

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

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

For the Years Ended June 30, 2015 and 2014



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2015 AND 2014

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



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 June 30, 2015 and 2014, and the related statements of activities and change in net assets 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 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, 2015 and 2014, 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, 2015 and 2014.

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 28, 2015

A handwritten signature in black ink that reads "S.B. & Company, LLC". The signature is written in a cursive, flowing style.

BALTIMORE CITY COMMUNITY COLLEGE WBJC-FM RADIO

Management's Discussion and Analysis Years Ended June 30, 2015 and 2014

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, 2015 and 2014.

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, 2015 and 2014 with 2013 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, 2015 and 2014**

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, 2015, the Station’s financial health remains strong, with assets exceeding liabilities by \$2,659,984. This compares with total net position of \$2,622,117 and \$2,578,544, as of June 30, 2014 and 2013, respectively. The table below presents summary-level information of the Station’s assets, liabilities, and net position as of June 30, 2015, 2014 and 2013.

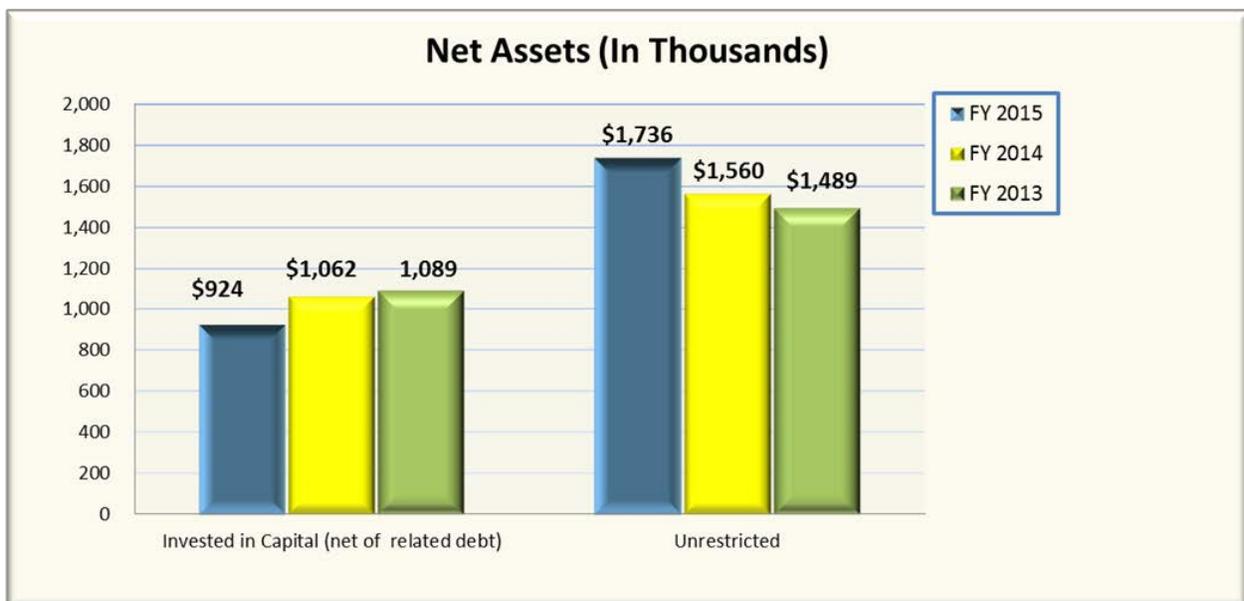
Condensed Statements of Net Position			
As of June 30			
	2015	2014	2013
Assets			
Current Assets	\$ 2,011,345	\$ 1,826,272	\$ 1,711,139
Non-Current Assets	972,684	1,102,494	1,118,385
Total Assets	2,984,029	2,928,766	2,829,524
Liabilities			
Current Liabilities	151,273	136,652	90,248
Non-Current Liabilities	172,772	169,997	160,732
Total Liabilities	324,045	306,649	250,980
Net Position			
Net investment in capital assets	924,168	1,061,645	1,089,223
Unrestricted	1,735,816	1,560,472	1,489,321
Total Net Position	\$ 2,659,984	\$ 2,622,117	\$ 2,578,544

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

**Management’s Discussion and Analysis
Years Ended June 30, 2015 and 2014**

Statement of Net position (continued)

A review of the statements of net position reveal that the total net position of the Station increased by \$37,867 for the year ended June 30, 2015, compared to June 30, 2014. Total net position increased by \$43,573 for the year ended June 30, 2014, compared to June 30, 2013. Increases in net position for the year ended June 30, 2015 and 2014, 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

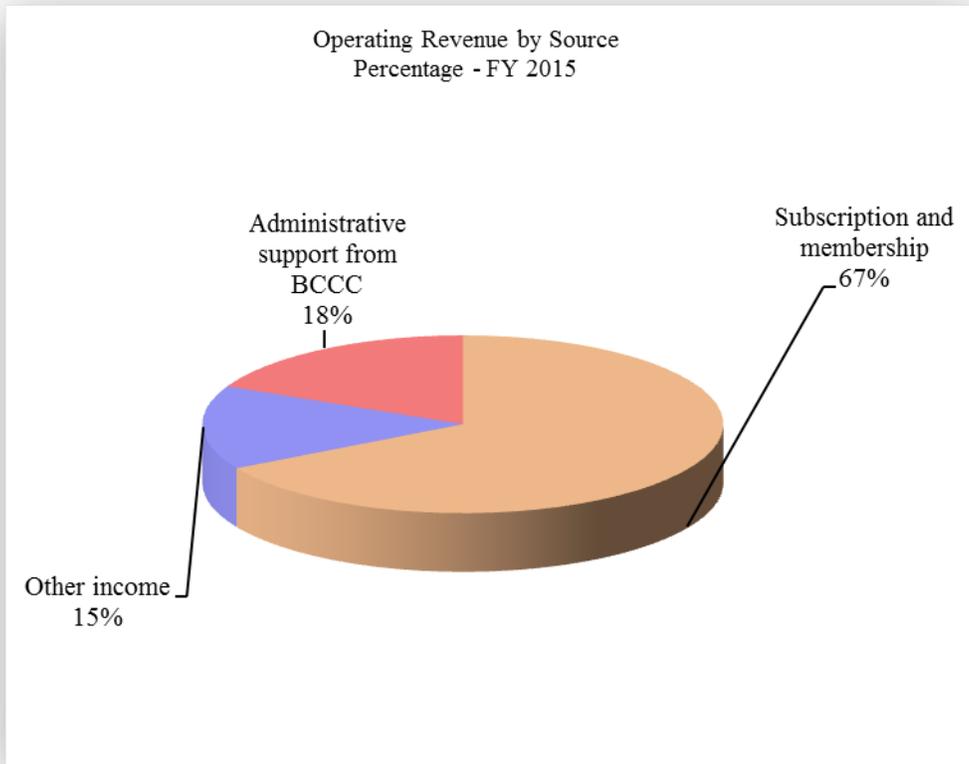
Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenue, expenses, and changes in net position. The purpose of this statement is to present the revenue received by the Station, both operating and non-operating; the 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, 2015 and 2014**

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

The following chart provides a graphical presentation of revenue by category for the 2015 fiscal year: (See accompanying table)



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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

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, 2015, 2014 and 2013.

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

	2015	2014	2013
Operating Revenue			
Subscription and membership income	\$ 1,069,919	\$ 1,091,237	\$ 1,045,430
Other income	244,996	236,976	211,430
Administrative support from BCCC	288,349	286,091	209,478
Total operating revenue	<u>1,603,264</u>	<u>1,614,304</u>	<u>1,466,338</u>
Operating Expenses	1,641,812	1,664,556	1,535,606
Operating loss	<u>(38,548)</u>	<u>(50,252)</u>	<u>(69,268)</u>
Non-Operating Revenue (Expenses)			
Community service grant from Corporation for Public Broadcasting	152,010	147,673	142,512
Digital Grant from Corporation for Public Broadcasting	-	-	80,000
Unrealized gain on investments	7,667	11,687	6,816
Other grants	86,738	64,465	56,909
Transfer to BCCC	(170,000)	(130,000)	(175,000)
Total non-operating revenue	<u>76,415</u>	<u>93,825</u>	<u>111,237</u>
Change in net position	37,867	43,573	41,969
Net Position, beginning of year	<u>2,622,117</u>	<u>2,578,544</u>	<u>2,536,575</u>
Net Position, End of Year	<u>\$ 2,659,984</u>	<u>\$ 2,622,117</u>	<u>\$ 2,578,544</u>

Operating Revenue

Operating revenue decreased by 0.7% or \$11,040, for fiscal year 2015, compared to fiscal year 2014. Operating revenue increased by 10.1% or \$147,966, for the fiscal year ended June 30, 2014, when compared to fiscal year 2013.

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

Operating Revenue (continued)

Changes in operating revenue were due to the following factors:

- Subscription and membership revenue decreased by \$21,318 or 1.95% to \$1,069,919 for fiscal year 2015, compared to fiscal year 2014. Decrease in fiscal year 2015, is attributed to timing of receipts. Subscription and membership revenues increased \$45,807 or 4.38% to \$1,091,237 for fiscal year 2014, compared to fiscal year 2013. Increase for fiscal year 2014 is 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 \$2,258, for fiscal year 2015, compared to fiscal year 2014, and increased by \$76,613, for fiscal year 2014, compared to fiscal year 2013. 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 \$8,020 to \$244,996 for fiscal year 2015, when compared to fiscal year 2014, and increased by \$25,546 to \$236,976 for fiscal year 2014, when compared to fiscal year 2013.

Non-Operating Revenue

Changes were due the following factors:

- The Community Service Grant (CSG) increased by \$4,337 and other grants increased by \$22,273, respectively for fiscal year 2015, when compared to fiscal year 2014. CSG increased by \$5,161 and other grants increased by \$7,556, respectively for fiscal year 2014 when compared to fiscal year 2013. 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.

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

**Management's Discussion and Analysis
Years Ended June 30, 2015 and 2014**

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		
	2015	2014	2013
Program and production	\$ 450,987	\$ 437,637	\$ 430,229
Broadcasting	262,286	250,522	235,923
Management and general	323,149	363,631	365,097
Fundraising	317,041	326,675	294,879
Administrative support	288,349	286,091	209,478
Total Operating Expenses	\$ 1,641,812	\$ 1,664,556	\$ 1,535,606

Operating expenses in fiscal year 2015 amounted to \$1.6 million, reflecting a net decrease of \$22,744 when compared to fiscal year 2014. In comparison, operating expenses in fiscal year 2014 amounted to \$1.7 million, reflecting a net increase of \$128,950 when compared to fiscal year 2013. Changes were the result of the following factors:

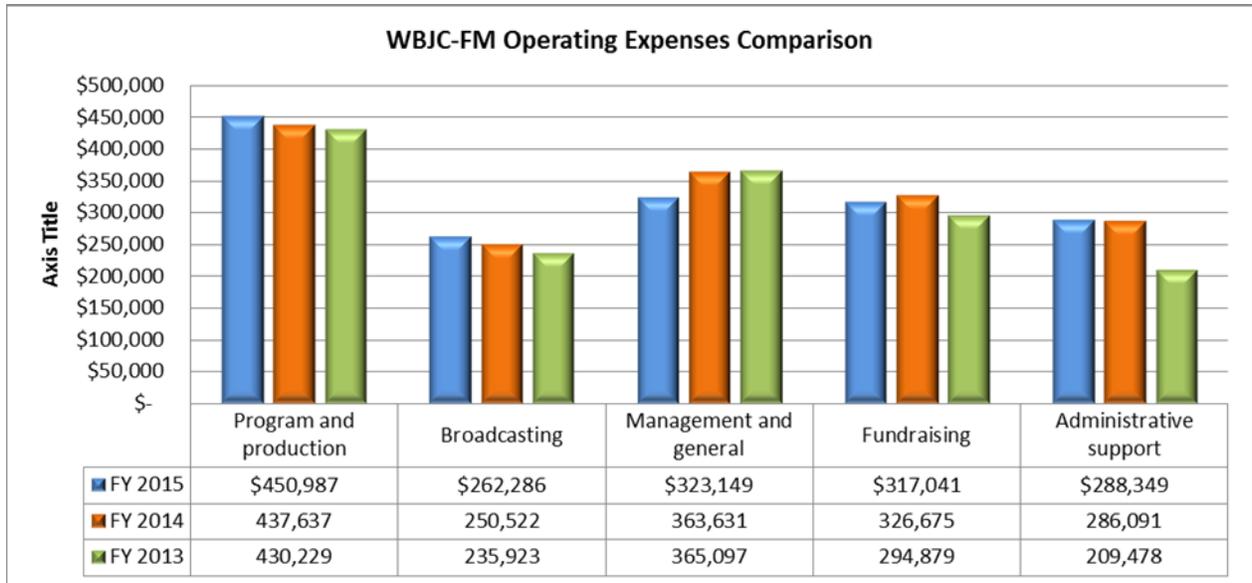
- Small increase in the administrative support from the College,
- Increase in salaries and benefits,
- Decrease in depreciation
- Decrease in contractual services.

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

**Management’s Discussion and Analysis
Years Ended June 30, 2015 and 2014**

Operating Expenses (continued)

The following chart provides a graphical presentation of expenses by category for fiscal years 2015, 2014, and 2013:



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, 2015 and 2014**

Statement of Cash Flows (continued)

A summary of the Station's cash flows for the years ended June 30, 2015, 2014 and 2013, are presented in the following table:

Condensed Statements of Cash Flows

	Years Ended June 30		
	2015	2014	2013
Cash provided by (used in):			
Operating activities	\$ 2,663	\$ 54,702	\$ (92,880)
Noncapital financing activities	68,748	82,138	104,421
Capital and related financing activities	113,635	(8,990)	(1,971)
Net increase in cash	<u>185,046</u>	<u>127,850</u>	<u>9,570</u>
Cash, beginning of year	<u>1,810,733</u>	<u>1,682,883</u>	<u>1,673,313</u>
Cash, End of Year	<u>\$ 1,995,779</u>	<u>\$ 1,810,733</u>	<u>\$ 1,682,883</u>

During fiscal year 2015, cash provided by (used in) operating activities decreased by \$52,039, cash provided by noncapital financing activities decreased by \$13,390, cash used in capital and related financing activities increased by \$122,625 for an overall increase in cash of \$185,046 compared to 2014. During fiscal year 2014, cash provided by operating activities increased by \$147,582, cash provided by noncapital financing activities decreased by \$22,283, and cash used in capital and related financing activities increased by \$7,019, for an overall increase in cash of \$127,850 compared to 2013.

Capital Assets

The Station is required to depreciate capital assets. The Station recognized \$23,842 of depreciation expense for the 2015 fiscal year, compared to \$36,568 and \$63,259 of depreciation expense for fiscal years 2014 and 2013, 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, 2015 and 2014**

Capital Assets (continued)

**Summary Information
Capital Assets, Net**

	As of June 30		
	2015	2014	2013
Capital assets:			
Furniture, fixtures and equipment	\$ 2,075,076	\$ 2,188,711	\$ 2,179,721
Less: accumulated depreciation	1,150,908	1,127,066	1,090,498
Net Capital Assets	\$ 924,168	\$ 1,061,645	\$ 1,089,223

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash	\$ 1,995,779	\$ 1,810,733
Other current assets	<u>15,566</u>	<u>15,539</u>
Total Current Assets	<u>2,011,345</u>	<u>1,826,272</u>
Non-Current Assets		
Capital assets, net	924,168	1,061,645
Investments	<u>48,516</u>	<u>40,849</u>
Total Non-Current Assets	<u>972,684</u>	<u>1,102,494</u>
Total Assets	<u>2,984,029</u>	<u>2,928,766</u>
LIABILITIES		
Current Liabilities		
Accounts payable-trade	32,620	37,926
Accrued compensated absences	11,052	10,476
Accrued payroll	59,785	48,756
Due to other funds	45,000	30,000
Accrued expenses	<u>2,816</u>	<u>9,494</u>
Total Current Liabilities	<u>151,273</u>	<u>136,652</u>
Non-Current Liabilities		
Accrued compensated absences	<u>172,772</u>	<u>169,997</u>
Total Liabilities	<u>324,045</u>	<u>306,649</u>
Net Position		
Net investment in capital assets	924,168	1,061,645
Unrestricted	<u>1,735,816</u>	<u>1,560,472</u>
Total Net Position	<u>\$ 2,659,984</u>	<u>\$ 2,622,117</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, 2015 and 2014**

	2015	2014
Operating Revenue		
Subscription and membership income	\$ 1,069,919	\$ 1,091,237
Other income	244,996	236,976
Administrative support from BCCC	288,349	286,091
Total Operating Revenue	1,603,264	1,614,304
Operating Expenses		
Program Services:		
Programming and production	450,987	437,637
Broadcasting	262,286	250,522
Total program services	713,273	688,159
Support Services:		
Management and general	323,149	363,631
Fundraising	317,041	326,675
Administrative support from BCCC	288,349	286,091
Total support services	928,539	976,397
Total Operating Expenses	1,641,812	1,664,556
Operating loss	(38,548)	(50,252)
Non-Operating Revenue (Expenses)		
Community service grant from Corporation for Public Broadcasting	152,010	147,673
Unrealized gain on investments	7,667	11,687
Other grants	86,738	64,465
Transfer to BCCC	(170,000)	(130,000)
Total Non-Operating Revenue	76,415	93,825
Change in net position	37,867	43,573
Net position, beginning of year	2,622,117	2,578,544
Net Position, End of Year	\$ 2,659,984	\$ 2,622,117

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Subscription and membership receipts	\$ 1,069,919	\$ 1,091,237
Other receipts	244,996	236,976
Payments to employees	(991,505)	(964,454)
Payments to suppliers and contractors	(320,747)	(309,057)
Net Cash from Operating Activities	<u>2,663</u>	<u>54,702</u>
Cash Flows from Noncapital Financing Activities		
Transfer to Baltimore City Community College	(170,000)	(130,000)
Community Service Grant from Corporation for Public Broadcasting	152,010	147,673
Other grants receipts	86,738	64,465
Net Cash from Noncapital Financing Activities	<u>68,748</u>	<u>82,138</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(6,415)	(8,990)
Refund from DGS - Tower Project	120,050	-
Net Cash from Capital and Related Financing Activities	<u>113,635</u>	<u>(8,990)</u>
Net increase in cash	185,046	127,850
Cash, beginning of year	1,810,733	1,682,883
Cash, End of Year	<u>\$ 1,995,779</u>	<u>\$ 1,810,733</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	(38,548)	(50,252)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	23,842	36,568
Effect of change in non-cash operating assets and liabilities:		
Inventories	-	743
Other assets	(27)	11,974
Accounts payable - trade	(5,306)	32,025
Accrued compensated absences	3,351	11,044
Accrued payroll	11,029	6,973
Due to other funds	15,000	5,000
Accrued expenses	(6,678)	627
Net Cash from Operating Activities	<u>\$ 2,663</u>	<u>\$ 54,702</u>

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, 2015 and 2014**

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, 2015, and 2014. The Station's financial statements as of and for the years ended June 30, 2015, and 2014, 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 \$288,349 and \$286,091, were reported for the years ended June 30, 2015, and 2014, 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, 2015 and 2014**

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, 2015 and 2014**

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, 2015 and 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

As of the year ended June 30, 2015, GASB issued Statement No. 72, entitled *Fair Value Measurement and Application*; Statement No. 73, entitled *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68*, and *Amendments to certain Provisions of GASB Statements 67 and 68*; GASB Statement No 74 entitled, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; GASB Statement No 75 entitled, *Accounting and Financial Reporting for Postemployments Benefits Other Than Pension*; GASB Statement No 76 entitled, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. These statements may have a material effect on the Station's financial statements once implemented. The Station will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

3. CASH

As of June 30, 2015 and 2014, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$1,986,739 and \$1,806,493, 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, 2015 and 2014, 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, 2015.

Cash of June 30, 2015 and 2014, consisted of the following:

	<u>2015</u>	<u>2014</u>
Cash in Bank	\$ 9,040	\$ 4,240
Held by Treasurer	1,986,739	1,806,493
Total Cash	<u>\$ 1,995,779</u>	<u>\$ 1,810,733</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, 2015 and 2014**

4. INVESTMENTS

Investments are recorded at fair market value as of June 30, 2015 and 2014, and consisted of the following:

	<u>2015</u>	<u>2014</u>
Mutual stock funds	\$ 27,648	\$ 24,923
Stocks	20,561	15,623
Bonds	307	303
Total Investments	\$ 48,516	\$ 40,849

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 agreements 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, 2015 and 2014**

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, 2015 and 2014, 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, 2015 and 2014:

	<u>Balance as of June 30, 2014</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2015</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,188,711	\$ 6,415	\$ (120,050)	\$ 2,075,076
Less: Accumulated Depreciation	1,127,066	23,842	-	1,150,908
Capital Assets, Net	<u><u>\$ 1,061,645</u></u>	<u><u>\$ (17,427)</u></u>	<u><u>\$ (120,050)</u></u>	<u><u>\$ 924,168</u></u>
	<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><u>\$ 1,089,223</u></u>	<u><u>\$ (27,578)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,061,645</u></u>

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

**Notes to the Financial Statements
June 30, 2015 and 2014**

6. NONCURRENT LIABILITIES

Changes in noncurrent liabilities consisted of the following for the years ended June 30, 2015 and 2014:

	<u>Balance as of June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2015</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	\$ 180,473	\$ 58,504	\$ (55,153)	\$ 183,824	\$ 11,052
	<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

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, 2015 and 2014**

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, 2015:

Years Ending June 30,	Minimum Annual Lease Payments	Annual Operating Rental Income
2016	\$ 18,774	\$ 16,806
2017	19,337	16,806
2018	19,917	1,400
2019	20,516	-
2020	21,130	-
Thereafter	63,325	-
Total	\$ 162,999	\$ 35,012

Lease expense for the years ended June 30, 2015 and 2014, was \$93,202 and \$91,199, respectively.

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

**Notes to the Financial Statements
June 30, 2015 and 2014**

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

WBJC operating expenses by functional classification were as follows for the years ended June 30, 2015 and 2014:

	2015				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Administrative Support BCCC	Total
Programming and production	\$ 402,324	\$ 48,663	\$ -	\$ -	\$ 450,987
Broadcasting	181,723	80,563	-	-	262,286
Management and general	166,472	132,835	23,842	-	323,149
Fundraising	240,986	76,055	-	-	317,041
Administrative support from BCCC	-	-	-	288,349	288,349
TOTAL	\$ 991,505	\$ 338,116	\$ 23,842	\$ 288,349	\$ 1,641,812

	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