

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

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

For the Years Ended June 30, 2017 and 2016



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2017 AND 2016

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), which comprise the statements of net position as of June 30, 2017 and 2016, and the related statements of revenue, expenses and change in net position 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, 2017 and 2016, and its changes in its financial position and its cash flows for the years 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, 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, 2017 and 2016.

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 4, 2017

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, 2017 and 2016

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, 2017 and 2016.

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, 2017 and 2016, with 2015 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 supplementary information.

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

**Management’s Discussion and Analysis
Years Ended June 30, 2017 and 2016**

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, 2017, the Station’s financial health remains strong, with assets exceeding liabilities by \$2,754,927. This compares with total net position of \$2,696,712 and \$2,659,984, as of June 30, 2016 and 2015, respectively. The table below presents summary-level information of the Station’s assets, liabilities, and net position as of June 30, 2017, 2016 and 2015.

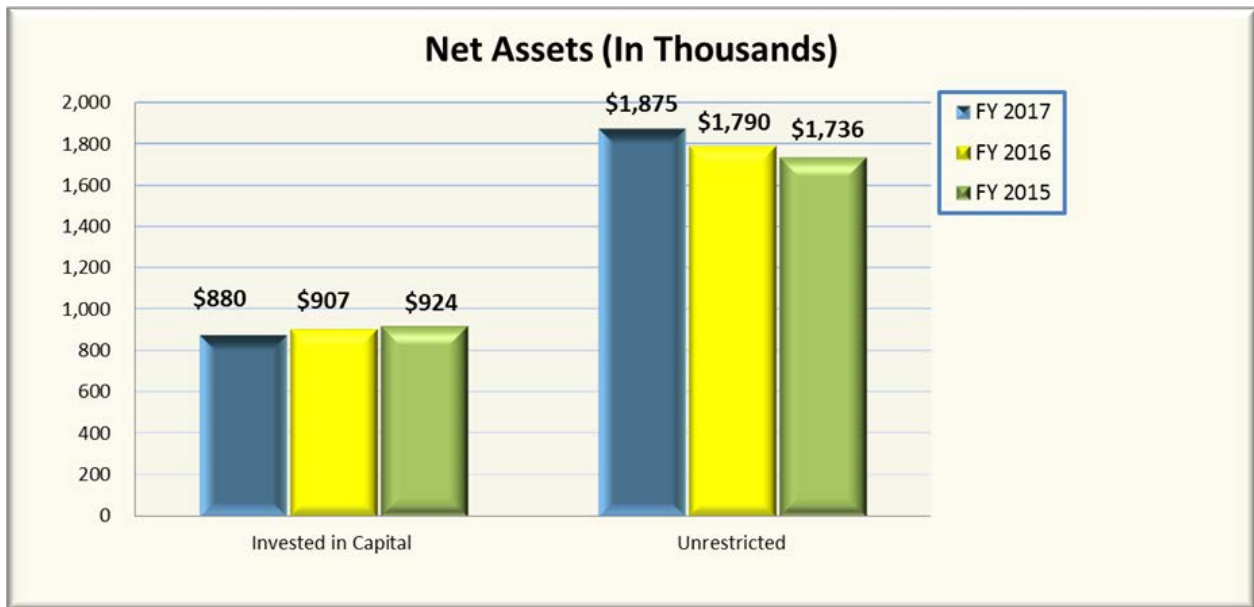
	Condensed Statements of Net Position		
	As of June 30		
	2017	2016	2015
Assets			
Current assets	\$ 2,061,660	\$ 1,986,318	\$ 2,011,345
Non-current assets	925,663	947,395	972,684
Total Assets	2,987,323	2,933,713	2,984,029
Liabilities			
Current liabilities	60,101	77,986	151,273
Non-current liabilities	172,295	159,015	172,772
Total Liabilities	232,396	237,001	324,045
Net Position			
Net investment in capital assets	879,538	906,946	924,168
Unrestricted	1,875,389	1,789,766	1,735,816
Total Net Position	\$ 2,754,927	\$ 2,696,712	\$ 2,659,984

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

**Management’s Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Statement of Net Position (continued)

A review of the statements of net position reveal that the total net position of the Station increased by \$58,215 for the year ended June 30, 2017, compared to June 30, 2016. Total net position increased by \$36,728 for the year ended June 30, 2016, compared to June 30, 2015. 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

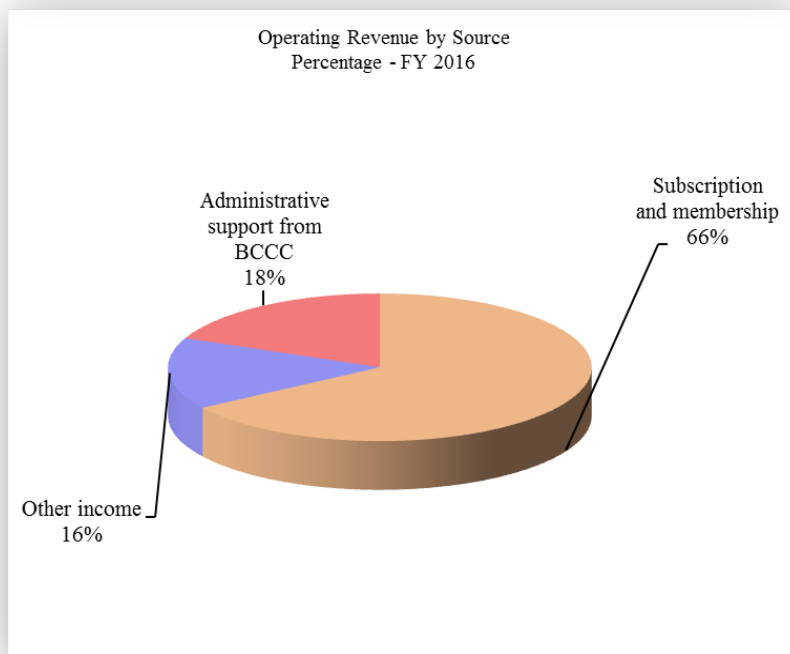
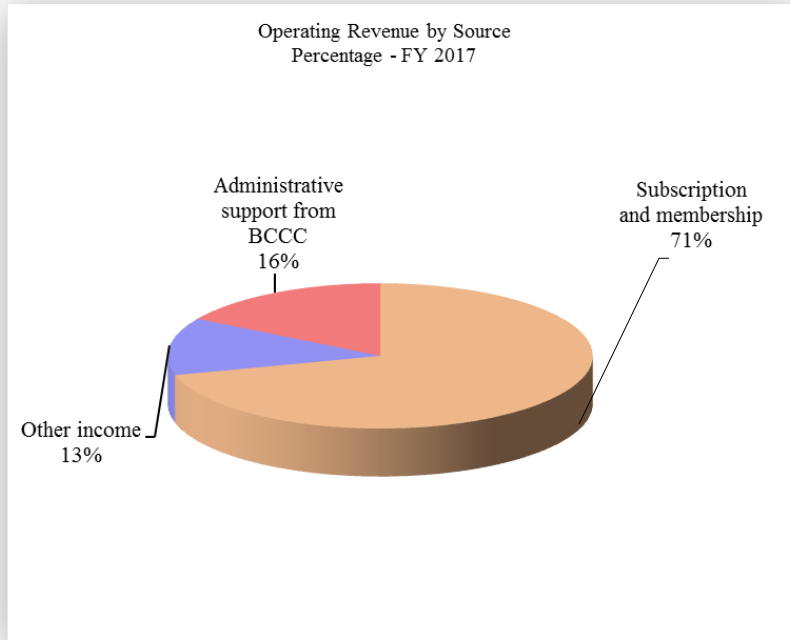
Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenue, expenses, and changes in net position. The purpose of this statement is to present the revenue received by the Station, both operating and non-operating; the expenses paid by the Station, both 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, 2017 and 2016**

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

The following chart provides a graphical presentation of revenue by category for the 2017 fiscal year:



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

**Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016**

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

The table below presents summary-level information on revenue, expenses, and changes in the Station's net position for the years ended June 30, 2017, 2016 and 2015.

**Condensed Statements of Revenue, Expenses and Change in Net Position
Years Ended June 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenue			
Subscription and membership income	\$ 1,179,886	\$ 1,052,516	\$ 1,069,919
Other income	213,300	251,145	244,996
Administrative support from BCCC	300,535	296,887	288,349
Total operating revenue	<u>1,693,721</u>	<u>1,600,548</u>	<u>1,603,264</u>
Operating Expenses	<u>1,808,212</u>	<u>1,696,120</u>	<u>1,641,812</u>
Operating loss	<u>(114,491)</u>	<u>(95,572)</u>	<u>(38,548)</u>
Non-Operating Revenue (Expenses)			
Community service grant from Corporation for Public Broadcasting	152,658	154,578	152,010
Unrealized gain (loss) on investments	5,677	(8,067)	7,667
Other grants	89,371	75,789	86,738
Transfer to BCCC	(75,000)	(90,000)	(170,000)
Total non-operating revenue	<u>172,706</u>	<u>132,300</u>	<u>76,415</u>
Change in net position	<u>58,215</u>	<u>36,728</u>	<u>37,867</u>
Net Position, beginning of year	<u>2,696,712</u>	<u>2,659,984</u>	<u>2,622,117</u>
Net Position, End of Year	<u>\$ 2,754,927</u>	<u>\$ 2,696,712</u>	<u>\$ 2,659,984</u>

Operating Revenue

Operating revenue increased by 5.8% or \$93,173, for fiscal year 2017, compared to fiscal year 2016. Operating revenue decreased by 0.2% or \$2,716, for the fiscal year ended June 30, 2016, when compared to fiscal year 2015.

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

**Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Operating Revenue (continued)

Changes in operating revenue were due to the following factors:

- Subscription and membership revenue increased by \$127,370 or 12% to \$1,179,886 for fiscal year 2017, compared to fiscal year 2016. Increase in fiscal year 2017, is attributed to increased effort on fundraising. Subscription and membership revenues decreased \$17,403 or 1.6% to \$1,052,516 for fiscal year 2016, compared to fiscal year 2015.
- Other income consists of underwriting, matching and miscellaneous income, which decreased by \$37,845 to \$213,300 for fiscal year 2017, when compared to fiscal year 2016, and increased by \$6,149 to \$251,145 for fiscal year 2016, when compared to fiscal year 2015.
- Administrative support increased by \$3,648, for fiscal year 2017, compared to fiscal year 2016, and increased by \$8,538, for fiscal year 2016, compared to fiscal year 2015. Administrative support increases are due to increased indirect support from Baltimore City Community College for indirect services.

Non-Operating Revenue

Changes were due to the following factors:

- The Community Service Grant (CSG) decreased by \$1,920 and other grants increased by \$13,582 for fiscal year 2017, when compared to fiscal year 2016. CSG increased by \$2,568 and other grants decreased by \$10,949 for fiscal year 2016 when compared to fiscal year 2015. 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 change 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, 2017 and 2016**

Operating Expenses (continued)

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

	Years Ended June 30		
	2017	2016	2015
Program and production	\$ 493,119	\$ 475,654	\$ 450,987
Broadcasting	276,537	268,178	262,286
Management and general	402,525	324,752	323,149
Fundraising	335,496	330,649	317,041
Administrative support	300,535	296,887	288,349
Total Operating Expenses	\$ 1,808,212	\$ 1,696,120	\$ 1,641,812

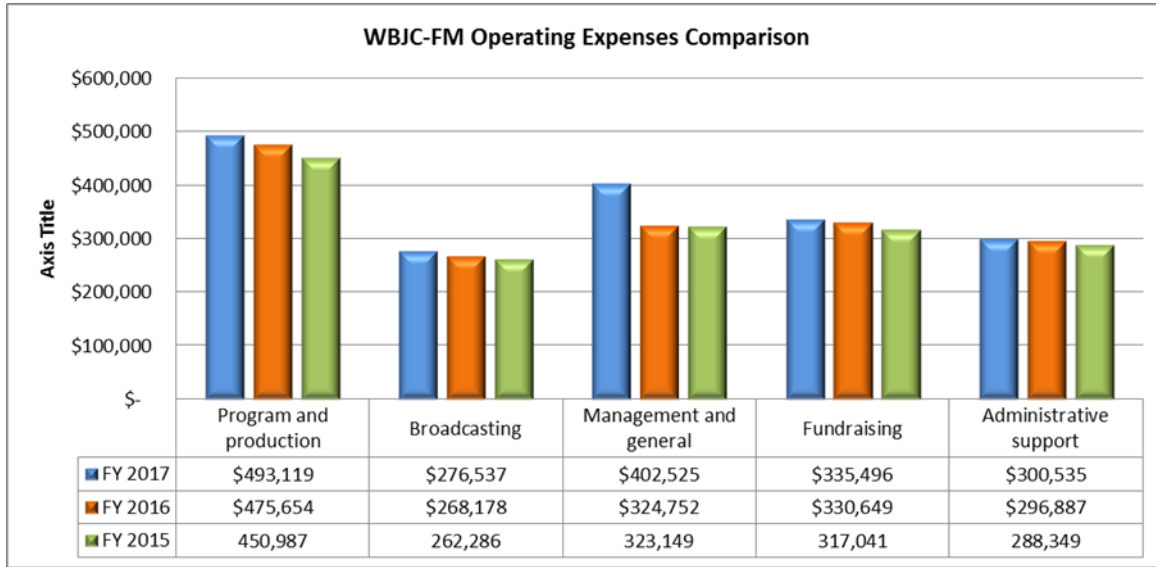
Operating expenses in fiscal year 2017 amounted to \$1.8 million, reflecting a net increase of \$112,092, when compared to fiscal year 2016. In comparison, operating expenses in fiscal year 2016 amounted to \$1.7 million, reflecting a net increase of \$54,308, when compared to fiscal year 2015. Changes were the result of the following factors:

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

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

**Management’s Discussion and Analysis
Years Ended June 30, 2017 and 2016**

The following chart provides a graphical presentation of expenses by category for fiscal years 2017, 2016, and 2015:



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, 2017 and 2016**

A summary of the Station's cash flows for the years ended June 30, 2017, 2016 and 2015, are presented in the following table:

	Condensed Statements of Cash Flows		
	Years Ended June 30		
	2017	2016	2015
Cash provided by (used in):			
Operating activities	\$ (80,676)	\$ (157,979)	\$ 2,663
Noncapital financing activities	167,029	140,367	68,748
Capital and related financing activities	(7,377)	(11,998)	113,635
Net change in cash	<u>78,976</u>	<u>(29,610)</u>	<u>185,046</u>
Cash, beginning of year	<u>1,966,169</u>	<u>1,995,779</u>	<u>1,810,733</u>
Cash, End of Year	<u><u>\$ 2,045,145</u></u>	<u><u>\$ 1,966,169</u></u>	<u><u>\$ 1,995,779</u></u>

During fiscal year 2017, cash used in operating activities increased by \$77,303, cash provided by noncapital financing activities increased by \$26,662, cash used in capital and related financing activities increased by \$4,621, for an overall increase in cash of \$78,977 compared to 2016. During fiscal year 2016, cash used in operating activities decreased by \$160,642, cash provided by noncapital financing activities increased by \$71,619, cash used in capital and related financing activities decreased by \$125,633 for an overall decrease in cash of \$29,610 compared to 2015.

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

**Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Capital Assets

The Station is required to depreciate capital assets. The Station recognized \$34,785 of depreciation expense for the 2017 fiscal year, compared to \$29,220 and \$23,842 of depreciation expense for fiscal years 2016 and 2015, 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,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Capital assets:			
Furniture, fixtures and equipment	\$ 2,094,451	\$ 2,087,074	\$ 2,075,076
Less: accumulated depreciation	1,214,913	1,180,128	1,150,908
Net Capital Assets	<u><u>\$ 879,538</u></u>	<u><u>\$ 906,946</u></u>	<u><u>\$ 924,168</u></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 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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash	\$ 2,045,145	\$ 1,966,169
Other current assets	16,515	20,149
Total Current Assets	<u>2,061,660</u>	<u>1,986,318</u>
Non-Current Assets		
Capital assets, net	879,538	906,946
Investments	46,125	40,449
Total Non-Current Assets	<u>925,663</u>	<u>947,395</u>
Total Assets	<u>2,987,323</u>	<u>2,933,713</u>
LIABILITIES		
Current Liabilities		
Accounts payable-trade	17,765	25,813
Accrued compensated absences, current portion	11,054	9,762
Accrued payroll	29,652	25,795
Due to other funds	-	15,000
Accrued expenses	1,630	1,616
Total Current Liabilities	<u>60,101</u>	<u>77,986</u>
Non-Current Liabilities		
Accrued compensated absences, net of current portion	172,295	159,015
Total Liabilities	<u>232,396</u>	<u>237,001</u>
Net Position		
Net investment in capital assets	879,538	906,946
Unrestricted	1,875,389	1,789,766
Total Net Position	<u>\$ 2,754,927</u>	<u>\$ 2,696,712</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Subscription and membership income	\$ 1,179,886	\$ 1,052,516
Other income	213,300	251,145
Administrative support from BCCC	300,535	296,887
Total Operating Revenue	<u>1,693,721</u>	<u>1,600,548</u>
Operating Expenses		
Program Services:		
Programming and production	493,119	475,654
Broadcasting	276,537	268,178
Total program services	<u>769,656</u>	<u>743,832</u>
Support Services:		
Management and general	402,525	324,752
Fundraising	335,496	330,649
Administrative support from BCCC	300,535	296,887
Total support services	<u>1,038,556</u>	<u>952,288</u>
Total Operating Expenses	<u>1,808,212</u>	<u>1,696,120</u>
Operating loss	<u>(114,491)</u>	<u>(95,572)</u>
Non-Operating Revenue (Expenses)		
Community service grant from Corporation for Public Broadcasting	152,658	154,578
Unrealized gain/(loss) on investments	5,677	(8,067)
Other grants	89,371	75,789
Transfer to BCCC	(75,000)	(90,000)
Total Non-Operating Revenue	<u>172,706</u>	<u>132,300</u>
Change in net position	58,215	36,728
Net position, beginning of year	2,696,712	2,659,984
Net Position, End of Year	<u>\$ 2,754,927</u>	<u>\$ 2,696,712</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Subscription and membership receipts	\$ 1,179,886	\$ 1,052,516
Other receipts	213,300	251,145
Payments to employees	(1,083,876)	(1,015,107)
Payments to suppliers and contractors	(389,986)	(446,533)
Net Cash from Operating Activities	<u>(80,676)</u>	<u>(157,979)</u>
Cash Flows from Noncapital Financing Activities		
Transfer to Baltimore City Community College	(75,000)	(90,000)
Community Service Grant from Corporation for Public Broadcasting	152,658	154,578
Other grants receipts	89,371	75,789
Net Cash from Noncapital Financing Activities	<u>167,029</u>	<u>140,367</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	(7,377)	(11,998)
Net Cash from Capital and Related Financing Activities	<u>(7,377)</u>	<u>(11,998)</u>
Net change in cash	78,976	(29,610)
Cash, beginning of year	1,966,169	1,995,779
Cash, End of Year	<u>\$ 2,045,145</u>	<u>\$ 1,966,169</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (114,491)	\$ (95,572)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	34,785	29,220
Effect of change in non-cash operating assets and liabilities:		
Other assets	3,634	(4,583)
Accounts payable - trade	(8,048)	(6,807)
Accrued compensated absences	14,573	(15,047)
Accrued payroll	3,857	(33,990)
Due to other funds	(15,000)	(30,000)
Accrued expenses	14	(1,200)
Net Cash from Operating Activities	<u>\$ (80,676)</u>	<u>\$ (157,979)</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, 2017 and 2016**

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, 2017 and 2016. The Station's financial statements as of and for the years ended June 30, 2017 and 2016, 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 \$300,535 and \$296,887, were reported for the years ended June 30, 2017 and 2016, 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, 2017 and 2016**

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 change in net position as part of investment income (loss).

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

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 change in net position.

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

**Notes to the Financial Statements
June 30, 2017 and 2016**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Classification of Revenue and Expenses

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

(1) Operating

Operating revenue and expenses include activities that have the characteristics of exchange transactions, such as subscription and membership income and other income and programming and broadcasting expenses.

(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. Non-operating expenses include transfers to BCCC.

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, 2017 and 2016**

3. CASH

As of June 30, 2017 and 2016, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$2,043,575 and \$1,965,064, 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, 2017 and 2016, 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, 2017.

Cash as of June 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash in Bank	\$ 1,570	\$ 1,105
Held by Treasurer	<u>2,043,575</u>	<u>1,965,064</u>
Total Cash	<u><u>\$ 2,045,145</u></u>	<u><u>\$ 1,966,169</u></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.

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

**Notes to the Financial Statements
June 30, 2017 and 2016**

4. INVESTMENTS (continued)

The Station has the following recurring fair value measurements as of June 30, 2017 and 2016:

	2017			
	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	\$ 11,762	\$ 11,762	\$ -	\$ -
Stock	34,048	34,048	-	-
Bonds	315	315	-	-
Total Investments	\$ 46,125	\$ 46,125	\$ -	\$ -

	2016			
	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	\$ 13,102	\$ 13,102	\$ -	\$ -
Stock	27,036	27,036	-	-
Bonds	311	311	-	-
Total Investments	\$ 40,449	\$ 40,449	\$ -	\$ -

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

**Notes to the Financial Statements
June 30, 2017 and 2016**

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, 2017 and 2016, 99.9% of the Station's cash was deposited with the State Treasury and was not subject to custodial risk.

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

**Notes to the Financial Statements
June 30, 2017 and 2016**

5. CAPITAL ASSETS

Below are the changes in capital assets at historical costs for the years ended June 30, 2017 and 2016:

	<u>Balance as of June 30, 2016</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2017</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,087,074	\$ 7,377	\$ -	\$ 2,094,451
Less: Accumulated Depreciation	1,180,128	34,785	-	1,214,913
Capital Assets, Net	<u>\$ 906,946</u>	<u>\$ (27,408)</u>	<u>\$ -</u>	<u>\$ 879,538</u>
	<u>Balance as of June 30, 2015</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2016</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,075,076	\$ 11,998	\$ -	\$ 2,087,074
Less: Accumulated Depreciation	1,150,908	29,220	-	1,180,128
Capital Assets, Net	<u>\$ 924,168</u>	<u>\$ (17,222)</u>	<u>\$ -</u>	<u>\$ 906,946</u>

6. NONCURRENT LIABILITIES

Changes in noncurrent liabilities consisted of the following for the years ended June 30, 2017 and 2016:

	<u>Balance as of June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2017</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	<u>\$ 168,777</u>	<u>\$ 70,086</u>	<u>\$ (55,514)</u>	<u>\$ 183,349</u>	<u>\$ 11,054</u>
	<u>Balance as of June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2016</u>	<u>Amount Due Within One Year</u>
Accrued compensated absences	<u>\$ 183,824</u>	<u>\$ 67,519</u>	<u>\$ (82,566)</u>	<u>\$ 168,777</u>	<u>\$ 9,762</u>

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

**Notes to the Financial Statements
June 30, 2017 and 2016**

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/.

8. COMMITMENTS

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

Future minimum lease payments under non-cancelable operating leases were as follows as of June 30, 2017:

<u>Years Ending June 30,</u>	<u>Minimum Annual Lease Payments</u>	<u>Annual Operating Rental Income</u>
2018	\$ 97,697	\$ 16,806
2019	101,017	16,806
2020	21,130	1,400
2021	21,764	-
2022	22,417	-
Thereafter	19,145	-
Total	<u>\$ 283,170</u>	<u>\$ 35,012</u>

Lease expense for the years ended June 30, 2017 and 2016, was \$94,239.

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

**Notes to the Financial Statements
June 30, 2017 and 2016**

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

WBJC's operating expenses by functional classification were as follows for the years ended June 30, 2017 and 2016:

	2017				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Administrative Support BCCC	Total
Programming and production	\$ 436,704	\$ 56,415	\$ -	\$ -	\$ 493,119
Broadcasting	192,365	84,172	-	-	276,537
Management and general	196,860	170,880	34,785	-	402,525
Fundraising	257,947	77,549	-	-	335,496
Administrative support from BCCC	-	-	-	300,535	300,535
TOTAL	\$ 1,083,876	\$ 389,016	\$ 34,785	\$ 300,535	\$ 1,808,212

	2016				
	Natural Classification				
	Payments to Employees	Payments to Suppliers and Contractors	Depreciation	Administrative Support BCCC	Total
Programming and production	\$ 418,790	\$ 56,864	\$ -	\$ -	\$ 475,654
Broadcasting	185,934	82,244	-	-	268,178
Management and general	162,232	133,300	29,220	-	324,752
Fundraising	248,151	82,498	-	-	330,649
Administrative support from BCCC	-	-	-	296,887	296,887
TOTAL	\$ 1,015,107	\$ 354,906	\$ 29,220	\$ 296,887	\$ 1,696,120