

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

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

For the Years Ended June 30, 2018 and 2017



SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2018 AND 2017

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Trustees
Baltimore City Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Baltimore City Community College WBJC-FM Radio (the Station), which comprise the statements of net position as of June 30, 2018 and 2017, 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, 2018 and 2017, and the 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.

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, 2018 and 2017.

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 15, 2018

S B & Company, LLC

BALTIMORE CITY COMMUNITY COLLEGE WBJC-FM RADIO

Management's Discussion and Analysis Years Ended June 30, 2018 and 2017

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, 2018 and 2017.

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, 2018 and 2017 with 2016 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, 2018 and 2017**

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, 2018, the Station’s financial health remains strong, with assets exceeding liabilities by \$2,839,988. This compares with total net position of \$2,754,927 and \$2,696,712, as of June 30, 2017 and 2016, respectively. The table below presents summary-level information of the Station’s assets, liabilities, and net position as of June 30, 2018, 2017 and 2016.

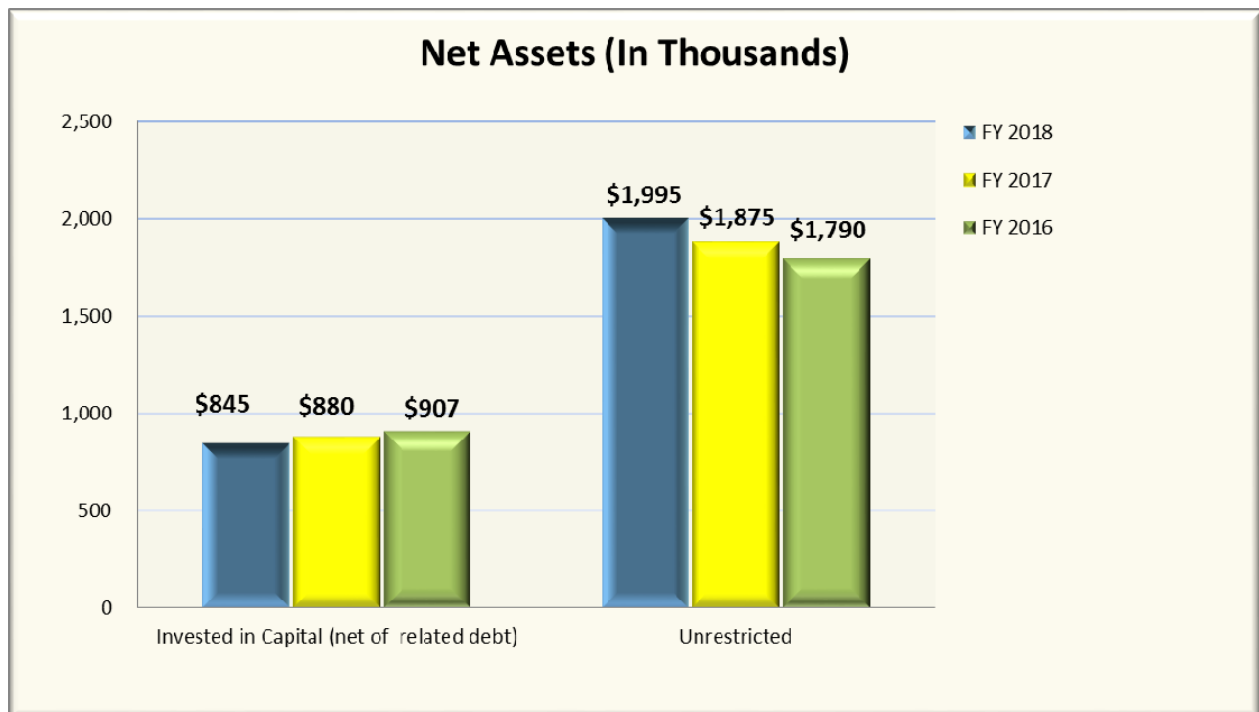
Condensed Statements of Net Position			
As of June 30			
	2018	2017	2016
Assets			
Current Assets	\$ 2,113,882	\$ 2,061,660	\$ 1,986,318
Non-Current Assets	899,630	925,663	947,395
Total Assets	3,013,512	2,987,323	2,933,713
Liabilities			
Current Liabilities	47,062	60,101	77,986
Non-Current Liabilities	126,462	172,295	159,015
Total Liabilities	173,524	232,396	237,001
Net Position			
Net investment in capital assets	844,659	879,538	906,946
Unrestricted	1,995,329	1,875,389	1,789,766
Total Net Position	\$ 2,839,988	\$ 2,754,927	\$ 2,696,712

**BALTIMORE CITY COMMUNITY COLLEGE
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**Management’s Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Statement of Net Position (continued)

A review of the statements of net position reveal that the total net position of the Station increased by \$85,061 for the year ended June 30, 2018, compared to June 30, 2017. Total net position increased by \$58,215 for the year ended June 30, 2017, compared to June 30, 2016. 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

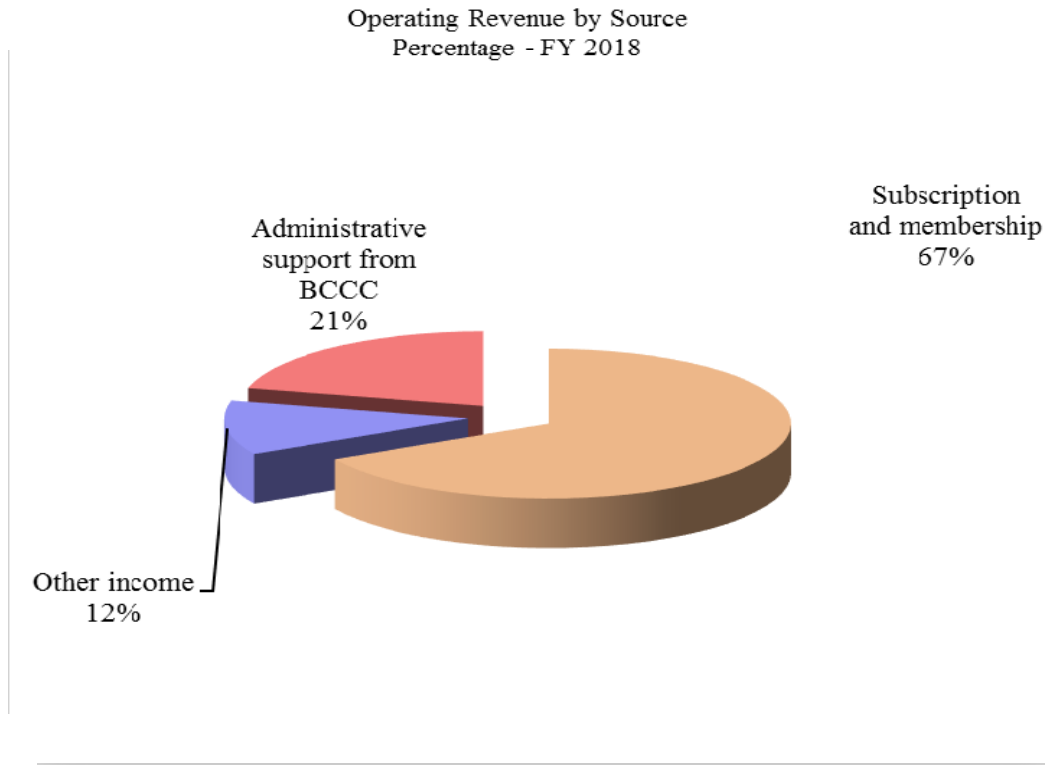
Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenue, expenses, and changes in net position. The purpose of this statement is to present the revenue received by the Station, both operating and non-operating; the 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
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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

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

The following chart provides a graphical presentation of revenue by category for the 2018 fiscal year: (See accompanying table)



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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

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, 2018, 2017 and 2016.

	Condensed Statements of Revenue, Expenses, and Changes in Net Position As of June 30		
	2018	2017	2016
Operating Revenue			
Subscription and membership income	\$ 1,221,910	\$ 1,179,886	\$ 1,052,516
Other income	214,214	213,300	251,145
Administrative support from BCCC	385,297	300,535	296,887
Total operating revenue	<u>1,821,421</u>	<u>1,693,721</u>	<u>1,600,548</u>
Operating Expenses	<u>1,797,233</u>	<u>1,808,212</u>	<u>1,696,120</u>
Operating income (loss)	<u>24,188</u>	<u>(114,491)</u>	<u>(95,572)</u>
Non-Operating Revenue (Expenses)			
Community service grant from Corporation for Public Broadcasting	145,521	152,658	154,578
Unrealized gain (loss) on investments	8,846	5,677	(8,067)
Other grants	81,506	89,371	75,789
Transfer to BCCC	(175,000)	(75,000)	(90,000)
Total non-operating revenue	<u>60,873</u>	<u>172,706</u>	<u>132,300</u>
Change in net position	<u>85,061</u>	<u>58,215</u>	<u>36,728</u>
Net Position, beginning of year	<u>2,754,927</u>	<u>2,696,712</u>	<u>2,659,984</u>
Net Position, End of Year	<u>\$ 2,839,988</u>	<u>\$ 2,754,927</u>	<u>\$ 2,696,712</u>

Operating Revenue

Operating revenue increased by 7.5% or \$127,700, for fiscal year 2018, compared to fiscal year 2017. Operating revenue increased by 5.8% or \$93,173, for the fiscal year ended June 30, 2017, when compared to fiscal year 2016.

**BALTIMORE CITY COMMUNITY COLLEGE
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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Operating Revenue (continued)

Changes in operating revenue were due to the following factors:

- Subscription and membership revenue increased by 42,024 or 3.6% to \$1,221,910 for fiscal year 2018, compared to fiscal year 2017. Increase in fiscal year 2018, is attributed to increased effort on fundraising. Subscription and membership revenues increased \$127,370 or 12% to \$1,179,886 for fiscal year 2017, compared to fiscal year 2016.
- Administrative support increased by \$84,762, for fiscal year 2018, compared to fiscal year 2017, and increased by \$3,648, for fiscal year 2017, compared to fiscal year 2016. 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, which increased by \$914 to \$214,214 for fiscal year 2018, when compared to fiscal year 2017, and decreased by \$37,845 to \$213,300 for fiscal year 2017, when compared to fiscal year 2016.

Non-Operating Revenue

Changes were due the following factors:

- The Community Service Grant (CSG) decreased by \$7,137 and other grants decreased by \$7,865 for fiscal year 2018, when compared to fiscal year 2017. CSG decreased by \$1,920 and other grants increased by \$13,582 for fiscal year 2017 when compared to fiscal year 2016. 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
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**Management’s Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Operating Expenses (continued)

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

	Years Ended June 30		
	2018	2017	2016
Program and production	\$ 494,442	\$ 493,119	\$ 475,654
Broadcasting	239,367	276,537	268,178
Management and general	328,344	402,525	324,752
Fundraising	349,783	335,496	330,649
Administrative support	385,297	300,535	296,887
Total Operating Expenses	\$ 1,797,233	\$ 1,808,212	\$ 1,696,120

Operating expenses in fiscal year 2018 amounted to \$1.8 million, reflecting a net decrease of \$10,979, when compared to fiscal year 2017. In comparison, operating expenses in fiscal year 2017 amounted to \$1.8 million, reflecting a net increase of \$112,092, when compared to fiscal year 2016. Changes were the result of the following factor:

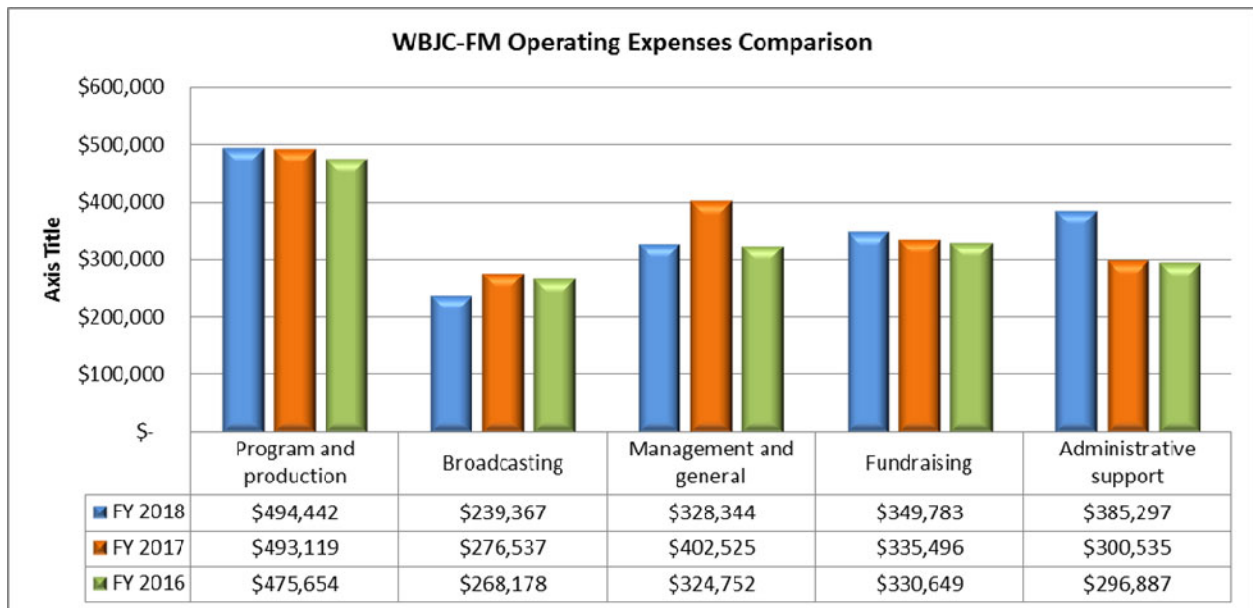
- Decrease in salaries and benefits.

**BALTIMORE CITY COMMUNITY COLLEGE
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**Management’s Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Operating Expenses (continued)

The following chart provides a graphical presentation of expenses by category for fiscal years 2018, 2017, and 2016:



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
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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Statement of Cash Flows (continued)

A summary of the Station's cash flows for the years ended June 30, 2018, 2017 and 2016, are presented in the following table:

	Condensed Statements of Cash Flows		
	Years Ended June 30		
	2018	2017	2016
Cash (used in) provided by:			
Operating activities	\$ (3,247)	\$ (80,676)	\$ (157,979)
Noncapital financing activities	52,027	167,029	140,367
Capital and related financing activities	-	(7,377)	(11,998)
Net change in cash	48,780	78,976	(29,610)
Cash, beginning of year	2,045,145	1,966,169	1,995,779
Cash, End of Year	\$ 2,093,925	\$ 2,045,145	\$ 1,966,169

During fiscal year 2018, cash used in operating activities decreased by \$77,429, cash provided by noncapital financing activities decreased by \$115,002, cash used in capital and related financing activities decreased by \$7,377, for an overall decrease in cash of \$30,196 compared to 2017. During fiscal year 2017, cash used in operating activities decreased by \$77,303, cash provided by noncapital financing activities increased by \$26,662, cash used in capital and related financing activities decreased by \$4,621 for an overall increase in cash of \$108,586 compared to 2016.

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

**Management’s Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Capital Assets

The Station is required to depreciate capital assets. The Station recognized \$34,878 of depreciation expense for the 2018 fiscal year, compared to \$34,786 and \$29,220 of depreciation expense for fiscal years 2017 and 2016, 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,		
	2018	2017	2016
Capital assets:			
Furniture, fixtures and equipment	\$ 2,094,450	\$ 2,094,450	\$ 2,087,074
Less: accumulated depreciation	1,249,791	1,214,913	1,180,128
Net Capital Assets	\$ 844,659	\$ 879,537	\$ 906,946

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

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

**Statements of Net Position
As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 2,093,925	\$ 2,045,145
Other current assets	19,957	16,515
Total Current Assets	<u>2,113,882</u>	<u>2,061,660</u>
Non-Current Assets		
Capital assets, net	844,659	879,537
Investments	54,971	46,126
Total Non-Current Assets	<u>899,630</u>	<u>925,663</u>
Total Assets	<u>3,013,512</u>	<u>2,987,323</u>
LIABILITIES		
Current Liabilities		
Accounts payable-trade	7,793	17,765
Accrued compensated absences	6,047	11,054
Accrued payroll	29,336	29,652
Due to other funds	1,438	-
Accrued expenses	2,448	1,630
Total Current Liabilities	<u>47,062</u>	<u>60,101</u>
Non-Current Liabilities		
Accrued compensated absences, net of current portion	126,462	172,295
Total Liabilities	<u>173,524</u>	<u>232,396</u>
Net Position		
Net investment in capital assets	844,659	879,538
Unrestricted	1,995,329	1,875,389
Total Net Position	<u>\$ 2,839,988</u>	<u>\$ 2,754,927</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Operating Revenue		
Subscription and membership income	\$ 1,221,910	\$ 1,179,886
Other income	214,214	213,300
Administrative support from BCCC	385,297	300,535
Total Operating Revenue	<u>1,821,421</u>	<u>1,693,721</u>
Operating Expenses		
Program Services:		
Programming and production	494,442	493,119
Broadcasting	239,367	276,537
Total program services	<u>733,809</u>	<u>769,656</u>
Support Services:		
Management and general	328,344	402,525
Fundraising	349,783	335,496
Administrative support from BCCC	385,297	300,535
Total support services	<u>1,063,424</u>	<u>1,038,556</u>
Total Operating Expenses	<u>1,797,233</u>	<u>1,808,212</u>
Operating income (loss)	<u>24,188</u>	<u>(114,491)</u>
Non-Operating Revenue (Expenses)		
Community service grant from Corporation for Public Broadcasting	145,521	152,658
Unrealized gain on investments	8,846	5,677
Other grants	81,506	89,371
Transfer to BCCC	(175,000)	(75,000)
Total Non-Operating Revenue	<u>60,873</u>	<u>172,706</u>
Change in net position	85,061	58,215
Net position, beginning of year	2,754,927	2,696,712
Net Position, End of Year	<u>\$ 2,839,988</u>	<u>\$ 2,754,927</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Subscription and membership receipts	\$ 1,221,910	\$ 1,179,886
Other receipts	214,214	213,300
Payments to employees	(985,455)	(1,083,876)
Payments to suppliers and contractors	(453,916)	(389,986)
Net Cash from Operating Activities	<u>(3,247)</u>	<u>(80,676)</u>
Cash Flows from Noncapital Financing Activities		
Transfer to Baltimore City Community College	(175,000)	(75,000)
Community Service Grant from Corporation for Public Broadcasting	145,521	152,658
Other grants receipts	81,506	89,371
Net Cash from Noncapital Financing Activities	<u>52,027</u>	<u>167,029</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of capital assets	-	(7,377)
Net Cash from Capital and Related Financing Activities	<u>-</u>	<u>(7,377)</u>
Net change in cash	48,780	78,976
Cash, beginning of year	2,045,145	1,966,169
Cash, End of Year	<u>\$ 2,093,925</u>	<u>\$ 2,045,145</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating income (loss)	\$ 24,188	\$ (114,491)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	34,878	34,785
Effect of change in non-cash operating assets and liabilities:		
Other assets	(3,442)	3,634
Accounts payable - trade	(9,972)	(8,048)
Accrued compensated absences	(50,840)	14,573
Accrued payroll	(316)	3,857
Due to other funds	1,438	(15,000)
Accrued expenses	819	14
Net Cash from Operating Activities	<u>\$ (3,247)</u>	<u>\$ (80,676)</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, 2018 and 2017**

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, 2018, and 2017. The Station's financial statements as of and for the years ended June 30, 2018, and 2017, 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 \$385,297 and \$300,535, were reported for the years ended June 30, 2018, and 2017, 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.

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.

**BALTIMORE CITY COMMUNITY COLLEGE
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**Notes to the Financial Statements
June 30, 2018 and 2017**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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 statements 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.

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

**Notes to the Financial Statements
June 30, 2018 and 2017**

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

The Governmental Accounting Standards Board (GASB) issued statement No. 87, *Leases*. This statement may have a material effect on the Station's financial statements once implemented. The Station will be analyzing the effects of this pronouncements and plans to adopt it, as applicable, by their effective date.

3. CASH

As of June 30, 2018 and 2017, the Station had cash on deposit in an internal pooled cash account with the Maryland State Treasurer (Treasurer) in the amount of \$2,091,285 and \$2,043,575, 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, 2018 and 2017, 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, 2018.

Cash of June 30, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash in Bank	\$ 2,640	\$ 1,570
Held by Treasurer	<u>2,091,285</u>	<u>2,043,575</u>
Total Cash	<u><u>\$ 2,093,925</u></u>	<u><u>\$ 2,045,145</u></u>

Cash in the bank was fully covered by deposit insurance.

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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.

The Station has the following recurring fair value measurements as of June 30, 2018 and 2017:

	2018			
	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	10,950	10,950	-	-
Stock	43,701	43,701	-	-
Bonds	320	320	-	-
Total Investments	\$ 54,971	\$ 54,971	\$ -	\$ -

	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	34,049	34,049	-	-
Bonds	315	315	-	-
Total Investments	\$ 46,126	\$ 46,126	\$ -	\$ -

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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, 2018 and 2017, 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
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5. CAPITAL ASSETS

Below are the changes in capital assets at historical costs for the years ended June 30, 2018 and 2017:

	2018			
	<u>Balance as of June 30, 2017</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance as of June 30, 2018</u>
Capital Assets				
Furniture, fixtures and equipment (includes Tower and Antenna)	\$ 2,094,450	\$ -	\$ -	\$ 2,094,450
Less: Accumulated Depreciation	1,214,913	34,878	-	1,249,791
Capital Assets, Net	<u>\$ 879,537</u>	<u>\$ (34,878)</u>	<u>\$ -</u>	<u>\$ 844,659</u>
	2017			
	<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)	\$ 2,087,073	\$ 7,377	\$ -	\$ 2,094,450
Less: Accumulated Depreciation	1,180,127	34,786	-	1,214,913
Capital Assets, Net	<u>\$ 906,946</u>	<u>\$ (27,409)</u>	<u>\$ -</u>	<u>\$ 879,537</u>

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**Notes to the Financial Statements
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6. NONCURRENT LIABILITIES

Changes in noncurrent liabilities consisted of the following for the years ended June 30, 2018 and 2017:

	2018				Amount Due Within One Year
	Balance as of June 30, 2017	Additions	Reductions	Balance as of June 30, 2018	
Accrued compensated absences	\$ 183,349	\$ 62,918	\$ (113,758)	\$ 132,509	\$ 6,047

	2017				Amount Due Within One Year
	Balance as of June 30, 2016	Additions	Reductions	Balance as of June 30, 2017	
Accrued compensated absences	\$ 168,777	\$ 70,086	\$ (55,514)	\$ 183,349	\$ 11,054

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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**Notes to the Financial Statements
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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, 2018:

<u>Years Ending June 30,</u>	<u>Minimum Annual Lease Payments</u>	<u>Annual Operating Rental Income</u>
2019	\$ 95,665	\$ 1,400
2020	96,280	-
2021	84,389	-
2022	22,417	-
2023	19,145	-
Total	\$ 317,896	\$ 1,400

Lease expense for the years ended June 30, 2018 and 2017 was \$95,067 and \$94,487, respectively.

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

WBJC operating expenses by functional classification were as follows for the years ended June 30, 2018 and 2017:

	<u>2018</u>				
	<u>Natural Classification</u>				
	<u>Payments to Employees</u>	<u>Payments to Suppliers and Contractors</u>	<u>Depreciation</u>	<u>Administrative Support BCCC</u>	<u>Total</u>
Programming and production	\$ 425,971	\$ 68,471	\$ -	\$ -	\$ 494,442
Broadcasting	169,150	70,217	-	-	239,367
Management and general	130,900	162,566	34,878	-	328,344
Fundraising	259,434	90,349	-	-	349,783
Administrative support from BCCC	-	-	-	385,297	385,297
TOTAL	\$ 985,455	\$ 391,603	\$ 34,878	\$ 385,297	\$ 1,797,233

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**Notes to the Financial Statements
June 30, 2018 and 2017**

9. NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS (continued)

	2017				
	Natural Classification				
	Payments to			Administrative	
	Payments to	Suppliers and	Depreciation	Support BCCC	Total
	Employees	Contractors			
Programming and production	\$ 436,704	\$ 56,415	\$ -	\$ -	\$ 493,119
Broadcasting	192,365	84,172	-	-	276,537
Management and general	196,860	170,879	34,786	-	402,525
Fundraising	257,947	77,549	-	-	335,496
Administrative support from BCCC	-	-	-	300,535	300,535
TOTAL	\$ 1,083,876	\$ 389,015	\$ 34,786	\$ 300,535	\$ 1,808,212