

**WUMB-FM RADIO
(A DEPARTMENT OF THE UNIVERSITY
OF MASSACHUSETTS BOSTON)**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

WUMB-FM RADIO
(A DEPARTMENT OF THE UNIVERSITY OF MASSACHUSETTS BOSTON)

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INDEPENDENT AUDITORS' REPORT

To the Audit Committee of the Board of Trustees of
The University of Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of WUMB-FM Radio (“WUMB” or the “Station”), (a department of the University of Massachusetts Boston), which comprise the statement of assets, liabilities and net assets as of June 30, 2020 and the related statements of revenues, expenses and changes in net assets, and cash flows for the year 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.

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 polices 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of WUMB as of June 30, 2020, and the results of its activities and changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on the Summarized Comparative Information

We have previously audited WUMB's 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Boston, MA
November 24, 2020

WUMB-FM RADIO
(A DEPARTMENT OF THE UNIVERSITY OF MASSACHUSETTS BOSTON)

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Assets						
Current Assets						
Unconditional promises to give, net	\$ --	\$ 172,151	\$ 172,151	\$ --	\$ 181,438	\$ 181,438
Due from the University of Massachusetts Boston	1,742,888	--	1,742,888	1,844,477	--	1,844,477
Prepaid expenses	26,956	--	26,956	56,647	--	56,647
Total Current Assets	1,769,844	172,151	1,941,995	1,901,124	181,438	2,082,562
Beneficial interest in pooled investments	94,808	26,945	121,753	95,614	26,945	122,559
Equipment, Net	15,790	--	15,790	21,054	--	21,054
Total Assets	\$ 1,880,442	\$ 199,096	\$ 2,079,538	\$ 2,017,792	\$ 208,383	\$ 2,226,175
Liabilities and Net Assets						
Current Liabilities						
Accrued expenses	\$ 42,919	\$ --	\$ 42,919	\$ 41,777	\$ --	\$ 41,777
Accrued compensated absences	112,739	--	112,739	107,136	--	107,136
Deferred revenue - educational initiatives	40,200	--	40,200	178,750	--	178,750
Unexpended grants	17,445	--	17,445	32,580	--	32,580
Total Current Liabilities	213,303	--	213,303	360,243	--	360,243
Accrued Compensated Absences, Less Current Portion	13,650	--	13,650	12,972	--	12,972
Total Liabilities	226,953	--	226,953	373,215	--	373,215
Net Assets						
Without donor restrictions:						
Investment in equipment	15,790	--	15,790	21,054	--	21,054
Designated for long-term investment	94,808	--	94,808	95,614	--	95,614
Undesignated	1,542,891	--	1,542,891	1,527,909	--	1,527,909
Total without donor restrictions	1,653,489	--	1,653,489	1,644,577	--	1,644,577
With donor restrictions	--	199,096	199,096	--	208,383	208,383
Total Net Assets	1,653,489	199,096	1,852,585	1,644,577	208,383	1,852,960
Total Liabilities and Net Assets	\$ 1,880,442	\$ 199,096	\$ 2,079,538	\$ 2,017,792	\$ 208,383	\$ 2,226,175

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

WUMB-FM RADIO
(A DEPARTMENT OF THE UNIVERSITY OF MASSACHUSETTS BOSTON)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020		Total	
	Without Donor Restrictions	With Donor Restrictions	2020	2019
Revenue and Support				
University of Massachusetts Boston:				
Indirect support	\$ 357,264	\$ --	\$ 357,264	\$ 356,547
In-kind support	8,400	--	8,400	17,419
General appropriations	--	--	--	369,396
Subscriptions and memberships	656,657	146,948	803,605	789,019
Educational initiatives	265,533	--	265,533	254,568
Grants	176,077	51,897	227,974	177,358
Public contributions	89,824	--	89,824	131,631
Net realized and unrealized gain on investments	1,575	--	1,575	2,842
Investment loss	(2,381)	--	(2,381)	(879)
Net assets released from restrictions:				
Satisfaction of program restrictions	208,132	(208,132)	--	--
Total Revenue and Support	<u>1,761,081</u>	<u>(9,287)</u>	<u>1,751,794</u>	<u>2,097,901</u>
Expenses				
Program services	1,303,089	--	1,303,089	1,301,018
Management and general	251,393	--	251,393	245,086
Fundraising	197,687	--	197,687	201,608
Total Expenses	<u>1,752,169</u>	<u>--</u>	<u>1,752,169</u>	<u>1,747,712</u>
Change in Net Assets	8,912	(9,287)	(375)	350,189
Net Assets, Beginning of the Year	<u>1,644,577</u>	<u>208,383</u>	<u>1,852,960</u>	<u>1,502,771</u>
Net Assets, End of the Year	<u>\$ 1,653,489</u>	<u>\$ 199,096</u>	<u>\$ 1,852,585</u>	<u>\$ 1,852,960</u>

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

WUMB-FM RADIO
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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ (375)	\$ 350,189
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	5,264	10,657
Net realized and unrealized gain on investments	(1,575)	(2,842)
Decrease (increase) in unconditional promises to give, net	9,287	(12,679)
Decrease (increase) in due from University of Massachusetts Bo	101,589	(281,852)
Decrease (increase) in prepaid expenses	29,691	(9,432)
Increase in accrued expenses	7,423	16,847
Decrease in deferred revenue - educational initiatives	(138,550)	(13,875)
Decrease in unexpended grants	(15,135)	(31,574)
Net Cash (Used in) Provided by Operating Activities	(2,381)	25,439
Cash Flows from Investing Activities		
Investment loss	2,381	879
Purchase of property and equipment	--	(26,318)
Net Cash Provided by (Used in) Investing Activities	2,381	(25,439)
Net Increase (Decrease) in Cash	--	--
Cash, Beginning of the Year	--	--
Cash, End of the Year	\$ --	\$ --

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

WUMB-FM RADIO
(A DEPARTMENT OF THE UNIVERSITY OF MASSACHUSETTS BOSTON)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 1 – NATURE OF THE ORGANIZATION

WUMB-FM Radio (“the Station”) is a network of nine non-commercial public broadcast radio stations that are licensed to, owned and operated by the University of Massachusetts Boston (“UMass”, “the University”). The Station’s studio facilities are located at the University of Massachusetts, Boston Campus, with transmitting facilities located in Quincy, Spencer, Falmouth, Orleans, Amesbury, Stow, Marshfield, and Gloucester, Massachusetts as well as in Milford, New Hampshire. The Station depends on the continuing support of UMass through the allocation of University and other funds for certain operating expenses.

Additionally, the Station receives funding in the form of grants from the Corporation for Public Broadcasting (“CPB”). The Station must meet certain criteria established by the CPB in order to qualify for this funding. The CPB amends its qualifying criteria on a periodic basis and it is never certain whether the Station will continue to qualify for funding in future periods. The risk of a funding reduction from the CPB has prompted the Station to escalate its efforts to increase other sources of revenue.

The Station is a department of UMass. The financial statements do not represent the financial position or the activities and changes in net assets or the cash flows for UMass.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying Station’s financial statements have been prepared on the accrual basis of accounting in accordance with the reporting principles of not-for-profit accounting, and were prepared for the purpose of complying with the Annual Financial Report requirements of the Corporation for Public Broadcasting. In addition, these financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

PRIOR YEAR SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Station’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL STATEMENT PRESENTATION

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Station and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent those assets that are not subject to donor imposed stipulations. The Station further subdivides this classification into: (a) investment in equipment, (b) designated for long-term investment, and (c) undesignated.

Restricted gains and investment income and donor-restricted contributions whose restrictions are met in the same reporting period are classified as without donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent those assets whose use by the Station has been limited by donors to a specific period or purpose or represent amounts that are subject to donor gift instruments requiring that the principal be invested in perpetuity and that only the income be used.

DUE FROM THE UNIVERSITY OF MASSACHUSETTS BOSTON

The financial policies of the University, a related party under which the Station is a department and operates, require that all cash be held centrally by UMass. Accordingly, cash available for use by the Station, as well as amounts to be reimbursed by UMass for accrued compensated absences and salaries, is reported within the Due from the University of Massachusetts Boston balance on the accompanying statement of assets, liabilities and net assets.

DONATED PROPERTY AND EQUIPMENT

Unconditional donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DONATED PROPERTY AND EQUIPMENT (CONTINUED)

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Station reclassifies net assets with donor restriction to net assets without donor restriction at that time.

BENEFICIAL INTEREST IN POOLED INVESTMENT VALUATION AND INCOME RECOGNITION

The Station's beneficial interest in pooled investments, stated at fair value, are held in a pooled investment account which is managed and invested by The University of Massachusetts Foundation (the "Foundation"). The pooled investment portfolio is comprised of investments held for various entities which are sponsored by the Foundation.

The fair value of the Station's share of the pooled investments is based on the percentage of units owned by the Station in relation to the total units available in the Foundation, times the fair value of the total investments maintained by the Foundation in the pooled investment account. The fair value of the pooled investment account is based upon the quoted market prices or other valuation estimates of the assets underlying the entire pooled investment portfolio.

Investment income and all realized and unrealized gains and losses are allocated among the various entities based on the percentage of each entities' beneficial interest in the total investments maintained by the Foundation in the pooled investment portfolio. The investment return is reflected in the accompanying statement of revenues, expenses and changes in net assets.

UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give are stated at the amount management expects to collect from outstanding balances at year-end. The Station provides for probable uncollectible pledges through a charge to income and an adjustment to a valuation allowance based on its assessment of accounts whose collection is uncertain and projected cash collection within the next fiscal year. Accounts determined to be uncollectible are written off by reversing both the pledge receivable and allowance balances (see Note 4).

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

EQUIPMENT, NET

Purchases of property and equipment are recorded at cost. Moveable equipment with a unit cost (or value) of \$5,000 or greater and an economic life in excess of one year is capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the respective assets (three to seven years) using the straight-line method.

INTANGIBLE ASSETS – BROADCAST LICENSES

The Station follows ASC 350, *Goodwill and Other Intangible Assets*, to account for its broadcast licenses. The Station has amortized the broadcast licenses over a period of seven years, which are fully amortized. Assets with finite lives are amortized over their respective useful life, while assets with infinite lives are assessed annually for impairment, rather than being amortized.

DEFERRED REVENUE – EDUCATIONAL INITIATIVES

Payments received by the Station from participants in the educational initiatives program are deferred at the point in time until such time that the program is completed.

REVENUE RECOGNITION

Indirect and in-kind support, which represents the value of facilities and services provided, are recorded as revenue when received using certain allocation rates, which approximate fair value, as set by the United States Department of Health and Human Services. The general appropriation from UMass is recorded as general appropriation revenue as appropriated funds are incurred.

The Station generates a majority of its revenue from subscriptions and memberships, as well as educational initiatives. Annual subscription and membership income is recognized over a twelve month period. For educational initiatives, the Station requires payment in advance and initially recognizes deferred revenue upon payment from the customer. Educational initiatives income is recognized at points in time when performance obligations are met (e.g. attendance at camp sessions).

The Station has been awarded a conditional grant from the CPB to assist in expanding the quality and scope of the Station, whether in educational, news, public affairs or other programming. The grant is recognized as the required services are performed, and expenses are recognized as revenue as incurred.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTIONS

The Station accounts for unconditional contributions received as increases in net assets without donor restriction or net assets with donor restriction, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of revenues, expenses and changes in net assets as net assets released from restrictions.

INCOME TAXES

The Station is a department of UMass, which is a component unit of the Commonwealth of Massachusetts, and is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code. Therefore, no provision for federal and state income taxes has been included in these financial statements.

USE OF ESTIMATES

In preparing the accompanying financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions involve the areas of estimated useful lives of property and equipment, amortization period of intangibles, and accrued compensated absences, among others. Actual results could differ from those estimates.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities of the Station have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets. Accordingly, certain costs have been allocated between programs and supporting services benefited. Salaries and benefits are allocated based upon an analysis of personnel time and effort. Cost of activities are allocated based upon direct identification.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INDIRECT SUPPORT - UMASS CHARGE

Indirect support - UMass Charge is the portion of UMass's general and administrative costs, facilities costs, and occupancy support attributable to Station operations.

ADOPTION OF RECENTLY ISSUED ACCOUNTING STANDARD

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contribution Received and Contributions Made* ("ASU 2018-08"). The purpose of ASU 2018-08 is to provide guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The Station adopted ASU 2018-08 on July 1, 2019. The results of applying ASU 2018-08 using the modified prospective approach did not have a material impact on the financial position, changes in net assets, cash flows, business processes, controls or systems of the Station.

RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The Station has been able to continue most of its operations in a remote environment, however, at this point, the extent to which COVID-19 may impact the Station's financial condition or results of operations is uncertain. The extent of the impact of COVID-19 on the Station's operational and financial performance will depend on the Station's certain developments, including the duration and spread of the outbreak and its impact on the Station's investment funds, donors, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic, if any.

SUBSEQUENT EVENTS

The Station has evaluated subsequent events through November 24, 2020, the date these financial statements were available to be issued and has determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 3 – BENEFICIAL INTEREST IN POOLED INVESTMENTS

The Station has the option to contribute to a perpetual trust administered by the Foundation. The Commonwealth of Massachusetts matches 50% of the contribution made by the Station. Under the terms of the Trust, the Station has the irrevocable right to receive the income earned on the Trust assets in perpetuity.

Beneficial interest in pooled investments are carried at fair value, and consist of the following at June 30:

	Fair Value	Cost	Unrealized Appreciation
Pooled investments:			
June 30, 2020	\$ 121,753	\$ 96,513	\$ 25,240
June 30, 2019	<u>\$ 122,559</u>	<u>\$ 98,894</u>	<u>\$ 23,665</u>

Investments, in general, are exposed to various risks such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment (loss) income for the years ended June 30 are summarized as follows:

	2020	2019
Investment loss	\$ (2,381)	\$ (879)
Net realized and unrealized gain on investments	<u>1,575</u>	<u>2,842</u>
	<u>\$ (806)</u>	<u>\$ 1,963</u>

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give represent pledges receivable and are recorded at the aggregate unpaid balance less any required allowance for doubtful accounts.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE, NET (CONTINUED)

Pledges receivable, net consisted of the following at June 30:

	2020	2019
Amounts due:		
Within one year	\$ 192,470	\$ 197,648
Total unconditional promises to give	192,470	197,648
Less allowance for doubtful accounts	(20,319)	(16,210)
Unconditional promises to give, net	\$ 172,151	\$ 181,438

NOTE 5 – EQUIPMENT, NET

A summary of equipment at June 30 is as follows:

	2020	2019
Broadcast equipment	\$ 604,334	\$ 604,334
Studio and production equipment	219,127	219,127
Office furniture and fixtures	21,223	21,223
Vehicle	3,950	3,950
Total equipment	848,634	848,634
Less: accumulated depreciation	(832,844)	(827,580)
Equipment, net	\$ 15,790	\$ 21,054

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$5,264 and \$10,657, respectively.

NOTE 6 - BROADCAST LICENSES

The Station holds eight broadcast licenses; WUMB-FM, WBPR-FM, WFPB-FM, WFPB-AM, WNEF-FM, WUMG-FM, WUMT-FM, and WUMZ-FM in Quincy, Spencer, Falmouth, Orleans, Amesbury, Stow, Marshfield, and Gloucester, Massachusetts, respectively, as well as WUMV-FM in Milford, New Hampshire.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
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NOTE 6 - BROADCAST LICENSES (CONTINUED)

There are currently no plans to transfer or sell any of the eight licenses. The cost of these licenses was \$233,000 which has been fully amortized in previous years.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Station received support from UMass for the years ended June 30 consisting of:

	2020	2019
Indirect and in-kind support:		
Indirect	\$ 357,264	\$ 356,547
In-kind	8,400	17,419
Total indirect and in-kind support	365,664	373,966
General appropriations:		
General appropriations	--	272,947
Fringe benefits	--	96,449
Total general appropriations	--	369,396
Total support from UMass	\$ 365,664	\$ 743,362

NOTE 8 - PENSION PLAN

Full-time employees of the Station earn retirement benefits under the Commonwealth of Massachusetts Retirement System. Total pension costs for the years ended June 30, 2020 and 2019 totaled \$50,450 and \$50,339, respectively.

NOTE 9 - FAIR VALUE MEASUREMENTS

FAIR VALUE HIERARCHY

The Station uses a fair value hierarchy established by accounting principles generally accepted in the United States of America that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020
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NOTE 9 - FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The three levels of the fair value hierarchy are described as follows:

- Level 1** Valuation is based on quoted market prices in active markets for identical assets that the Station has the ability to access at the measurement date.
- Level 2** Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The valuation must be based on quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset.
- Level 3** Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level of input that is significant to the fair value measurement in its entirety.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS

In accordance with Subtopic 820-10, all the Station's investments are measured at fair value using the NAV (or its equivalent) practical expedient and have not been classified in the fair value hierarchy.

The Station recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels during the years ended June 30, 2020 and 2019. There were no liabilities measured on a recurring basis at June 30, 2020 and 2019.

Beneficial Interest in Pooled Investments: Beneficial interest in pooled investments represent the Station's beneficial interest in the accounts managed and invested by the Foundation. Pooled investments are valued at fair value of the entire pool's underlying investments as reported by the Foundation. For the majority of the underlying investments, fair value is based upon information reported by third party pricing vendors. In those instances where the underlying investment does not have a readily available fair value, then the Foundation has estimated that fair value with other valuation estimates.

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NOTES TO THE FINANCIAL STATEMENTS

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NOTE 9 - FAIR VALUE MEASUREMENTS (CONTINUED)

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS (CONTINUED)

Strategies Employed: The Station's beneficial interest in pooled investments are included in the University's pooled investments of the Foundation. The Foundation maintains a diversified asset allocation through its pooled investments that includes money market funds, fixed income funds, international funds, REITS and alternative investments. The Station has total investments held by the Foundation with a fair value of \$121,753 and \$122,559 as of June 30, 2020 and 2019, respectively. The fair value is determined based on the Foundation's unit value at June 30, 2020 and 2019 multiplied by the total units allocated to the Station.

The Station has no restrictions on redemption of its beneficial interest in pooled investments as the underlying investments are invested and managed by the Foundation nor are there any unfunded commitments related to the Station's beneficial interest in pooled investments as of June 30, 2020.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, may be expended for:

	2020	2019
Subject to Organization Policy and Appropriation:		
Investment in perpetuity which, once appropriated, is expendable to support:		
Operations	\$ 26,945	\$ 26,945
Subject to the Passage of Time:		
For periods after June 30	172,151	181,438
Total Net Assets With Donor Restrictions	\$ 199,096	\$ 208,383

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NOTE 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor imposed restrictions by incurring expenses satisfying the following restricted purposes during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Program support	<u>\$ 51,897</u>	<u>\$ 70,251</u>
Time Restrictions Expired:		
Passage of specified time	<u>156,235</u>	<u>137,105</u>
Total Net Assets Released from Donor Restrictions	<u><u>\$ 208,132</u></u>	<u><u>\$ 207,356</u></u>

NOTE 12 - ENDOWMENT

The Station's endowment consists of one fund established for long-term investment, and includes funds designated by the Board of Directors to function as an endowment. The funds are invested in a pooled fund that is managed by the Foundation. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The UMass Foundation has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("MA UPMIFA") as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Station classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the MA UPMIFA, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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NOTE 12 – ENDOWMENT (CONTINUED)

Interpretation of Relevant Law: (Continued)

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Endowment net asset composition by fund type as of June 30, 2020 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor-restricted endowment funds	\$ --	\$ 26,945	\$ 26,945
Designated for long-term investment	<u>94,808</u>	<u>--</u>	<u>94,808</u>
Total funds	<u>\$ 94,808</u>	<u>\$ 26,945</u>	<u>\$ 121,753</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 95,614	\$ 26,945	\$ 122,559
Investment loss	<u>(806)</u>	<u>--</u>	<u>(806)</u>
Endowment net assets, end of the year	<u>\$ 94,808</u>	<u>\$ 26,945</u>	<u>\$ 121,753</u>

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NOTE 12 – ENDOWMENT (CONTINUED)

Endowment net asset composition by fund type as of June 30, 2019 is as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Donor-restricted endowment funds	\$ --	\$ 26,945	\$ 26,945
Designated for long-term investment	<u>95,614</u>	<u>--</u>	<u>95,614</u>
Total funds	<u>\$ 95,614</u>	<u>\$ 26,945</u>	<u>\$ 122,559</u>

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 93,651	\$ 26,945	\$ 120,596
Investment return	<u>1,963</u>	<u>--</u>	<u>1,963</u>
Endowment net assets, end of the year	<u>\$ 95,614</u>	<u>\$ 26,945</u>	<u>\$ 122,559</u>

Return Objectives, Risk Parameters and Strategies: The Station's endowment is managed by the Foundation in a pooled investment fund. The Station follows the Foundation's endowment investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while assuming a moderate level of risk.

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NOTE 12 – ENDOWMENT (CONTINUED)

Spending Policy: The Station follows UMass’ spending policy related to this endowment.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Station to retain as a fund of perpetual duration. The Station has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. There were no such deficiencies as of June 30, 2020 and 2019.

NOTE 13 – COMMITMENTS

On May 1, 2013, the Station entered into a license agreement for the use of an antenna site. The agreement is in effect for ten years and the Station will pay \$500 for the first year and then the annual monthly fee shall increase by 3% of the previous year’s monthly fee. The agreement allows the Station to extend the agreement for three additional five year terms.

NOTE 14 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Station’s financial assets available within one year of the statement of assets, liabilities and net assets date to meet cash needs for general expenditures are as follows:

	2020	2019
Financial assets at year-end:		
Unconditional promises to give, net	\$ 172,151	\$ 181,438
Due from the University of Massachusetts Boston	1,742,888	1,844,477
Beneficial interest in pooled investments, at fair value	121,753	122,559
Subtotal	2,036,792	2,148,474
Less: donor restricted net assets	(199,096)	(208,383)
Less: net assets designated for long term investment	(94,808)	(95,614)
	\$ 1,742,888	\$ 1,844,477

The Station has a policy to structure its financial assets to be available to meet its general expenditures, liabilities and other obligations as they become due. The Station monitors its liquidity so that it is able to meet its operating needs. In addition to financial assets available to meet general expenditures over the year, the Station anticipates covering its general expenditures by collecting sufficient supporting revenue.

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NOTE 15 – FUNCTIONAL EXPENSES

A summary of program services, management and general, and fundraising, by natural and functional classification, for the year ended June 30, 2020 is as follows:

	Program Services				Management and General			Fundraising	Total Expenses
	Programming and Production	Broadcasting	Program Information	Total Program Services	General and Administrative	Underwriting	Total Management and General	Fundraising and Grant Solicitation	2020
Salaries	\$ 297,942	\$ 50,154	\$ 25,218	\$ 373,314	\$ 46,070	\$ 24,637	\$ 70,707	\$ 76,420	\$ 520,441
Fringe benefits	93,329	16,476	8,285	118,090	15,134	8,093	23,227	25,105	166,422
Indirect support									
UMass charge	187,777	93,438	12,955	294,170	55,771	12,638	68,409	3,085	365,664
Professional services	43,800	12,015	--	55,815	40,039	--	40,039	--	95,854
Advertising and promotion	11,810	--	100	11,910	--	--	--	10,057	21,967
Depreciation	--	5,264	--	5,264	--	--	--	--	5,264
Postage	--	--	--	--	1,641	--	1,641	14,767	16,408
Telephone	7,955	15,909	1,989	25,853	3,977	1,989	5,966	7,955	39,774
Travel	7,884	427	--	8,311	568	--	568	--	8,879
Dues and subscriptions	32,083	24,065	--	56,148	2,326	--	2,326	6,735	65,209
Supplies	2,191	3,604	--	5,795	3,432	--	3,432	15,711	24,938
License and fees	18,875	10,115	--	28,990	20,116	--	20,116	22,292	71,398
Utilities	--	20,195	--	20,195	--	--	--	--	20,195
Repairs and maintenance	--	64,098	--	64,098	--	--	--	--	64,098
Facility rental expense	127,832	39,638	--	167,470	--	--	--	--	167,470
Administrative overhead -									
UMass charge	44,396	20,070	3,200	67,666	11,841	3,121	14,962	15,560	98,188
	<u>\$ 875,874</u>	<u>\$ 375,468</u>	<u>\$ 51,747</u>	<u>\$ 1,303,089</u>	<u>\$ 200,915</u>	<u>\$ 50,478</u>	<u>\$ 251,393</u>	<u>\$ 197,687</u>	<u>\$ 1,752,169</u>

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NOTE 15 – FUNCTIONAL EXPENSES (CONTINUED)

A summary of program services, management and general, and fundraising, by natural and functional classification, for the year ended June 30, 2019 is as follows:

	Program Services			Management and General			Fundraising	Total Expenses	
	Programming and Production	Broadcasting	Program Information	Total Program Services	General and Administrative	Underwriting	Total Management and General	Fundraising and Grant Solicitation	2019
Salaries	\$ 314,108	\$ 50,307	\$ 26,526	\$ 390,941	\$ 49,849	\$ 24,441	\$ 74,290	\$ 89,040	\$ 554,271
Fringe benefits	83,441	12,445	7,326	103,212	15,218	8,527	23,745	25,599	152,556
Indirect support									
UMass charge	195,531	82,941	14,585	293,057	50,803	12,687	63,490	--	356,547
Professional services	61,466	6,805	--	68,271	43,469	--	43,469	--	111,740
Advertising and promotion	11,096	--	4,330	15,426	--	--	--	13,334	28,760
Depreciation	--	10,657	--	10,657	--	--	--	--	10,657
Postage	--	--	--	--	1,800	--	1,800	16,183	17,983
Telephone	7,548	15,095	1,887	24,530	3,774	1,887	5,661	7,548	37,739
Travel	15,496	--	--	15,496	682	--	682	--	16,178
Dues and subscriptions	31,687	28,424	--	60,111	1,469	--	1,469	5,476	67,056
Supplies	4,544	1,362	--	5,906	6,103	--	6,103	11,845	23,854
License and fees	7,788	14,210	--	21,998	17,202	--	17,202	24,969	64,169
Utilities	--	22,677	--	22,677	--	--	--	--	22,677
Repairs and maintenance	--	43,537	--	43,537	--	--	--	--	43,537
Facility rental expense	133,475	32,999	--	166,474	--	--	--	--	166,474
Administrative overhead -									
UMass charge	34,750	21,877	2,098	58,725	7,028	147	7,175	7,614	73,514
	<u>\$ 900,930</u>	<u>\$ 343,336</u>	<u>\$ 56,752</u>	<u>\$ 1,301,018</u>	<u>\$ 197,397</u>	<u>\$ 47,689</u>	<u>\$ 245,086</u>	<u>\$ 201,608</u>	<u>\$ 1,747,712</u>