Contracts - These assets represent federal grants and contract revenues restricted for radio station operations.

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Property, plant and equipment are valued at cost. Donated fixed assets are valued at their estimated value on the date donated. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives by asset category are as follows:

Building	50 years
Tower facility	10 years
Equipment	10 years

When property and equipment are disposed of, the related cost and accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in current operations. The Station capitalizes all property and equipment in excess of \$5,000. Maintenance and repairs are expended as incurred.

Donated Facilities and Administrative Support

Donated facilities from Alabama A&M University consist of office and studio space on the University's main campus. Administrative support from the University consists of allocated institutional support and operation and maintenance of plant costs estimated as incurred by the University on behalf of the Station. This support is shown as revenue and expense on the Statements of Revenues, Expenses and Changes in Net Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements. They also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs for the years ended September 30, 2017 and 2016, were \$8,110 and \$14,608, respectively.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Station's cash and cash equivalents are subject to custodial credit risk, which is examined in more detail below:

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - CASH AND CASH EQUIVALENTS (CONT'D)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits (in excess of FDIC insurance) may not be returned to it. The Station's depositories had a carrying balance of \$149,483 and \$139,837, and the bank balance was \$149,483 and \$139,837 at September 30, 2017 and 2016, respectively.

The Station maintains cash deposits in an Alabama A&M University ("the University") bank account. The University's deposit policy for custodial credit risk limits deposits to financial institutions that are members of the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE program, the University's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities, or agencies of any of these entities must pledge securities as collateral against these deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, every bank participating in the pool would share the liability for the remaining balance.

NOTE 3 - CHANGES IN CAPITAL ASSETS

Capital assets are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. A summary of the changes in capital assets for the years ended September 30, 2017 and 2016, is as follows:

	Balance 10/01/16	Additions	Deductions	Balance 9/30/17
Building	\$ 1,333,332	\$ -	\$ -	\$ 1,333,332
Tower facility	55,000	-	-	55,000
Equipment	<u>243,327</u>	<u>-</u>	<u>-</u>	<u>243,327</u>
Total	<u>1,631,659</u>	<u>-</u>	<u>-</u>	<u>1,631,659</u>
Less: Accumulated Depreciation				
Building	(1,013,335)	(26,667)	-	(1,040,002)
Tower facility	(55,000)	-	-	(55,000)
Equipment	<u>(232,626)</u>	<u>(1,189)</u>	<u>-</u>	<u>(233,815)</u>
Total	<u>(1,300,961)</u>	<u>(27,856)</u>	<u>-</u>	<u>(1,328,817)</u>
Capital Assets, Net	<u>\$ 330,698</u>	<u>\$ (27,856)</u>	<u>\$ -</u>	<u>\$ 302,842</u>

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 - CHANGE IN CAPITAL ASSETS (CONT'D)

	<u>Balance</u> <u>10/01/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>9/30/16</u>
Building	\$ 1,333,332	\$ -	\$ -	\$ 1,333,332
Tower facility	55,000	-	-	55,000
Equipment	<u>231,436</u>	<u>11,891</u>	<u>-</u>	<u>243,327</u>
Total	<u>1,619,768</u>	<u>11,891</u>	<u>-</u>	<u>1,631,659</u>
Less: Accumulated Depreciation				
Building	(986,668)	(26,667)	-	(1,013,335)
Tower facility	(55,000)	-	-	(55,000)
Equipment	<u>(231,262)</u>	<u>(1,364)</u>	<u>-</u>	<u>(232,626)</u>
Total	<u>(1,272,930)</u>	<u>(28,031)</u>	<u>-</u>	<u>(1,300,961)</u>
Capital Assets, Net	<u>\$ 346,838</u>	<u>\$ (16,140)</u>	<u>\$ -</u>	<u>\$ 330,698</u>

NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting activities are summarized on a functional basis in the statement of functional expenses. Certain costs are allocated among the program and supporting activities benefited.

The financial statements report certain categories of expenses that are attributable to more than one program function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits, which are allocated on the basis of time and effort.

NOTE 5 - INCOME TAX STATUS

The Station is part of the University which is considered a political subdivision of the State of Alabama. Accordingly, the Station is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

**WJAB-FM RADIO STATION
ALABAMA A&M UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - PROGRAMMING COSTS

Programming costs consist of the following for the years ended September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
National Public Radio	\$ 25,228	\$ 32,581
American Public Media	356	346
Public Radio International	2,036	14,124
Comcast	3,320	-
Radio Research Consortium	6,835	-
Other	<u>5,285</u>	<u>-</u>
Total current assets	<u>\$ 43,060</u>	<u>\$ 47,051</u>

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 4, 2018, which is the financial statements issuance date.

NOTE 8 - MANAGEMENT REVIEW

Management of the Station has reviewed the financial statements and related notes on May 4, 2018.

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

To the Board of Trustees of
Alabama A&M University
Normal, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the WJAB-FM Radio Station of Alabama A&M University ("the Station"), which comprise the statement of financial position as of September 30, 2017, and the related statements of revenues, expenses, and changes in net position, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 4, 2018.

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 opinion 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 Station's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station'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 Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Birmingham, Alabama
May 4, 2018

Bank, Finley White & Co.