

BALTIMORE CITY COMMUNITY COLLEGE
WBJC-FM Radio
(A Department of Baltimore City Community College)

Financial Statements Together with
Report of Independent Public Accountants

For the Years Ended June 30, 2020 and 2019

JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Baltimore City Community College
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the Baltimore City Community College WBJC-FM Radio (the Station), an enterprise fund of Baltimore City Community College, as of and for the year ended June 30, 2020, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2020, and its changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position, and cash flows of only the Station. They do not purport to, and do not present fairly the financial position of Baltimore City Community College as of June 30, 2020, the changes in their financial position, or their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Matter

The 2019 financial statements of the Station were audited by other auditors whose report dated October 11, 2019, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 18, 2020

BALTIMORE CITY COMMUNITY COLLEGE WBJC-FM RADIO

Management's Discussion and Analysis Years Ended June 30, 2020 and 2019

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, 2020 and 2019.

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, 2020 and 2019 with 2018 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, 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 change 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 change 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 change 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 required supplementary information.

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

**Management’s Discussion and Analysis
Years Ended June 30, 2020 and 2019**

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 change 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, 2020, the Station’s financial health remains strong, with assets exceeding liabilities by \$3,310,857. This compares with total net position of \$2,987,473 and \$2,839,988, as of June 30, 2019 and 2018, respectively. The table below presents summary-level information of the Station’s assets, liabilities, and net position as of June 30, 2020, 2019 and 2018.

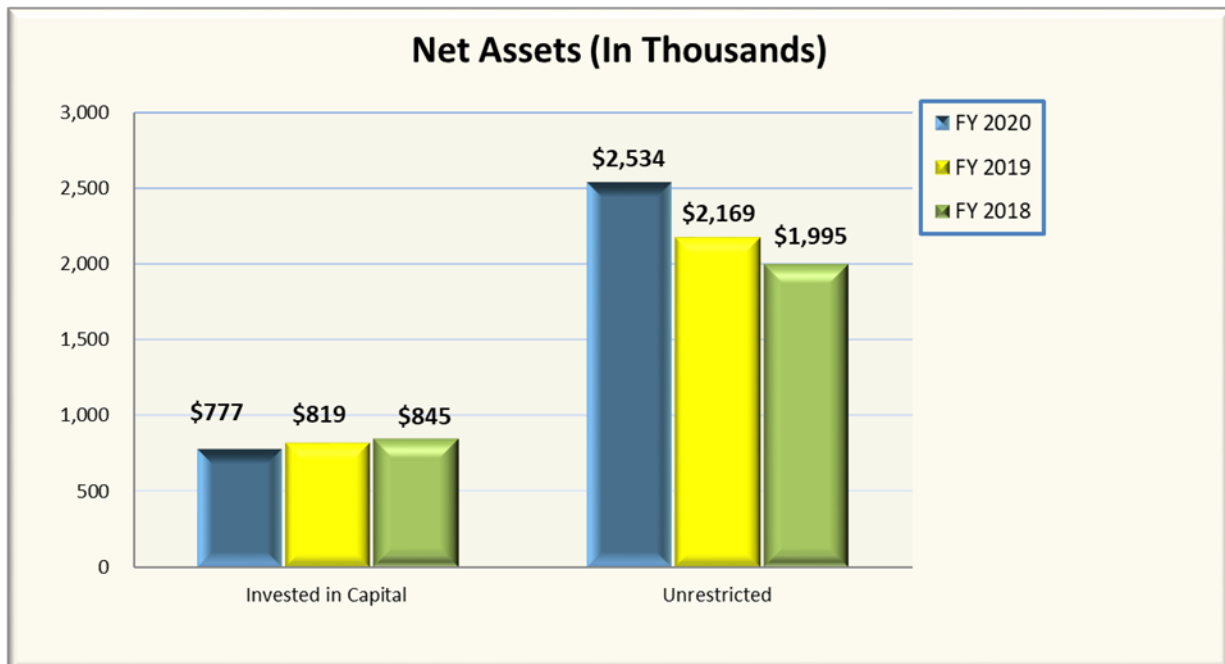
Condensed Statements of Net Position			
As of June 30			
	2020	2019	2018
Assets			
Current Assets	\$ 2,654,641	\$ 2,305,453	\$ 2,113,882
Non-Current Assets	847,680	876,243	899,630
Total Assets	3,502,321	3,181,696	3,013,512
Liabilities			
Current Liabilities	120,318	80,218	47,062
Non-Current Liabilities	71,326	114,005	126,462
Total Liabilities	191,644	194,223	173,524
Net Position			
Net investment in capital assets	776,818	818,573	844,659
Unrestricted	2,534,039	2,168,900	1,995,329
Total Net Position	\$ 3,310,857	\$ 2,987,473	\$ 2,839,988

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

**Management’s Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Statement of Net position (continued)

A review of the statements of net position reveal that the total net position of the Station increased by \$323,384 for the year ended June 30, 2020, compared to June 30, 2019. Total net position increased by \$147,485 for the year ended June 30, 2019, compared to June 30, 2018. 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

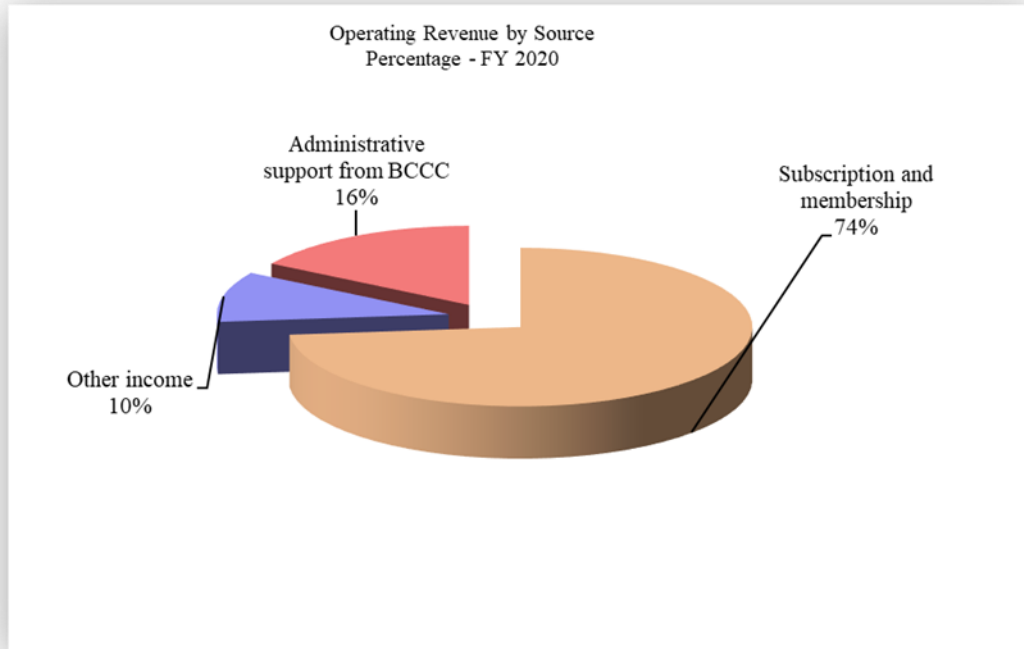
Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenue, expenses, and changes in net position. The purpose of this statement is to present the revenue received by the Station, both operating and non-operating; the 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, 2020 and 2019**

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

The following chart provides a graphical presentation of revenue by category for the 2020 fiscal year: (See accompanying table)



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

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

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

The table below represents summary-level information on revenue, expenses, and other changes in the Station's net position for the years ended June 30, 2020, 2019 and 2018.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating Revenue			
Subscription and membership income	\$ 1,304,557	\$ 1,204,664	\$ 1,221,910
Other income	182,816	204,258	214,214
Administrative support from BCCC	288,714	380,477	385,297
Total operating revenue	<u>1,776,087</u>	<u>1,789,399</u>	<u>1,821,421</u>
Operating Expenses	<u>1,510,169</u>	<u>1,738,846</u>	<u>1,797,233</u>
Operating income/(loss)	<u>265,918</u>	<u>50,553</u>	<u>24,188</u>
Non-Operating Revenue (Expenses)			
Community service grant from Corporation for Public Broadcasting	143,233	146,453	145,521
Unrealized gain (loss) on investments	13,192	2,699	8,846
Other grants	101,041	97,780	81,506
Transfer to BCCC	<u>(200,000)</u>	<u>(150,000)</u>	<u>(175,000)</u>
Total non-operating revenue	<u>57,466</u>	<u>96,932</u>	<u>60,873</u>
Change in net position	<u>323,384</u>	<u>147,485</u>	<u>85,061</u>
Net Position, beginning of year	<u>2,987,473</u>	<u>2,839,988</u>	<u>2,754,927</u>
Net Position, End of Year	<u>\$ 3,310,857</u>	<u>\$ 2,987,473</u>	<u>\$ 2,839,988</u>

Operating Revenue

Operating revenue decreased by 0.7% or \$13,312, for fiscal year 2020, compared to fiscal year 2019. Operating revenue decreased by 1.8% or \$32,022, for the fiscal year ended June 30, 2019, when compared to fiscal year 2018.

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

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Operating Revenue (continued)

Changes in operating revenue were due to the following factors:

- Subscription and membership revenue increased by \$99,893 or 8.3% to \$1,304,557 for fiscal year 2020, compared to fiscal year 2019. Subscription and membership revenues decreased \$17,246 or 1.4% to \$1,204,664 for fiscal year 2019, compared to fiscal year 2018.
- Administrative support decreased by \$91,763 for fiscal year 2020, compared to fiscal year 2019, and decreased by \$4,820 for fiscal year 2019, compared to fiscal year 2018. In fiscal year 2020, the requirements for the calculations were changed by the oversight agency, the Corporation for Public Broadcasting to simplify the process.
- Other income consists of underwriting, matching and miscellaneous income, which decreased by \$21,442 to \$182,816 for fiscal year 2020, when compared to fiscal year 2019, and decreased by \$9,956 to \$204,258 for fiscal year 2019, when compared to fiscal year 2018.

Non-Operating Revenue

Changes were due the following factors:

- The Community Service Grant (CSG) decreased by \$3,220 and other grants increased by \$3,261 for fiscal year 2020, when compared to fiscal year 2019. CSG increased by \$932 and other grants increased by \$16,274 for fiscal year 2019 when compared to fiscal year 2018. 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.

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.

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

**Management’s Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Operating Expenses (continued)

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

	Years Ended June 30		
	2020	2019	2018
Programing and production	\$ 490,807	\$ 481,363	\$ 494,442
Broadcasting	188,441	162,613	239,367
Management and general	274,985	357,573	328,344
Fundraising	267,222	356,820	349,783
Administrative support	288,714	380,477	385,297
Total Operating Expenses	\$ 1,510,169	\$ 1,738,846	\$ 1,797,233

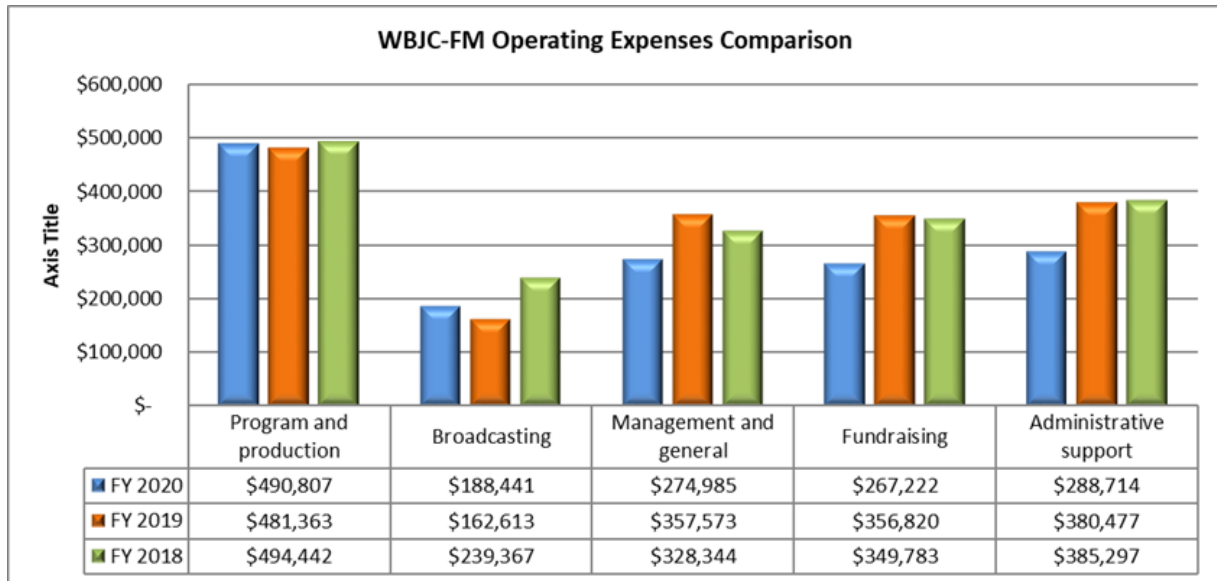
Operating expenses in fiscal year 2020 amounted to \$1.51 million, reflecting a net decrease of \$228,677, when compared to fiscal year 2019. In comparison, operating expenses in fiscal year 2019 amounted to \$1.74 million, reflecting a net decrease of \$58,387 when compared to fiscal year 2018. Changes were the result of the following factors:

- Decrease in salaries and benefits,
- Decrease in contractual services.

**BALTIMORE CITY COMMUNITY COLLEGE
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**Management’s Discussion and Analysis
Years Ended June 30, 2020 and 2019**

The following chart provides a graphical presentation of expenses by category for fiscal years 2020, 2019, and 2018:



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, 2020 and 2019**

A summary of the Station's cash flows for the years ended June 30, 2020, 2019 and 2018, are presented in the following table:

Condensed Statements of Cash Flows

	Years Ended June 30		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash provided by (used in):			
Operating activities	\$ 302,606	\$ 104,405	\$ (3,247)
Noncapital financing activities	44,274	94,233	52,027
Capital and related financing activities	<u>(1,113)</u>	<u>(8,772)</u>	<u>-</u>
Net change in cash	345,767	189,866	48,780
Cash, beginning of year	<u>2,283,791</u>	<u>2,093,925</u>	<u>2,045,145</u>
Cash, End of Year	<u>\$ 2,629,558</u>	<u>\$ 2,283,791</u>	<u>\$ 2,093,925</u>

During fiscal year 2020, cash used in operating activities increased by \$198,201, cash provided by noncapital financing activities decreased by \$49,959, cash used in capital and related financing activities increased by \$7,659, for an overall increase in cash of \$345,767 compared to 2019.

During fiscal year 2019, cash used in operating activities increased by \$107,652, cash provided by noncapital financing activities increased by \$42,206, cash used in capital and related financing activities decreased by \$8,772 for an overall increase in cash of \$189,866 compared to 2018.

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

**Management's Discussion and Analysis
Years Ended June 30, 2020 and 2019**

Capital Assets

The Station is required to depreciate capital assets. The Station recognized \$42,868 of depreciation expense for the 2020 fiscal year, compared to \$34,858 and \$34,878 of depreciation expense for fiscal years 2019 and 2018, respectively. Refer to the notes to the financial statements for additional information on capital asset activity.

**Summary Information
Capital Assets, Net**

	As of June 30,		
	2020	2019	2018
Capital assets:			
Furniture, fixtures and equipment	\$ 2,104,335	\$ 2,103,222	\$ 2,094,450
Less: accumulated depreciation	<u>1,327,517</u>	<u>1,284,649</u>	<u>1,249,791</u>
Net Capital Assets	<u>\$ 776,818</u>	<u>\$ 818,573</u>	<u>\$ 844,659</u>

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 Finance and Administration, 2901 Liberty Heights Avenue, Baltimore, Maryland 21215.

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

**Statements of Net Position
As of June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 2,629,558	\$ 2,283,791
Other current assets	25,083	21,662
Total Current Assets	<u>2,654,641</u>	<u>2,305,453</u>
Non-Current Assets		
Capital assets, net	776,818	818,573
Investments	70,862	57,670
Total Non-Current Assets	<u>847,680</u>	<u>876,243</u>
Total Assets	<u>3,502,321</u>	<u>3,181,696</u>
LIABILITIES		
Current Liabilities		
Accounts payable-trade	4,963	36,540
Accrued compensated absences	4,553	4,819
Accrued payroll	29,471	33,875
Due to other funds	1,439	1,439
Accrued expenses	4,712	3,545
Unearned Revenue	75,000	-
Total Current Liabilities	<u>120,138</u>	<u>80,218</u>
Non-Current Liabilities		
Accrued compensated absences	71,326	114,005
Total Liabilities	<u>191,464</u>	<u>194,223</u>
Net Position		
Net investment in capital assets	776,818	818,573
Unrestricted	2,534,039	2,168,900
Total Net Position	<u>\$ 3,310,857</u>	<u>\$ 2,987,473</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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operating Revenue		
Subscription and membership income	\$ 1,304,557	\$ 1,204,664
Other income	182,816	204,258
Administrative support from BCCC	288,714	380,477
Total Operating Revenue	<u>1,776,087</u>	<u>1,789,399</u>
Operating Expenses		
Program Services:		
Programming and production	490,807	481,363
Broadcasting	188,441	162,613
Total program services	<u>679,248</u>	<u>643,976</u>
Support Services:		
Management and general	274,985	357,573
Fundraising	267,222	356,820
Administrative support from BCCC	288,714	380,477
Total support services	<u>830,921</u>	<u>1,094,870</u>
Total Operating Expenses	<u>1,510,169</u>	<u>1,738,846</u>
Operating Income	<u>265,918</u>	<u>50,553</u>
Non-Operating Revenue (Expenses)		
Community service grant from Corporation for Public Broadcasting	143,233	146,453
Unrealized gain on investments	13,192	2,699
Other grants	101,041	97,780
Transfer to BCCC	(200,000)	(150,000)
Total Non-Operating Revenue	<u>57,466</u>	<u>96,932</u>
Change in net position	323,384	147,485
Net position, beginning of year	2,987,473	2,839,988
Net Position, End of Year	<u>\$ 3,310,857</u>	<u>\$ 2,987,473</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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Subscription and membership receipts	\$ 1,304,557	\$ 1,204,664
Other receipts	182,816	204,258
Payments to employees	(818,371)	(947,578)
Payments to suppliers and contractors	(366,396)	(356,939)
Net Cash Provided by Operating Activities	<u>302,606</u>	<u>104,405</u>
Cash Flows from Noncapital Financing Activities		
Transfer to Baltimore City Community College	(200,000)	(150,000)
Community Service Grant from Corporation for Public Broadcasting	143,233	146,453
Other grants receipts	101,041	97,780
Net Cash Provided by Noncapital Financing Activities	<u>44,274</u>	<u>94,233</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(1,113)	(8,772)
Net change in cash	345,767	189,866
Cash, beginning of year	2,283,791	2,093,925
Cash, End of Year	<u>\$ 2,629,558</u>	<u>\$ 2,283,791</u>
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 265,918	\$ 50,553
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	42,868	34,858
Effect of change in non-cash operating assets and liabilities:		
Other assets	(3,421)	(1,705)
Accounts payable - trade	(31,577)	28,747
Accrued compensated absences	(42,945)	(13,685)
Accrued payroll	(4,404)	4,539
Unearned Revenue	75,000	-
Due to other funds	-	1
Accrued expenses	1,167	1,097
Net Cash Provided by Operating Activities	<u>\$ 302,606</u>	<u>\$ 104,405</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, 2020 and 2019**

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, 2020, and 2019. The Station's financial statements as of and for the years ended June 30, 2020, and 2019, are intended to present that portion of the College's financial position, and the change in financial position and cash flows, that are attributable to the Station's transactions.

Relationship with the 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 \$288,714 and \$380,477, were reported for the years ended June 30, 2020, and 2019, 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.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with financial institutions, as well as highly liquid investments that are both readily convertible to known amounts of cash and are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates. Only investments with an original maturity of three months or less satisfy the criteria for cash equivalents. Funds invested with the Maryland State Treasurer are considered cash equivalents.

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

**Notes to the Financial Statements
June 30, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

Unearned revenue includes amounts received from grant sponsors that have not yet been earned.

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 values are reported at fair 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 unrealized gain (loss) on investments.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair 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, 2020 and 2019**

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.

Net Position

The Station's net position is classified as follows:

Net Investment in Capital Assets

This represents the Station's total investment in capital assets, net of related debt.

Unrestricted Net Position

Unrestricted net position represents cumulative resources derived from subscription and membership income, grants from various sources include the Corporation for Public Broadcasting, various foundations, non-profits and for profit organizations, and donations from individuals, foundations, non-profits, and for profit organizations.

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.

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

**Notes to the Financial Statements
June 30, 2020 and 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Implementation of Accounting Pronouncements

As of the year ended June 30, 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The guidance postpones by one year the effective dates of certain provisions in Statement No. 83, Certain Asset Retirement Obligations; Statement No. 84, Fiduciary Activities; Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements; Statement No 92, Omnibus 2020; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (and Certain Issues Related to OPEB Plan Reporting), Implementation Guide No 2018-1, Implementation Guidance Update – 2018; Implementation Guide No. 2019-1, Implementation Guidance Update – 2019; and Implementation Guide No. 2019-2, Fiduciary Activities. In addition, the statement postpones the effective dates of Statement No. 87, Leases and Implementation Guide No 2019-3, Leases. These statements may have a material effect on WBJC's financial statements once implemented, if applicable. The College 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, 2020 and 2019, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$2,626,765 and \$2,282,981, 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, 2020 and 2019, 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, 2020.

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June 30, 2020 and 2019**

3. CASH (CONTINUED)

Cash of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash in Bank	\$ 2,793	\$ 810
Held by Treasurer	<u>2,626,765</u>	<u>2,282,981</u>
Total Cash	<u>\$ 2,629,558</u>	<u>\$ 2,283,791</u>

Cash in the bank was fully covered by deposit insurance.

4. INVESTMENTS

The Station categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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**Notes to the Financial Statements
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4. INVESTMENTS (Continued)

The Station has the following recurring fair value measurements as of June 30, 2020 and 2019:

	2020			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual stock funds	\$ 4,872	\$ 4,872	\$ -	\$ -
Stock	65,657	65,657	-	-
Bonds	333	333	-	-
Total Investments	\$ 70,862	\$ 70,862	\$ -	\$ -
	2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual stock funds	\$ 5,769	\$ 5,769	\$ -	\$ -
Stock	51,575	51,575	-	-
Bonds	326	326	-	-
Total Investments	\$ 57,670	\$ 57,670	\$ -	\$ -

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4. INVESTMENTS (continued)

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.

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, 2020 and 2019, 99.9% of the Station's cash was deposited with the State Treasury and was not subject to custodial risk.

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**Notes to the Financial Statements
June 30, 2020 and 2019**

5. CAPITAL ASSETS

Below are the changes in capital assets at historical costs for the years ended June 30, 2020 and 2019:

	<u>Balance as of June 30, 2019</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2020</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,103,222	1,113	\$ -	\$ 2,104,335
Less: Accumulated Depreciation	1,284,649	42,868	-	1,327,517
Capital Assets, Net	<u>\$ 818,573</u>	<u>\$ (41,755)</u>	<u>\$ -</u>	<u>\$ 776,818</u>
	<u>Balance as of June 30, 2018</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2019</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,094,450	\$ 8,772	\$ -	\$ 2,103,222
Less: Accumulated Depreciation	1,249,791	34,858	-	1,284,649
Capital Assets, Net	<u>\$ 844,659</u>	<u>\$ (26,086)</u>	<u>\$ -</u>	<u>\$ 818,573</u>

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**Notes to the Financial Statements
June 30, 2020 and 2019**

6. NONCURRENT LIABILITIES

Changes in noncurrent liabilities consisted of the following for the years ended June 30, 2020 and 2019:

	<u>Balance as of June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2020</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	\$ 118,824	\$ 51,545	\$ (94,490)	\$ 75,879	\$ 4,553
	<u>Balance as of June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2019</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	\$ 132,509	\$ 59,465	\$ (73,150)	\$ 118,824	\$ 4,819

7. RETIREMENT PLANS

Certain employees of the College are provided with pensions through the Employees Retirement System of the State of Maryland (ERS) - a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at www.sra.state.md.us/Agency/Downloads/CAFR/.

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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, 2020:

<u>Years Ending June 30,</u>	<u>Minimum Annual Lease Payments</u>	<u>Operating Rental Income</u>
2021	84,389	17,646
2022	22,417	17,646
2023	19,145	17,646
2024	-	17,646
2025	-	17,646
Thereafter	-	147,122
Total	<u>\$ 125,951</u>	<u>\$ 235,352</u>

Lease expense for the years ended June 30, 2020 and 2019 was \$95,971 and \$95,773, respectively.

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**Notes to the Financial Statements
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9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

WBJC operating expenses by functional classification were as follows for the years ended June 30, 2020 and 2019:

	2020				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Depreciation	Administrative Support BCCC	Total	
Programming and production	\$ 424,685	\$ 66,122	\$ -	\$ -	\$ 490,807
Broadcasting	100,817	87,624	-	-	188,441
Management and general	95,784	136,333	42,868	-	274,985
Fundraising	197,085	70,137	-	-	267,222
Administrative support from BCCC	-	-	-	288,714	288,714
TOTAL	\$ 818,371	\$ 360,216	\$ 42,868	\$ 288,714	\$ 1,510,169

	2019				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Depreciation	Administrative Support BCCC	Total	
Programming and production	\$ 412,081	\$ 69,282	\$ -	\$ -	\$ 481,363
Broadcasting	91,378	71,235	-	-	162,613
Management and general	169,367	153,348	34,858	-	357,573
Fundraising	274,752	82,068	-	-	356,820
Administrative support from BCCC	-	-	-	380,477	380,477
TOTAL	\$ 947,578	\$ 375,933	\$ 34,858	\$ 380,477	\$ 1,738,846