

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM Radio**

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended June 30, 2014 and 2013



SB & COMPANY, LLC
EXPERIENCE • QUALITY • CLIENT SERVICE

JUNE 30, 2014 AND 2013

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statements of Net position	13
Statements of Revenue, Expenses and Change in Net position	14
Statements of Cash Flows	15
Notes to the Financial Statements	16



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Baltimore City Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Baltimore City Community College WBJC-FM Radio (the Station) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Station'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.

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 Station'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 Station'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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2014 and 2013, and its changes in financial 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

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, changes in financial position and cash flows of only that portion of the financial reporting segment of the Baltimore City Community College (BCCC) that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position, changes in financial position and cash flows of BCCC as of and for the years ended June 30, 2014 and 2013.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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.

Hunt Valley, Maryland
October 1, 2014

SB & Company, LLC

BALTIMORE CITY COMMUNITY COLLEGE WBJC-FM RADIO

Management's Discussion and Analysis Years Ended June 30, 2014 and 2013

In accordance with Governmental Accounting Standards Board (GASB), the management of Baltimore City Community College (BCCC or the College) presents this Management's Discussion and Analysis of the financial statements of the Baltimore City Community College WBJC-FM Radio (the Station) for the years ended June 30, 2014 and 2013.

Overview of the Financial Statements and Financial Analysis

The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the Station for the years ended June 30, 2014 and 2013 with 2012 for comparative purposes, and should be read in conjunction with the financial statements and notes thereto. This overview is required by GASB, by a primary government or component but is not required by the Station; however, management has elected to provide one. The MD&A, and financial statements and notes thereto, are the responsibility of the Station's management. The Station is operated by Baltimore City Community College (a component unit of the State of Maryland) located in Baltimore City, Maryland.

Financial Highlights

The financial statements provide both short-term and long-term information about the Station's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of revenue, expenses, and changes in net position that are designed to provide financial information about the activities of the Station presented on the accrual basis of accounting. The statement of net position provides information about the Station's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is one way to measure the Station's financial health. The statements of revenue, expenses, and changes in net position present information about the change in the Station's net position, and the results of operations during the fiscal year. An increase or decrease in net position can be an indication of whether the Station's financial health is improving or deteriorating.

Pursuant to GASB, the Station's financial statements consist of the statement of net position; the statement of revenue, expenses, and changes in net position; the statement of cash flows; and notes to the financial statements. In addition to the financial statements, the MD&A is included as supplementary information.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management’s Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Statement of Net position

One of the most important questions asked about the Station’s finances is, “Is the Station, as a whole, better or worse off as a result of the year’s activities?” The statement of net position and the statement of revenue, expenses, and changes in net position report information on the Station as a whole and on its activities in a way that helps answer this question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the Station’s operating results. These two statements report the Station’s net position and changes in them. You can think of the Station’s net position, the difference between assets and liabilities, as one way to measure the Station’s financial health, or financial position. Over time, increases or decreases in the Station’s net position are one indication of whether its financial health is improving or deteriorating. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current fiscal year’s revenue and expenses are taken into account regardless of when cash is received or paid.

As of June 30, 2014, the Station’s financial health remains strong, with assets exceeding liabilities by \$2,622,117. This compares with total net position of \$2,578,544 and \$2,536,575, as of June 30, 2013 and 2012, respectively. The table below presents summary-level information of the Station’s assets, liabilities, and net position as of June 30, 2014, 2013 and 2012.

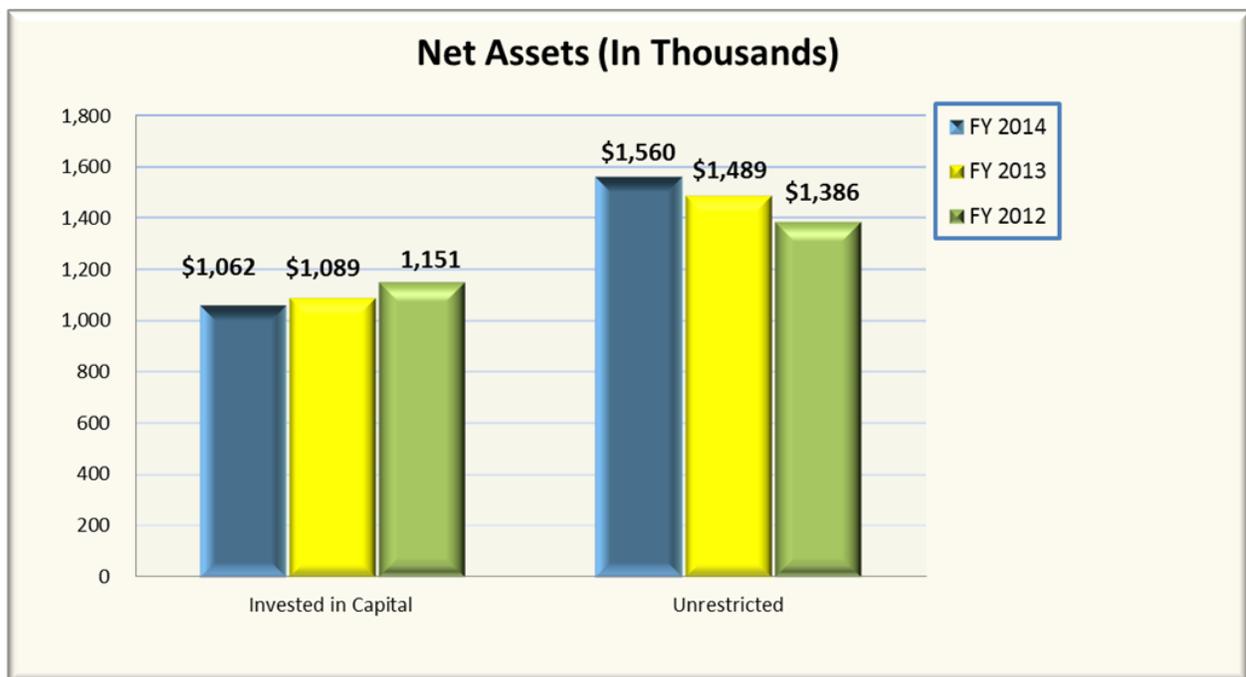
	Condensed Statements of Net Position		
	As of June 30		
	2014	2013	2012
Assets			
Current Assets	\$ 1,826,272	\$ 1,711,139	\$ 1,683,588
Non-Current Assets	1,102,494	1,118,385	1,172,857
Total Assets	2,928,766	2,829,524	2,856,445
Liabilities			
Current Liabilities	136,652	90,248	177,220
Non-Current Liabilities	169,997	160,732	142,650
Total Liabilities	306,649	250,980	319,870
Net Position			
Net investment in capital assets	1,061,645	1,089,223	1,150,511
Unrestricted	1,560,472	1,489,321	1,386,064
Total Net Position	\$ 2,622,117	\$ 2,578,544	\$ 2,536,575

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management’s Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Statement of Net position (continued)

A review of the statements of net position reveal that the total net position of the Station increased by \$43,573 for the period June 30, 2014, compared to June 30, 2013. Total net position increased by \$41,969 for the period June 30, 2013, compared to June 30, 2012. Increases in net position for the period June 30, 2014 and 2013, were primarily the result of increases in cash reduced slightly for depreciation. Unrestricted net position represents the portion of assets, after factoring into account liabilities, which can be used to meet ongoing obligations and fund new initiatives.



Statement of Revenue, Expenses, and Changes in Net position

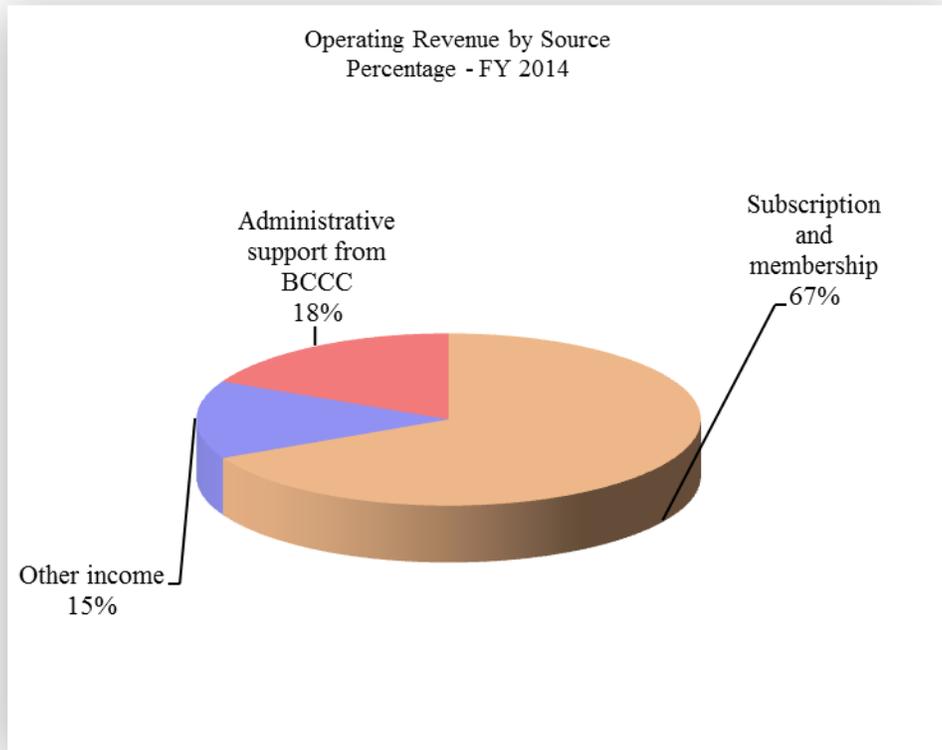
Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenue, expenses, and changes in net position. The purpose of this statement is to present the revenue received by the Station, both operating and non-operating; the expenses paid by the Station, operating and non-operating; and any other revenue, expenses, gains and losses received or spent by the Station.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management's Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Statement of Revenue, Expenses, and Changes in Net position (continued)

The following chart provides a graphical presentation of revenue by category for the 2014 fiscal year: (See accompanying table)



**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management's Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Statement of Revenue, Expenses, and Changes in Net position (continued)

The table below present's summary-level information on revenue, expenses, and other changes in the Station's net position for the years ended June 30, 2014, 2013 and 2012.

**Condensed Statements of Revenue, Expenses and Changes in Net position
Years Ended June 30**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating Revenue			
Subscription and membership income	\$ 1,091,237	\$ 1,045,430	\$ 991,256
Other income	236,976	211,430	238,955
Administrative support from BCCC	286,091	209,478	196,342
Total operating revenue	<u>1,614,304</u>	<u>1,466,338</u>	<u>1,426,553</u>
Operating Expenses	<u>1,664,556</u>	<u>1,535,606</u>	<u>1,465,204</u>
Operating loss	<u>(50,252)</u>	<u>(69,268)</u>	<u>(38,651)</u>
Non-Operating Revenue (Expenses)			
Community service grant from Corporation for Public Broadcasting	147,673	142,512	156,947
Digital Grant from Corporation for Public Broadcasting	-	80,000	-
Unrealized gain (loss) on investments	11,687	6,816	(49)
Other grants	64,465	56,909	42,500
Transfer to BCCC	(130,000)	(175,000)	(103,305)
Total non-operating revenue	<u>93,825</u>	<u>111,237</u>	<u>96,093</u>
Changes in net position	<u>43,573</u>	<u>41,969</u>	<u>57,442</u>
Net Position, beginning of year	<u>2,578,544</u>	<u>2,536,575</u>	<u>2,479,133</u>
Net Position, End of Year	<u>\$ 2,622,117</u>	<u>\$ 2,578,544</u>	<u>\$ 2,536,575</u>

Operating Revenue

Operating revenue increased by 10.1% or \$147,966, for fiscal year 2014, compared to fiscal year 2013. Operating revenue increased by 2.79% or \$39,785, for the fiscal year ended June 30, 2013, when compared to fiscal year 2012.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management's Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Operating Revenue (continued)

Changes in operating revenue were due to the following factors:

- Subscription and membership revenue increased by \$45,807 or 4.38% to \$1,091,237 for fiscal year 2014, compared to fiscal year 2013. Increase in fiscal year 2014, is attributed to an increased effort through mail and on air campaigns to increase revenue. Subscription and membership revenues increased \$54,174 or 5.47% to \$1,045,430 for fiscal year 2013, compared to fiscal year 2012. Increase for fiscal year 2013 is also attributed to an increase in memberships and donations due to an increase effort through mail and on air campaigns to increase revenue.
- Administrative support increased by \$76,613, for fiscal year 2014, compared to fiscal year 2013, and increased by \$13,136, for fiscal year 2013, compared to fiscal year 2012. Administrative support increases are due to increased indirect support from Baltimore City Community College for indirect services.
- Other income consists of underwriting, matching and miscellaneous income. Other income increased by \$25,546 to \$236,976 for fiscal year 2014, when compared to fiscal year 2013, and decreased by \$27,525 to \$211,430 for fiscal year 2013, when compared to fiscal year 2012.

Non-Operating Revenue

Changes were due the following factors:

- The Community Service Grant (CSG) increased by \$5,161 and other grants increased by \$7,556, respectively for fiscal year 2014, when compared to fiscal year 2013. CSG decreased by \$14,435 and other grants increased by \$94,409, respectively for fiscal year 2013 when compared to fiscal year 2012. The CSG is based on the Federal formula applicable to the amount of Non-Federal Financial Support (NFFS) the Station received two years prior to the current fiscal year. Other Grants increased for fiscal year 2013 due mainly to a \$80,000 digital transmitter special grant from the Corporation for Public Broadcasting (CPB).

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management's Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Operating Expenses

The Station has chosen to report the expenses in their functional classification on the statements of revenue, expenses, and changes in net position and has displayed the natural classification in the notes to the financial statements. Operating expenses are detailed by employee costs, other payments, and depreciation expense in the notes to the financial statements, in order to provide an alternative presentation of operating expenses.

Operating expenses for the Station for the respective fiscal years are shown in the following table:

	Years Ended June 30		
	2014	2013	2012
Program and production	\$ 437,637	\$ 430,229	\$ 419,660
Broadcasting	250,522	235,923	263,113
Program information	-	-	7,999
Management and general	363,631	365,097	288,946
Fundraising	326,675	294,879	289,144
Administrative support	286,091	209,478	196,342
Total Operating Expenses	\$ 1,664,556	\$ 1,535,606	\$ 1,465,204

Operating expenses in fiscal year 2014 amounted to \$1.7 million, reflecting a net increase of \$128,950 when compared to fiscal year 2013. In comparison, operating expenses in fiscal year 2013 amounted to \$1.5 million, reflecting a net increase of \$70,402 when compared to fiscal year 2012. Changes were the result of the following factors:

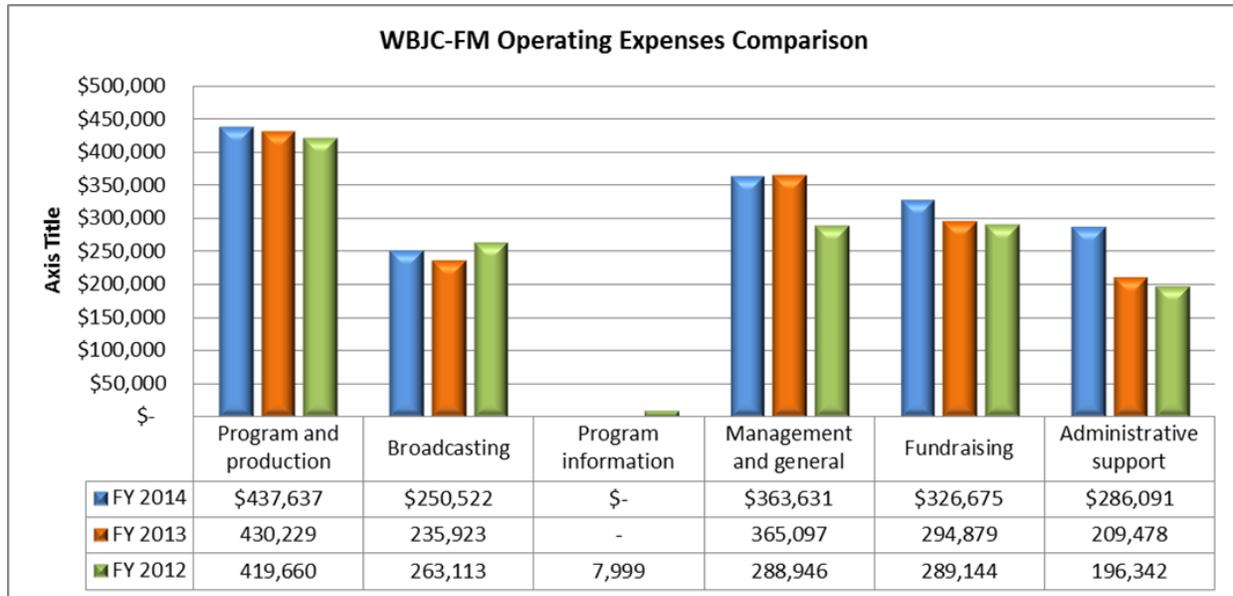
- Increase in the administrative support from the College,
- Increase in salaries and benefits,
- Increase in contractual services.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management’s Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Operating Expenses (continued)

The following chart provides a graphical presentation of expenses by category for fiscal years 2014, 2013, and 2012:



Statement of Cash Flows

Another way to assess the Station’s financial health is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also helps users assess:

- An entity’s ability to generate future net cash flows,
- An entity’s ability to meet its obligations as they come due,
- An entity’s need for external financing.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management's Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Statement of Cash Flows (continued)

A summary of the Station's cash flows for the years ended June 30, 2014, 2013 and 2012, are presented in the following table:

Condensed Statements of Cash Flows

	Years Ended June 30		
	2014	2013	2012
Cash provided by (used in):			
Operating activities	\$ 54,702	\$ (92,880)	\$ 70,362
Noncapital financing activities	82,138	104,421	96,142
Capital and related financing activities	(8,990)	(1,971)	(3,460)
Net increase in cash	<u>127,850</u>	<u>9,570</u>	<u>163,044</u>
Cash, beginning of year	<u>1,682,883</u>	<u>1,673,313</u>	<u>1,510,269</u>
Cash, End of Year	<u><u>\$ 1,810,733</u></u>	<u><u>\$ 1,682,883</u></u>	<u><u>\$ 1,673,313</u></u>

During fiscal year 2014, cash provided by (used in) operating activities increased by \$147,582, cash provided by noncapital financing activities decreased by \$22,283, cash used in capital and related financing activities increased by \$7,019 for an overall increase in cash of \$127,850 compared to 2013. During fiscal year 2013, cash provided by operating activities decreased by \$163,242, cash provided by noncapital financing activities increased by \$8,279, and cash used in capital and related financing activities decreased by \$1,489, for an overall increase in cash of \$9,570 compared to 2012.

Capital Assets

The Station is required to depreciate capital assets. The Station recognized \$36,568 of depreciation expense for the 2014 fiscal year, compared to \$63,259 and \$46,728 of depreciation expense for fiscal years 2013 and 2012, respectively. Refer to the notes to the financial statements for additional information on capital asset activity.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Management's Discussion and Analysis
Years Ended June 30, 2014 and 2013**

Capital Assets (continued)

**Summary Information
Capital Assets, Net**

	As of June 30		
	2014	2013	2012
Capital assets:			
Furniture, fixtures and equipment	\$ 2,188,711	\$ 2,179,721	\$ 2,177,750
Less: accumulated depreciation	1,127,066	1,090,498	1,027,239
Net Capital Assets	\$ 1,061,645	\$ 1,089,223	\$ 1,150,511

Requests for Information

The MD&A is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of the financial position and activities of the WBJC-FM Radio Station. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Office of the Vice President for Business and Finance, 2901 Liberty Heights Avenue, Baltimore, Maryland 21215.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Statements of Net Position
As of June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash	\$ 1,810,733	\$ 1,682,883
Inventories	-	743
Other current assets	15,539	27,513
Total Current Assets	<u>1,826,272</u>	<u>1,711,139</u>
Non-Current Assets		
Capital assets, net	1,061,645	1,089,223
Investments	40,849	29,162
Total Non-Current Assets	<u>1,102,494</u>	<u>1,118,385</u>
Total Assets	<u>2,928,766</u>	<u>2,829,524</u>
LIABILITIES		
Current Liabilities		
Accounts payable-trade	37,926	5,901
Accrued compensated absences	10,476	8,697
Accrued payroll	48,756	41,783
Due to other funds	30,000	25,000
Accrued expenses	9,494	8,867
Total Current Liabilities	<u>136,652</u>	<u>90,248</u>
Non-Current Liabilities		
Accrued compensated absences	169,997	160,732
Total Liabilities	<u>306,649</u>	<u>250,980</u>
Net Position		
Net investment in capital assets	1,061,645	1,089,223
Unrestricted	1,560,472	1,489,321
Total Net Position	<u>\$ 2,622,117</u>	<u>\$ 2,578,544</u>

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

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Statements of Revenue, Expenses, and Change in Net position
For the Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Operating Revenue		
Subscription and membership income	\$ 1,091,237	\$ 1,045,430
Other income	236,976	211,430
Administrative support from BCCC	286,091	209,478
Total Operating Revenue	<u>1,614,304</u>	<u>1,466,338</u>
Operating Expenses		
Program Services:		
Programming and production	437,637	430,229
Broadcasting	250,522	235,923
Total program services	<u>688,159</u>	<u>666,152</u>
Support Services:		
Management and general	363,631	365,097
Fundraising	326,675	294,879
Administrative support from BCCC	286,091	209,478
Total support services	<u>976,397</u>	<u>869,454</u>
Total Operating Expenses	<u>1,664,556</u>	<u>1,535,606</u>
Operating loss	<u>(50,252)</u>	<u>(69,268)</u>
Non-Operating Revenue (Expenses)		
Community service grant from Corporation for Public Broadcasting	147,673	142,512
Digital grant from Corporation for Public Broadcasting	-	80,000
Unrealized gain on investments	11,687	6,816
Other grants	64,465	56,909
Transfer to BCCC	(130,000)	(175,000)
Total Non-Operating Revenue	<u>93,825</u>	<u>111,237</u>
Change in net position	43,573	41,969
Net position, beginning of year	2,578,544	2,536,575
Net Position, End of Year	<u>\$ 2,622,117</u>	<u>\$ 2,578,544</u>

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

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013**

	2014	2013
Cash Flows from Operating Activities		
Subscription and membership receipts	\$ 1,091,237	\$ 1,045,430
Other receipts	236,976	211,430
Payments to employees	(964,454)	(946,627)
Payments to suppliers and contractors	(309,057)	(403,113)
Net Cash from Operating Activities	54,702	(92,880)
Cash Flows from Noncapital Financing Activities		
Transfer to Baltimore City Community College	(130,000)	(175,000)
Community Service Grant from Corporation for Public Broadcasting	147,673	142,512
Digital Grant from Corporation for Public Broadcasting	-	80,000
Other grants receipts	64,465	56,909
Net Cash from Noncapital Financing Activities	82,138	104,421
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(8,990)	(1,971)
Net increase in cash	127,850	9,570
Cash, beginning of year	1,682,883	1,673,313
Cash, End of Year	\$ 1,810,733	\$ 1,682,883
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	(50,252)	(69,268)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	36,568	63,259
Effect of change in non-cash operating assets and liabilities:		
Inventories	743	2,247
Other assets	11,974	(20,228)
Accounts payable - trade	32,025	3,630
Accrued compensated absences	11,044	19,061
Accrued payroll	6,973	4,253
Due to other funds	5,000	(103,036)
Accrued expenses	627	7,202
Net Cash from Operating Activities	\$ 54,702	\$ (92,880)

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

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

1. REPORTING ENTITY

The WBJC-FM Radio Station (the Station or WBJC) is operated by Baltimore City Community College (the College or BCCC) (a component unit of the State of Maryland), located in Baltimore City, Maryland. The College is governed by its Board of Trustees (the Board); The Board is appointed by the Governor of the State of Maryland (the State), with the advice and consent of the Maryland State Senate. The Station is operated as a separate department of the College. Accordingly, the Station's financial statements are combined and reported in the College's financial statements for the years ended June 30, 2014, and 2013. The Station's financial statements as of and for the years ended June 30, 2014, and 2013, are intended to present that portion of the College's financial position, and the changes in financial position and cash flows, that is attributable to the Station's transactions.

Relationship with College

Administrative support from Baltimore City Community College consists of allocated financial costs and certain other expenses incurred by the College on behalf of the Station, and are reported as operating revenue and expenses in accordance with valuation guidelines prescribed by the Corporation for Public Broadcasting. Revenue and expenses for administrative support totaling \$286,091 and \$209,478, were reported for the years ended June 30, 2014, and 2013, respectively. This allocation from the College is not necessarily representative of the Station's cost as if they were a stand-alone entity and could significantly change in the future.

The Station's accompanying financial statements are not indicative of the Station as if it were a stand-alone entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Investments

Investments with readily determinable fair market values are reported at fair market value in the statements of net position. Gains and losses on investments for the year are reported in the statement of revenue, expenses and changes in net position as part of investment income (loss).

Inventories

Inventories are stated at lower of cost or market. Cost is determined using the first-in, first-out method.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation. The Station's capitalization policy includes all equipment with a unit cost of \$100 or more, and an estimated useful life of greater than one year. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. The useful lives of the following categories of capital assets are as follows:

Transmission antenna	40 years
Studio and other equipment	5-15 years
Furniture and fixtures	5-15 years

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

Compensated absences are accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the statements of net position and as a component of the appropriate functional category of expense in the statement of revenue, expenses, and changes in net position.

Classification of Revenue and Expenses

The Station has classified its revenue as either operating or non-operating according to the following criteria:

(1) *Operating*

Operating revenue includes activities that have the characteristics of exchange transactions such as subscription and membership income and other income.

(2) *Non-operating*

Non-operating revenue include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by generally accepted accounting principles such as community service grant from Corporation of Public Broadcasting, and other grants.

Risk Management

The Station is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters, the Station, through the College, participates in the State's various self-insurance programs. The State is self-insured for general liability, property and casualty, workers' compensation, environmental and antitrust liabilities, and certain employee health benefits.

The State allocates the cost of providing claims servicing and claims payment by charging a "premium" to the College based on a percentage of the College's estimated current-year payroll or based on the average loss experienced by the College. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

GASB issued Statement No. 68, entitled Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27, Statement No. 69, entitled Government Combinations and Disposals of Government Operations, and Statement No. 71, entitled Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. The Station is analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective dates. As part of GASB 68, the College will be required to record its share of the State’s net unfunded pension liability. The College’s share of the unfunded liability will be calculated by dividing the College’s contribution to the Maryland State Retirement System (the System) by the total contributions to the System multiplied by the System’s unfunded liability. Currently, the System’s total unfunded liability and contributions are not known.

3. CASH

As of June 30, 2014 and 2013, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$1,806,493 and \$1,674,803, respectively. The Treasurer has statutory responsibility for the State’s cash management activities. The Treasurer maintains these and other State agency funds on a pooled basis in accordance with State statutes. As of June 30, 2014 and 2013, the Station’s amount due from the Treasurer was less than 1% of total deposits with the Treasurer. For additional information on cash risk, see the State of Maryland Comprehensive Annual Financial Report for the year ended June 30, 2014.

Cash of June 30, 2014 and 2013, consisted of the following:

	<u>2014</u>	<u>2013</u>
Cash in Bank	\$ 4,240	\$ 8,080
Held by Treasurer	<u>1,806,493</u>	<u>1,674,803</u>
Total Cash	<u><u>\$ 1,810,733</u></u>	<u><u>\$ 1,682,883</u></u>

Cash in the bank was fully covered by deposit insurance.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

4. INVESTMENTS

Investments are recorded at fair market value as of June 30, 2014 and 2013, and consisted of the following:

	<u>2014</u>	<u>2013</u>
Mutual stock funds	\$ 24,923	\$ 19,459
Stocks	15,623	9,402
Bonds	303	301
Total Investments	<u><u>\$ 40,849</u></u>	<u><u>\$ 29,162</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Station adheres to the State Treasurer's policy for managing its exposure to fair value loss arising from increasing interest rates.

The State Treasurer's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the State Treasurer will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Station's policy for reducing its exposure to credit risk is to comply with the State Treasurer's policy, which requires that the State Treasurer's investments in repurchase agreement be collateralized by U.S. Treasury and agency obligations. In addition, investments may be made directly in U.S. Treasuries or agency obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Station's policy for reducing this risk of loss is to comply with the State Treasurer's policy, which limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. Otherwise, there is no limit on the amount that may be invested in any one issuer.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

4. INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Station's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institutions' trust department or agent but not in the Station's name. The Station does not have a formal deposit policy for custodial credit risk, but follows the State Treasurer's policy which states that the State Treasurer may deposit in a financial institution in the State, any unexpended or surplus money in which the State Treasurer has custody. As of June 30, 2014 and 2013, 99% of the Station's cash was deposited with the State Treasury and was not subject to custodial risk.

5. CAPITAL ASSETS

Below are the changes in capital assets at historical costs for the years ended June 30, 2014 and 2013:

	<u>Balance as of June 30, 2013</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2014</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,179,721	\$ 8,990	\$ -	\$ 2,188,711
Less: Accumulated Depreciation	1,090,498	36,568	-	1,127,066
Capital Assets, Net	<u>\$ 1,089,223</u>	<u>\$ (27,578)</u>	<u>\$ -</u>	<u>\$ 1,061,645</u>
	<u>Balance as of June 30, 2012</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2013</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,177,750	\$ 1,971	\$ -	\$ 2,179,721
Less: Accumulated Depreciation	1,027,239	63,259	-	1,090,498
Capital Assets, Net	<u>\$ 1,150,511</u>	<u>\$ (61,288)</u>	<u>\$ -</u>	<u>\$ 1,089,223</u>

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

6. NONCURRENT LIABILITIES

Changes in noncurrent liabilities consisted of the following for the years ended June 30, 2014 and 2013:

	<u>Balance as of June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2014</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	\$ 169,429	\$ 72,035	\$ (60,991)	\$ 180,473	\$ 10,476
	<u>Balance as of June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2013</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	\$ 150,368	\$ 48,454	\$ (29,393)	\$ 169,429	\$ 8,697

7. RETIREMENT PLANS

Eligible employees who perform services for the Station and employees of the State are covered under the retirement plans of the State Retirement and Pension System of Maryland (System) and are also entitled to certain healthcare benefits upon retirement. The Station's only liability for retirement and post-employment benefits is its required annual contribution to the College, which in turn was paid in full to the State of Maryland prior to year end. The System is considered part of the State's financial reporting entity, and is not considered a part of the Station's reporting entity. The System prepares a separate Comprehensive Annual Financial Report, which can be obtained from the Retirement and Pension System of Maryland at 120 East Baltimore Street, Baltimore, Maryland 21202.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

8. COMMITMENTS

The Station entered into an operating lease agreement for the use of certain real estate. The Station currently subleases portions of the real estate.

Future minimum lease payments under non-cancelable operating leases were as follows as of June 30, 2014:

<u>Years Ending June 30,</u>	<u>Minimum Annual Lease Payments</u>	<u>Annual Operating Rental Income</u>
2015	\$ 54,549	\$ 16,806
2016	18,774	16,806
2017	19,337	16,806
2018	19,917	16,806
2019	20,515	1,400
Thereafter	84,456	-
Total	<u>\$ 217,548</u>	<u>\$ 68,624</u>

Lease expense for the years ended June 30, 2014 and 2013, was \$91,199 and \$92,053, respectively.

**BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM RADIO**

**Notes to the Financial Statements
June 30, 2014 and 2013**

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

WBJC operating expenses by functional classification were as follows for the years ended June 30, 2014 and 2013:

	2014				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Administrative Support BCCC	Total
Programming and production	\$ 390,427	\$ 47,210	\$ -	\$ -	\$ 437,637
Broadcasting	174,774	75,748	-	-	250,522
Management and general	170,644	156,419	36,568	-	363,631
Fundraising	228,609	98,066	-	-	326,675
Administrative support from BCCC	-	-	-	286,091	286,091
TOTAL	\$ 964,454	\$ 377,443	\$ 36,568	\$ 286,091	\$ 1,664,556

	2013				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Administrative Support BCCC	Total
Programming and production	\$ 385,073	\$ 45,156	\$ -	\$ -	\$ 430,229
Broadcasting	170,355	65,568	-	-	235,923
Management and general	167,102	134,736	63,259	-	365,097
Fundraising	224,097	70,782	-	-	294,879
Administrative support from BCCC	-	-	-	209,478	209,478
TOTAL	\$ 946,627	\$ 316,242	\$ 63,259	\$ 209,478	\$ 1,535,606