

**TEMPLE UNIVERSITY WRTI-FM**

**Financial Statements  
For the Years Ended June 30, 2016 and 2015  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**TEMPLE UNIVERSITY WRTI-FM**  
Financial Statements  
For the Years Ended June 30, 2016 and 2015

**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-10



## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Temple University WRTI-FM

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Temple University WRTI-FM, which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

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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 Temple University WRTI-FM as of June 30, 2016 and 2015, 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.

*Mitchell Titus, LLP*

November 21, 2016

**TEMPLE UNIVERSITY WRTI-FM**  
 Statements of Financial Position  
 As of June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 542,593	\$ 606,924
Accounts receivable	129,959	90,358
Less: Allowance for doubtful accounts	(28,294)	(20,738)
Accounts receivable, net	<u>101,665</u>	<u>69,620</u>
Prepaid expenses	14,783	7,005
Equipment	3,381,767	3,370,586
Less: Accumulated depreciation	(3,278,228)	(3,255,762)
Equipment, net	<u>103,539</u>	<u>114,824</u>
<b>Total assets</b>	<u><u>\$ 762,580</u></u>	<u><u>\$ 798,373</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 84,658	\$ 56,583
Deferred revenue	20,083	5,500
Total liabilities	<u>104,741</u>	<u>62,083</u>
<i>Net assets</i>		
Unrestricted	629,956	706,900
Temporarily restricted	18,446	19,084
Permanently restricted	9,437	10,306
Total net assets	<u>657,839</u>	<u>736,290</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 762,580</u></u>	<u><u>\$ 798,373</u></u>

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

**TEMPLE UNIVERSITY WRTI-FM**  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE</b>				
Direct University support	\$ 320,943	\$ -	\$ -	\$ 320,943
Indirect administrative support	725,595	-	-	725,595
Individual contributions	2,219,190	(638)	-	2,218,552
Grant contributions	308,254	-	-	308,254
Third-party underwriting	619,279	-	-	619,279
Sub-carrier leasing	34,403	-	-	34,403
Investment income (loss), net	546	-	(869)	(323)
Net assets released from restrictions	-	-	-	-
Total revenue	<u>4,228,210</u>	<u>(638)</u>	<u>(869)</u>	<u>4,226,703</u>
<b>EXPENSES</b>				
<i>Program services</i>				
Programming and production	1,126,055	-	-	1,126,055
Broadcasting	746,888	-	-	746,888
Program information and promotion	<u>156,387</u>	<u>-</u>	<u>-</u>	<u>156,387</u>
Total program services	<u>2,029,330</u>	<u>-</u>	<u>-</u>	<u>2,029,330</u>
<i>Support services</i>				
Management and general	679,285	-	-	679,285
Indirect administrative support	725,595	-	-	725,595
Fundraising and membership development	567,886	-	-	567,886
Underwriting and grant solicitation	<u>303,058</u>	<u>-</u>	<u>-</u>	<u>303,058</u>
Total support services	<u>2,275,824</u>	<u>-</u>	<u>-</u>	<u>2,275,824</u>
Total expenses	<u>4,305,154</u>	<u>-</u>	<u>-</u>	<u>4,305,154</u>
Change in net assets	(76,944)	(638)	(869)	(78,451)
Net assets, beginning of year	<u>706,900</u>	<u>19,084</u>	<u>10,306</u>	<u>736,290</u>
<b>Net assets, end of year</b>	<u><u>\$ 629,956</u></u>	<u><u>\$ 18,446</u></u>	<u><u>\$ 9,437</u></u>	<u><u>\$ 657,839</u></u>

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

**TEMPLE UNIVERSITY WRTI-FM**  
Statement of Activities  
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE</b>				
Direct University support	\$ 330,038	\$ -	\$ -	\$ 330,038
Indirect administrative support	804,209	-	-	804,209
Individual contributions	2,462,239	12,727	-	2,474,966
Grant contributions	332,025	-	-	332,025
Third-party underwriting	899,713	-	-	899,713
Sub-carrier leasing	35,766	-	-	35,766
Investment income (loss), net	436	-	(451)	(15)
Net assets released from restrictions	69,575	(69,575)	-	-
Total revenue	<u>4,934,001</u>	<u>(56,848)</u>	<u>(451)</u>	<u>4,876,702</u>
<b>EXPENSES</b>				
<i>Program services</i>				
Programming and production	1,511,319	-	-	1,511,319
Broadcasting	558,390	-	-	558,390
Program information and promotion	129,729	-	-	129,729
Total program services	<u>2,199,438</u>	<u>-</u>	<u>-</u>	<u>2,199,438</u>
<i>Support services</i>				
Management and general	611,679	-	-	611,679
Indirect administrative support	804,209	-	-	804,209
Fundraising and membership development	642,430	-	-	642,430
Underwriting and grant solicitation	330,973	-	-	330,973
Total support services	<u>2,389,291</u>	<u>-</u>	<u>-</u>	<u>2,389,291</u>
Total expenses	<u>4,588,729</u>	<u>-</u>	<u>-</u>	<u>4,588,729</u>
Change in net assets	345,272	(56,848)	(451)	287,973
Net assets, beginning of year	<u>361,628</u>	<u>75,932</u>	<u>10,757</u>	<u>448,317</u>
<b>Net assets, end of year</b>	<u><u>\$ 706,900</u></u>	<u><u>\$ 19,084</u></u>	<u><u>\$ 10,306</u></u>	<u><u>\$ 736,290</u></u>

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

**TEMPLE UNIVERSITY WRTI-FM**  
 Statements of Cash Flows  
 For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ (78,451)	\$ 287,973
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Depreciation	22,466	25,593
Bad debt expense	7,556	696
Investment loss restricted for endowment	869	451
<i>Changes in operating assets and liabilities</i>		
Increase in accounts receivable	(39,601)	(2,387)
Increase in prepaid expenses	(7,778)	(4,565)
Increase in accounts payable and accrued expenses	28,075	31,954
Increase in deferred revenue	14,583	5,500
	<u>                    </u>	<u>                    </u>
Net cash (used in) provided by operating activities	(52,281)	345,215
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(11,181)	(17,992)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Investment loss restricted for endowment	(869)	(451)
	<u>                    </u>	<u>                    </u>
Net (decrease) increase in cash	(64,331)	326,772
Cash, beginning of year	606,924	280,152
	<u>                    </u>	<u>                    </u>
<b>Cash, end of year</b>	<u>\$ 542,593</u>	<u>\$ 606,924</u>

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



## TEMPLE UNIVERSITY WRTI-FM

Notes to Financial Statements

June 30, 2016 and 2015

### NOTE 1 ORGANIZATION AND BASIS OF FINANCIAL STATEMENTS

WRTI-FM (the Station), a public telecommunications entity operated by Temple University (the University), is a non-community station licensed and operated as a unit of Temple University's Public Service function. The financial statements of the Station have been prepared on the accrual basis of accounting.

#### Basis of Presentation

The financial statements of the Station have been prepared in conformity with generally accepted accounting principles (GAAP) in the U.S. The Station reports information regarding its financial position and activities according to three net asset classes as follows:

*Unrestricted:* Unrestricted net assets are not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the Station or may otherwise be limited by contractual agreements with outside parties. Expenses are shown as decreases in unrestricted net assets.

*Temporarily restricted:* Temporarily restricted net assets are assets received that have been limited by donors for a specific purpose or time period. These assets consist of contributions for which donor-imposed restrictions have not been met.

*Permanently restricted:* Permanently restricted net assets are subject to donor-imposed stipulations requiring that they be maintained permanently by the Station. Generally, donors of these assets permit the use of all or part of the income earned on these assets.

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited, based on total personnel costs or other systematic bases.

#### Indirect Administrative Support

Indirect administrative support consists of donated facilities, services, and administrative support from the University. Indirect administrative support is recorded as revenue and as a support services expense in the period in which the support was received.

*Donated Facilities from the University:* Facilities consist of office and studio space. The cost of these facilities is measured in accordance with valuation guidelines established by the Corporation for Public Broadcasting.

**NOTE 2**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Indirect Administrative Support *(continued)*

*Administrative Support:* Administrative support charges are calculated based on administrative overhead charges as reported in the licensee's audited financial statements for the fiscal years ended June 30, 2016 and 2015. It is the opinion of management that the amounts provided in these financial statements provide a reasonable basis for estimating this charge and are in accordance with standards established in the Corporation for Public Broadcasting Financial Reporting Guidelines for 2016 and 2015.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Outstanding balances are written off after management has used reasonable collection efforts.

Equipment

Equipment is recorded at cost and depreciated using the straight-line method over an estimated useful life of between five and 20 years. Depreciation expense was \$22,466 and \$25,592, for the years ended June 30, 2016 and 2015, respectively. Equipment with a unit cost of \$5,000 or greater is capitalized. There were no losses on disposals for fiscal years 2016 and 2015.

Pledges

WRTI-FM follows Accounting Standards Codification (ASC) 958-605-25, *Accounting for Contributions Received and Contributions Made*, which requires the recording of pledges (unconditional promises to give) as revenue. Due to the timing of its pledge drives, the Station receives all realizable pledges by the end of its fiscal year.

Third-party Underwriting

Third-party underwriting represents regulated on-air announcement services provided by the Station for various companies and non-profit organizations. The Station recognizes revenue once the service has been fulfilled in accordance with the service contract and is reported in the period in which services are provided.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Barter Transactions

The Station provides advertising spots to various companies primarily in exchange for tickets to events and on-air traffic reports. Barter transactions are recorded at the estimated fair value of the advertisements provided based on recent historical cash transactions for similar advertising. These transactions are recorded in the statement of activities as third-party underwriting revenue and programming and production expenses. The Station recorded revenue and expense of \$0 in fiscal 2016 and \$343,685 in fiscal 2015.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts on the financial statements and the disclosures of contingencies and commitments. Actual results could differ from those estimates.

Income Tax Status

The Station is owned by the University and, therefore, is included in the University's tax returns for tax reporting purposes. No provision for income tax was made in the financial statements for the Station.

**NOTE 3      FEDERAL GRANTS—PTFP/NTIA**

The Public Telecommunications Facilities Program (PTFP) retains a reversionary interest in WRTI-FM equipment as set forth in the following table. This interest extends from the initial receipt of equipment through a 10-year period after the project is completed. WRTI-FM management has adhered to all PTFP requirements.

Equipment purchased from PTFP grant in 2006	\$     2,869
Equipment purchased from PTFP grant in 2007	36,886
Equipment purchased from PTFP grant in 2009	202,321
Equipment purchased from PTFP grant in 2010	195,845
Equipment purchased from PTFP grant in 2011	<u>164,648</u>
<b>Gross PTFP reversionary interest in WRTI equipment</b>	<b><u>\$   602,569</u></b>

**TEMPLE UNIVERSITY WRTI-FM**  
Notes to Financial Statements  
June 30, 2016 and 2015

**NOTE 4      SUBSEQUENT EVENTS**

There were no significant subsequent events noted. Subsequent events were reviewed through November 21, 2016, which is the date the Station's financial statements were available for issuance.

