

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

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)**

# WUMB-FM RADIO

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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, 2018 and the related statement 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of WUMB as of June 30, 2018, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Report on the Summarized Comparative Information***

We have previously audited WUMB's 2017 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated November 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Marcum LLP*

Boston, MA  
November 28, 2018

# WUMB-FM RADIO

## STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS

JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Unconditional promises to give, net	\$ 168,759	\$ 179,441
Due from the University of Massachusetts Boston	1,562,625	1,278,526
Prepaid expenses	47,215	--
<b>Total Current Assets</b>	1,778,599	1,457,967
<b>Beneficial interest in pooled investments, at fair value</b>	120,596	113,982
<b>Equipment, Net</b>	5,393	11,862
<b>Total Assets</b>	\$ 1,904,588	\$ 1,583,811
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 31,055	\$ 33,268
Accrued compensated absences	101,698	136,806
Deferred revenue - educational initiatives	192,625	184,200
Unexpended grants	64,154	57,886
<b>Total Current Liabilities</b>	389,532	412,160
<b>Accrued Compensated Absences, Less Current Portion</b>	12,285	23,550
<b>Total Liabilities</b>	401,817	435,710
<b>Net Assets</b>		
Unrestricted:		
Investment in equipment	5,393	11,862
Designated for long-term investment	93,651	87,076
Undesignated	1,376,782	1,022,257
Total unrestricted	1,475,826	1,121,195
Permanently restricted	26,945	26,906
<b>Total Net Assets</b>	1,502,771	1,148,101
<b>Total Liabilities and Net Assets</b>	\$ 1,904,588	\$ 1,583,811

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

# WUMB-FM RADIO

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

**FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)**

	2018			Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2018	2017
<b>Revenue and Support</b>					
University of Massachusetts Boston:					
Indirect and in-kind support	\$ 351,457	\$ --	\$ --	\$ 351,457	\$ 417,154
General appropriations	372,881	--	--	372,881	450,453
Other support	--	--	--	--	13,847
Subscriptions and memberships	746,451	--	--	746,451	686,901
Educational initiatives	223,798	--	--	223,798	278,668
Grants	112,061	33,578	--	145,639	157,209
Public contributions	120,346	--	39	120,385	126,502
Special events, net of expenses \$27,002 and \$0, respectively	11,898	--	--	11,898	--
Investment return	3,222	--	--	3,222	1,695
Net realized and unrealized gain on investments	3,353	--	--	3,353	5,606
Net assets released from restrictions:					
Satisfaction of program restrictions	33,578	(33,578)	--	--	--
<b>Total Revenue and Support</b>	<u>1,979,045</u>	<u>--</u>	<u>39</u>	<u>1,979,084</u>	<u>2,138,035</u>
<b>Expenses</b>					
Program services:					
Programming and production	826,811	--	--	826,811	1,018,560
Broadcasting	358,104	--	--	358,104	456,923
Program information	50,402	--	--	50,402	24,364
Supporting services:					
General and administrative	185,906	--	--	185,906	191,145
Fundraising and grant solicitation	156,563	--	--	156,563	280,250
Underwriting	46,628	--	--	46,628	34,654
<b>Total Expenses</b>	<u>1,624,414</u>	<u>--</u>	<u>--</u>	<u>1,624,414</u>	<u>2,005,896</u>
<b>Change in Net Assets</b>	354,631	--	39	354,670	132,139
<b>Net Assets, Beginning of the Year</b>	<u>1,121,195</u>	<u>--</u>	<u>26,906</u>	<u>1,148,101</u>	<u>1,015,962</u>
<b>Net Assets, End of the Year</b>	<u>\$ 1,475,826</u>	<u>\$ --</u>	<u>\$ 26,945</u>	<u>\$ 1,502,771</u>	<u>\$ 1,148,101</u>

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

# WUMB-FM RADIO

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 354,670	\$ 132,139
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,469	12,384
Net realized and unrealized gain on investments	(3,353)	(5,606)
Decrease (increase) in unconditional promises to give, net	10,682	(25,966)
Increase in due from University of Massachusetts Boston	(284,099)	(69,278)
(Increase) decrease in prepaid expenses	(47,215)	12,000
Decrease in accrued expenses	(48,586)	(20,912)
Increase (decrease) in deferred revenue - educational initiatives	8,425	(30,085)
Increase (decrease) increase in unexpended grants	6,268	(2,897)
<b>Net Cash Provided by Operating Activities</b>	<u>3,261</u>	<u>1,779</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of pooled investments	<u>(3,261)</u>	<u>(1,779)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(3,261)</u>	<u>(1,779)</u>
<b>Net Increase (Decrease) in Cash</b>	--	--
<b>Cash, Beginning of the Year</b>	<u>--</u>	<u>--</u>
<b>Cash, End of the Year</b>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

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

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 1 – NATURE OF THE ORGANIZATION

WUMB-FM Radio (“the Station”) is a network of eight 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, and Marshfield, 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, 2017, from which the summarized information was derived.



# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### 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:

##### *UNRESTRICTED:*

Unrestricted net assets include those assets that are not subject to donor-imposed stipulations.

##### *TEMPORARILY RESTRICTED:*

Temporarily restricted net assets are subject to donor-imposed restrictions that will be satisfied by the actions of the Station or the passage of time.

##### *PERMANENTLY RESTRICTED:*

Permanently restricted net assets are subject to donor-imposed stipulations that they be held in perpetuity.

##### *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*

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 unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. 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 temporarily restricted net assets to unrestricted net assets at that time.

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *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).

##### *EQUIPMENT, NET*

Purchases of property and equipment are recorded at cost. 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. Moveable equipment with a unit cost (or value) of \$5,000 or greater and an economic life in excess of one year is capitalized.

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *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 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 revenue as appropriated funds are spent.

##### *CONTRIBUTIONS*

The Station accounts for contributions received as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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.

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *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.

##### *SUBSEQUENT EVENTS*

The Station has evaluated subsequent events through November 28, 2018, 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.

##### *RECLASSIFICATION*

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 financial statement presentation. There was no change in net assets as of June 30, 2017 or the changes in net assets for the year ended June 30, 2017.

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### 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, 2018	<u>\$ 120,596</u>	<u>\$ 99,773</u>	<u>\$ 20,823</u>
June 30, 2017	<u>\$ 113,982</u>	<u>\$ 96,512</u>	<u>\$ 17,470</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 statement of assets, liabilities and net assets and statement of revenues and expenses and changes in net assets.

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

	2018	2017
Investment return	\$ 3,222	\$ 1,695
Net realized and unrealized gain on investments	<u>3,353</u>	<u>5,606</u>
	<u>\$ 6,575</u>	<u>\$ 7,301</u>

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 4 - UNCONDITIONAL PROMISES TO GIVE, NET

Unconditional promises to give represent pledges receivable and are recorded at the aggregate unpaid balance less an allowance for doubtful accounts. Pledges receivable, net consisted of the following at June 30:

	2018	2017
Amounts due:		
Within one year	\$ 200,759	\$ 208,737
Total unconditional promises to give	200,759	208,737
Less allowance for doubtful accounts	<u>(32,000)</u>	<u>(29,296)</u>
Unconditional promises to give, net	<u>\$ 168,759</u>	<u>\$ 179,441</u>

#### NOTE 5 – EQUIPMENT, NET

A summary of equipment at June 30 is as follows:

	2018	2017
Broadcast equipment	\$ 578,016	\$ 578,016
Studio and production equipment	219,127	219,127
Office furniture and fixtures	21,223	21,223
Vehicle	<u>3,950</u>	<u>3,950</u>
Total equipment	822,316	822,316
Less: accumulated depreciation	<u>(816,923)</u>	<u>(810,454)</u>
Equipment, net	<u>\$ 5,393</u>	<u>\$ 11,862</u>

Depreciation expense for the years ended June 30, 2018 and 2017 amounted to \$6,469 and \$12,384, respectively.

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

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### NOTE 6 - BROADCAST LICENSES

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

	2018	2017
Indirect and in-kind support:		
Indirect	\$ 341,858	\$ 407,571
In-kind	<u>9,599</u>	<u>9,583</u>
Total indirect and in-kind support	351,457	417,154
Other support	<u>--</u>	<u>13,847</u>
Total indirect, in-kind and other support	<u>351,457</u>	<u>431,001</u>
General appropriations:		
General appropriations	276,495	337,418
Fringe benefits	<u>96,386</u>	<u>113,035</u>
Total general appropriations	<u>372,881</u>	<u>450,453</u>
Total support from UMass	<u>\$ 724,338</u>	<u>\$ 881,454</u>

During the years ended June 30, 2018 and 2017, the Station received \$0 and \$13,847, respectively, of General Operation Funds from UMass in exchange for advertising various University events, which has been classified as other support.

### 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, 2018 and 2017 totaled \$49,514 and \$54,771, respectively.

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### 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). 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.



# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 9 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

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, 2018 and 2017. There were no liabilities measured on a recurring basis at June 30, 2018 and 2017.

*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 market value, then the Foundation has estimated that fair value with other valuation estimates.

*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 \$120,596 and \$113,982 as of June 30, 2018 and 2017, respectively. The fair value is determined based on the Foundation's unit value at June 30, 2018 and 2017 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, 2018.

#### NOTE 10 - RESTRICTIONS ON NET ASSETS

Permanently restricted net assets represent donor's permanently restricted contributions, which require that the principal be retained in perpetuity; only the income may be used for general support purposes. Permanently restricted net assets consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Permanent endowment	<u>\$ 26,945</u>	<u>\$ 26,906</u>

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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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:

	2018	2017
Program support	<u>\$ 33,578</u>	<u>\$ 43,127</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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Station in a manner consistent with the standard of prudence prescribed by the MA UPMIFA.

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

- (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

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

#### NOTE 12 – ENDOWMENT (CONTINUED)

*Interpretation of Relevant Law: (Continued)*

- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

Endowment net asset composition by fund type as of June 30, 2018 is as follows:

	Board Designated - Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ --	\$ 26,945	\$ 26,945
Designated for long-term investment	<u>93,651</u>	<u>--</u>	<u>93,651</u>
Total funds	<u>\$ 93,651</u>	<u>\$ 26,945</u>	<u>\$ 120,596</u>

Changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Board Designated - Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 87,076	\$ 26,906	\$ 113,982
Contributions to endowment	--	39	39
Investment return	<u>6,575</u>	<u>--</u>	<u>6,575</u>
Endowment net assets, end of the year	<u>\$ 93,651</u>	<u>\$ 26,945</u>	<u>\$ 120,596</u>

Endowment net asset composition by fund type as of June 30, 2017 is as follows:

	Board Designated - Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ --	\$ 26,906	\$ 26,906
Designated for long-term investment	<u>87,076</u>	<u>--</u>	<u>87,076</u>
Total funds	<u>\$ 87,076</u>	<u>\$ 26,906</u>	<u>\$ 113,982</u>

# WUMB-FM RADIO

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR 2017)

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#### NOTE 12 – ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

	Board Designated - Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 79,775	\$ 26,822	\$ 106,597
Contributions to endowment	--	84	84
Investment return	<u>7,301</u>	<u>--</u>	<u>7,301</u>
Endowment net assets, end of the year	<u>\$ 87,076</u>	<u>\$ 26,906</u>	<u>\$ 113,982</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.

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

#### 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.

# WUMB-FM RADIO

## SCHEDULE OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)**

	Program Services			Supporting Services			Totals	
	Programming and Production	Broadcasting	Program Information	General and Administrative	Fundraising and Grant Solicitation	Underwriting	2018	2017
Salaries	\$ 286,047	\$ 70,708	\$ 25,207	\$ 44,529	\$ 67,966	\$ 23,260	\$ 517,717	\$ 694,195
Fringe benefits	79,611	19,415	7,216	14,741	23,477	8,109	152,569	193,616
Indirect and in-kind costs from the University of Massachusetts Boston	180,251	88,447	12,968	53,867	3,549	12,375	351,457	417,154
Professional services	51,135	15,505	--	39,303	--	--	105,943	138,706
Advertising and promotion	9,370	--	579	--	5,329	--	15,278	37,252
Depreciation and amortization	--	6,469	--	--	--	--	6,469	12,384
Postage	--	--	--	1,711	15,401	--	17,112	19,077
Telephone	10,501	21,002	2,625	5,250	10,501	2,625	52,504	41,288
Travel	14,556	--	--	--	--	--	14,556	24,861
Dues and subscriptions	36,844	16,613	--	2,384	1,345	--	57,186	74,031
Supplies	44	919	--	2,773	5,571	--	9,307	31,763
License and fees	6,088	13,909	--	14,622	16,284	--	50,903	50,253
Utilities	--	21,235	--	--	--	--	21,235	19,702
Repairs and maintenance	--	6,749	--	--	--	--	6,749	6,749
Facility rental expense	117,532	56,933	--	--	--	--	174,465	182,138
Administrative overhead - UMass	34,832	20,200	1,807	6,726	7,140	259	70,964	62,727
	<u>\$ 826,811</u>	<u>\$ 358,104</u>	<u>\$ 50,402</u>	<u>\$ 185,906</u>	<u>\$ 156,563</u>	<u>\$ 46,628</u>	<u>\$ 1,624,414</u>	<u>\$ 2,005,896</u>

*See independent auditors' report.*