

COMBINED AUDITED FINANCIAL STATEMENTS

WFCR-FM AND WFCR FOUNDATION, INC.

Amherst, Massachusetts

JUNE 30, 2011

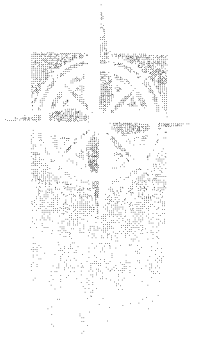
Boisselle, Morton & Associates, LLP
Certified Public Accountants

WFCR-FM AND WFCR FOUNDATION, INC.

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BOISSELLE, MORTON & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS



To the Board of Trustees of the
University of Massachusetts
Amherst, Massachusetts

Independent Auditors' Report

We have audited the accompanying combined statement of financial position of WFCR-FM and WFCR Foundation, Inc. (the "Organization") as of June 30, 2011, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from the financial statements of WFCR-FM and WFCR Foundation, Inc. as of June 30, 2010, and, in our report dated November 23, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of WFCR-FM and WFCR Foundation, Inc. as of June 30, 2011, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

Boisselle, Morton & Associates, LLP

Hadley, Massachusetts
November 10, 2011

WFCR-FM AND WFCR FOUNDATION, INC.
 Combined Statement of Financial Position
 June 30, 2011 (with comparative totals for June 30, 2010)

	2011			2010 <u>Total</u>	
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>		<u>Total</u>
<u>Assets</u>					
Current Assets					
Cash and cash equivalents	\$ 612,773	\$ 208,652		\$ 821,425	\$ 782,668
Accounts receivable	2,250			2,250	1,450
Accounts receivable - underwriting, net	79,024			79,024	47,471
Pledges receivable, net - current portion	144,079	47,598		191,677	294,037
Investments	2,579	16,527		19,106	15,982
Prepaid expenses	136,592			136,592	130,813
Total Current Assets	977,297	272,777		1,250,074	1,272,421
Pledges Receivable, net - less current portion		50,192		50,192	51,233
Investments, long-term			\$ 12,306	12,306	11,287
Property and Equipment, net	1,905,827			1,905,827	1,066,141
Total Assets	\$ 2,883,124	\$ 322,969	\$ 12,306	\$ 3,218,399	\$ 2,401,082
<u>Liabilities and Net Assets</u>					
Current Liabilities					
Accounts payable	\$ 97,377			\$ 97,377	\$ 74,789
Accrued salaries and wages	44,331			44,331	36,520
Accrued compensated absences	177,694			177,694	223,409
Current portion of note payable	123,338			123,338	
Total Current Liabilities	442,740			442,740	334,718
Long Term Liabilities					
Accrued compensated absences	55,457			55,457	
Note payable	30,331			30,331	
Total Long Term Liabilities	85,788			85,788	
Net Assets					
Unrestricted	2,354,596			2,354,596	1,465,043
Temporarily restricted		\$ 322,969		322,969	590,034
Permanently restricted			\$ 12,306	12,306	11,287
Total Net Assets	2,354,596	322,969	12,306	2,689,871	2,066,364
Total Liabilities and Net Assets	\$ 2,883,124	\$ 322,969	\$ 12,306	\$ 3,218,399	\$ 2,401,082

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

WFCR-FM AND WFCR FOUNDATION, INC.

Combined Statement of Activities

Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)

	2011				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2010 Total
Support, revenue and gains					
Contributions, net	\$ 1,992,825	\$ 585,615		\$ 2,578,440	\$ 1,814,364
Underwriting, net	1,264,308			1,264,308	1,197,346
Support from Amherst, Hampshire, Mount Holyoke and Smith Colleges	47,711			47,711	50,220
Services and facilities in-kind from the University of Massachusetts	586,440			586,440	495,145
Corporation for Public Broadcasting grant	290,762			290,762	365,319
Interest and dividend income	1,693	1,633	\$ 99	3,425	1,810
Investment gains	392	2,548	1,387	4,327	1,478
Other income	47,311			47,311	41,145
In-kind revenue	151,474			151,474	184,842
Available for appropriation	467		(467)		
Net assets released from restrictions	856,861	(856,861)			
Total support, revenue and gains	<u>5,240,244</u>	<u>(267,065)</u>	<u>1,019</u>	<u>4,974,198</u>	<u>4,151,669</u>
Expenses and losses					
Program services					
Programming	1,946,019			1,946,019	1,911,385
Operations	627,046			627,046	508,026
Program information	298,121			298,121	215,777
Total program services	<u>2,871,186</u>			<u>2,871,186</u>	<u>2,635,188</u>
Support services					
Fundraising and grant solicitation	1,025,145			1,025,145	907,779
General and administrative	454,360			454,360	456,108
Total support services	<u>1,479,505</u>			<u>1,479,505</u>	<u>1,363,887</u>
Total expenses	<u>4,350,691</u>			<u>4,350,691</u>	<u>3,999,075</u>
Change in net assets	889,553	(267,065)	1,019	623,507	152,594
Net assets - beginning of year	<u>1,465,043</u>	<u>590,034</u>	<u>11,287</u>	<u>2,066,364</u>	<u>1,913,770</u>
Net assets - end of year	<u>\$ 2,354,596</u>	<u>\$ 322,969</u>	<u>\$ 12,306</u>	<u>\$ 2,689,871</u>	<u>\$ 2,066,364</u>

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

WFCR-FM AND WFCR FOUNDATION, INC.

Combined Statement of Cash Flows

Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities		
Net change in net assets	\$ 623,507	\$ 152,594
Adjustments to reconcile change in net assets to cash provided from operating activities		
Depreciation	111,102	108,147
Investment gains	(4,327)	(1,447)
Changes in operating assets and liabilities		
Accounts, pledges and grants receivable	71,048	177,206
Prepaid expenses	(5,779)	(5,492)
Accounts payable and accrued expenses	<u>40,141</u>	<u>11,029</u>
Net cash provided by operating activities	<u>835,692</u>	<u>442,037</u>
Cash flows from investing activities		
Purchase of investments	(184)	(233)
Proceeds from sale of investments	368	
Purchases of property and equipment	<u>(530,788)</u>	<u>(94,267)</u>
Net cash used by investing activities	<u>(530,604)</u>	<u>(94,500)</u>
Cash flows from financing activities		
Borrowings on line of credit	182,323	462,539
Payments on line of credit	(182,323)	(462,539)
Payments on note payable	<u>(266,331)</u>	<u> </u>
Net cash used by financing activities	<u>(266,331)</u>	<u> </u>
Net increase in cash and cash equivalents	38,757	347,537
Cash and cash equivalents - beginning of year	<u>782,668</u>	<u>435,131</u>
Cash and cash equivalents - end of year	\$ <u><u>821,425</u></u>	\$ <u><u>782,668</u></u>
Supplemental disclosure of cash flow information		
Interest paid	\$ <u>13,279</u>	\$ <u> </u>
Non-cash investing and financing activity		
Note payable used to purchase property and equipment	\$ <u>420,000</u>	\$ <u> </u>
Disposal of fully-depreciated equipment	\$ <u> </u>	\$ <u>(7,640)</u>

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

WFCR-FM AND WFCR FOUNDATION, INC.

Notes to the Combined Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies

Organization: WFCR-FM is a non-commercial public radio station licensed and owned by the University of Massachusetts, Amherst, Massachusetts (UMass). The radio station is operated with the advice and support of Amherst, Hampshire, Mount Holyoke, and Smith Colleges and the University of Massachusetts Amherst. WFCR Foundation, Inc. solicits funds in the name of and with the approval of WFCR-FM for the exclusive use in the operations of WFCR-FM. WFCR-FM and WFCR Foundation, Inc. are collectively referred to herein as “the Organization.”

Accounting Method: The combined financial statements include the accounts of WFCR-FM and WFCR Foundation, Inc., a nonprofit Massachusetts corporation, as required by accounting principles generally accepted in the United States of America. All significant intercompany transactions have been eliminated. The combined financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation: The net assets of the Organization are reported in each of the following three classes when applicable: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets are legally unrestricted and are reported as part of the unrestricted class.

Support and Revenue: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met in the same reporting period have been reported as an increase in temporarily restricted support and as net assets released from restrictions in the statement of activities.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Promises to give which are restricted by the donor to a specific purpose which has not been met as of the balance sheet date, are shown as increases in temporarily restricted net assets. This revenue is reclassified to unrestricted net assets when the time or purpose restrictions are met. Contributions of assets other than cash are recorded at their estimated fair value.

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

1. Summary of Significant Accounting Policies (Continued)

Donated Services and Facilities: Donated services and facilities are recorded as contributions in the year received at their estimated values at date of receipt if an objective basis is available to measure such values. When measurable, donated services are recorded as contributions when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation.

Cash Equivalents: For purposes of the combined statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable: Accounts receivable consist primarily of corporate matching gifts. All corporate matching gifts that are determined to be collectible are expected to be received within one year. The Organization estimates an allowance for doubtful accounts by specifically identifying those accounts whose collection is uncertain with a charge to income. Accounts determined to be uncollectible are written off by reversing both the receivable and allowance balances. All accounts receivable were considered collectible by management as of June 30, 2011 and 2010.

Accounts Receivable - Underwriting: The Organization solicits sponsors to underwrite certain on-air programming and records an underwriting receivable at the aggregate unpaid balance less an allowance for doubtful accounts. Credit terms are typically net 30 days and the Organization does not charge interest on unpaid balances. All amounts determined to be collectible are expected to be received within one year.

The Organization estimates an allowance for doubtful accounts by specifically identifying those accounts whose collections are uncertain with a charge to income. Accounts determined to be uncollectible are written off by reversing both the receivable and allowance balances. The allowance for doubtful accounts totaled \$2,568 and \$3,022 as of June 30, 2011 and 2010, respectively.

Pledges Receivable: The Organization recognizes donor pledges as contribution revenue and the aggregate unpaid balance is recorded as pledges receivable less an allowance for doubtful accounts and present value discount.

The Organization estimates an allowance for doubtful accounts by specifically identifying those accounts whose collection is uncertain with a charge to income or using projected cash collections within the next fiscal year. Accounts determined to be uncollectible are written off by reversing both the receivable and allowance balances. The allowance for doubtful accounts totaled \$46,955 and \$56,372 as of June 30, 2011 and 2010, respectively.

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

1. Summary of Significant Accounting Policies (Continued)

Investments: Investments consist of marketable equity securities and shares in a UMass pooled investment fund and are stated at fair market value as determined by quoted market prices. Unrealized gains and losses are included in the change in net assets.

Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the combined statement of financial position and the combined statement of activities and changes in net assets.

Property and Equipment: Property and equipment is stated at cost less accumulated depreciation or, in the case of donated property, at its estimated fair value at date of receipt. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Leasehold improvements are amortized over the life of the lease. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement. Any resulting gain or loss is credited or charged to net assets.

Income Taxes: WFCR-FM is a component unit of UMass, which is a component unit of the Commonwealth of Massachusetts, and is, therefore, 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 combined financial statements.

WFCR Foundation, Inc. has been granted an exempt status under Internal Revenue Code ("IRC") section 501(a) as an organization described under Internal Revenue Code Section 501(c)(3). Under IRC 501(a), WFCR Foundation, Inc. is generally exempt from federal and state income taxes. Therefore, no provision for federal and state income taxes has been included in these combined financial statements.

Professional accounting standards provide detailed guidance for the financial statement recognition, measurement, classification and disclosure of uncertain tax positions. They require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. A tax position is deemed to include such things as the organization's tax exempt status.

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued): Management has not identified any uncertain tax positions and, therefore, no liability has been recorded in the financial statements. WFCR Foundation, Inc.'s income tax filings are subject to audit by the Internal Revenue Service. WFCR Foundation, Inc.'s open audit periods are 2008-2010.

Fair Value Measurements: Accounting standards have established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Inputs to the valuation methodology for the three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets that the company has the ability to access.
Level 2	Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Use of Estimates: The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information: The combined 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' combined financial statements for the year ended June 30, 2010, from which the summarized information was derived.

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

1. Summary of Significant Accounting Policies (Continued)

Reclassifications: Certain items in the combined financial statements for the year ended June 30, 2010 have been reclassified to conform to the June 30, 2011 presentation. There was no change to the June 30, 2010 change in net assets as a result of these reclassifications.

2. Pledges Receivable

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

	<u>2011</u>	<u>2010</u>
Due within one year	\$238,632	\$349,909
Due in one to five years	<u>53,909</u>	<u>55,410</u>
	292,541	405,319
Less allowance for doubtful accounts	46,955	56,372
Less discount to present value at 2.5%	<u>3,717</u>	<u>3,677</u>
Pledges receivable, net	<u>\$241,869</u>	<u>\$345,270</u>

3. Investments

Fair value of investments consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
UMass Foundation		
Endowment pooled funds	\$12,306	\$11,287
Common stocks	2,579	2,226
Community Foundation Fund	<u>16,527</u>	<u>13,756</u>
	<u>\$31,412</u>	<u>\$27,269</u>

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Antenna, transmitter and other broadcast equipment	\$ 612,643	\$ 612,643
Computer, digital broadcasting and translator equipment	1,911,040	960,252
Furniture and fixtures	33,406	33,406
Building improvements	<u>287,071</u>	<u>287,071</u>
	2,844,160	1,893,372
Less accumulated depreciation	<u>938,333</u>	<u>827,231</u>
Total property and equipment	<u>\$1,905,827</u>	<u>\$1,066,141</u>

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

4. Property and Equipment (Continued)

Depreciation expense was \$111,102 and \$108,147 for the years ended June 30, 2011 and 2010, respectively.

The Organization disposed of \$7,460 of broadcast equipment and furniture and fixtures that was fully depreciated and no longer in use during the year ended June 30, 2010.

5. Operating Leases

The Organization leases certain office equipment under an operating lease which expires in September 2012. Rent expense under this agreement was \$3,056 for both years ended June 30, 2011 and 2010.

The Organization leases studio and office space at a local public television station under a lease that expires in July 2013. Rent expense under this agreement was \$9,604 and \$9,369 for the years ended June 30, 2011 and 2010, respectively.

The Organization leases land under a lease that expires in August 2015. Rent expense under this agreement was \$500 and \$-0- for the years ended June 30, 2011 and 2010, respectively.

The Organization leases land, tower and a building under a lease that expires in October 2020. Rent expense under this agreement was \$10,056 and \$-0- for the years ended June 30, 2011 and 2010, respectively.

The Organization leases translator tower space at various sites under leases that expire from 2011 to 2016. Rent expense under these agreements was \$33,462 and \$28,220 for the years ended June 30, 2011 and 2010, respectively.

Future estimated minimum annual lease payments under operating lease agreements are as follows:

<u>Year ending June 30,</u>	
2012	\$ 28,090
2013	20,489
2014	21,107
2015	21,752
2016	<u>9,982</u>
Total	<u>\$101,420</u>

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

6. Line of Credit

WFCR Foundation, Inc. has an unsecured commercial line-of-credit agreement with a bank. The maximum amount available under this agreement is \$200,000. Interest is payable monthly at an annual rate of prime less 0.10% (3.15% at June 30, 2011). There was no outstanding balance at June 30, 2011 and 2010.

7. Note Payable

WFCR Foundation, Inc. entered into a debt agreement during the year ended June 30, 2011. Under the terms of the agreement, the note payable is secured by substantially all the assets of WFCR Foundation, Inc., payable in monthly installments of \$9,995, including interest at 6.25%, through September 2012. The balance of the note payable was \$153,669 at June 30, 2011.

8. Temporarily Restricted Cash

Temporarily restricted cash consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Capital campaign contributions received	<u>\$208,652</u>	<u>\$394,024</u>

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Capital improvements	<u>\$322,969</u>	<u>\$590,034</u>

10. Net Assets Released from Restriction

Net assets were released from donor restrictions incurring expenses satisfying the restricted purposes as specified by the donors or by the expiration of time. Net assets released from restriction were as follows at June 30:

	<u>2011</u>	<u>2010</u>
Capital improvements	\$856,861	\$111,123
Grant expenditures - various	<u>-0-</u>	<u>14,615</u>
Total net assets released from restrictions	<u>\$856,861</u>	<u>\$125,738</u>

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

11. Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at June 30:

	<u>2011</u>	<u>2010</u>
Vendien Endowment	<u>\$12,306</u>	<u>\$11,287</u>

12. Related Party Transactions

The Organization received in-kind services and facilities from UMass totaling \$586,440 and \$495,145 for the years ended June 30, 2011 and 2010, respectively.

13. Compensated Absences and Employee Benefits

The liability for accrued compensated absences of \$233,151 and \$223,409 as of June 30, 2011 and 2010, respectively, consisted of an accrual for sick and vacation pay relating to employees on WFCR-FM's payroll.

The University of Massachusetts, through the Commonwealth of Massachusetts, provides group insurance, workers' compensation and pension benefits. The total amount expended for these benefits was approximately \$413,342 and \$318,317 for the years ended June 30, 2011 and 2010, respectively.

The Commonwealth of Massachusetts is statutorily responsible for the pension benefit of WFCR-FM employees who participate in the State Employees' Retirement system (the "Retirement System"). The Retirement System, a single employer defined benefit public employee retirement system, is administered by the Commonwealth of Massachusetts and covers all benefited employees. The annuity portion of the Retirement System is funded by employees who contribute a percentage of their regular compensation.

The total payroll covered by these programs at WFCR-FM amounted to approximately \$1,329,737 and \$1,165,966 for the years ended June 30, 2011 and 2010, respectively.

14. Retirement Plan

The Commonwealth of Massachusetts (the "State") provides pension benefits to employees of WFCR-FM on the same basis as to employees of the State. The WFCR-FM Pension Plan requires employees to contribute 7%, 8%, or 9% of gross annual salary, depending on date of hire. Participants are eligible to apply for benefits based on length of service, age, and average salary. Separate reporting of pension funding information is not available for WFCR-FM, but individual account information is available to participants.

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

14. Retirement Plan (Continued)

For collectively bargained, multi-employer pension plans, contributions are made in accordance with negotiated labor contracts and generally are based upon the number of hours worked. With the passage of the Multi-Employer Pension Plan Amendments Act of 1980 ("the Act"), the Organization may, under certain circumstances, become subject to liabilities in excess of contributions made under collective bargaining agreements. Generally, these liabilities are contingent upon the termination, withdrawal, or partial withdrawal from the plans. The Organization has not taken any action to terminate, withdraw, or partially withdraw from these plans which would result in any material liability. Under the Act, liabilities would be based upon the Organization's proportional share of each plan's unfunded vested benefits. No estimate of this amount is available at this time.

A defined contribution retirement plan is provided by WFCR Foundation, Inc. to its employees through Capital Bank and Trust Company and American Funds. The Organization does not make contributions to the plan. Employee contributions are subject to limits imposed by Section 414(n) and Section 403(b) of the Internal Revenue Code. No expense relating to the plan was incurred for the years ended June 30, 2011 and 2010.

15. Contingency

As a component unit of UMass, the Organization's labor is subject to collective bargaining agreements. The collective bargaining agreements were current at the date these financial statements were available to be released and no accruals were recorded at June 30, 2011 or 2010.

16. Fair Value Measurements

Fair values of assets measured on a recurring basis at June 30, 2011 were as follows:

	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Common stocks:				
Technology	\$ 2,216	\$2,216	\$ -	
Hardware	325	325		
Conglomerates	38	38		
Investment pools	<u>28,833</u>	<u>-</u>	<u>-</u>	<u>\$28,833</u>
	<u>\$31,412</u>	<u>\$2,579</u>	<u>\$ -</u>	<u>\$28,833</u>

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

16. Fair Value Measurements (Continued)

Fair values of assets measured on a recurring basis at June 30, 2010 were as follows:

	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Common stocks:				
Technology	\$ 1,945	\$1,945	\$ -	
Hardware	252	252		
Conglomerates	29	29		
Investment pools	<u>25,043</u>	<u>-</u>	<u>-</u>	<u>\$25,043</u>
	<u>\$27,269</u>	<u>\$2,226</u>	<u>\$-</u>	<u>\$25,043</u>

Fair values for common stocks were determined by reference to quoted market prices and other relevant information generated by market transactions.

The following schedule reconciles the fair value measurements using significant unobservable inputs (Level 3) as noted above for the year ended June 30:

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$25,043	\$22,618
Unrealized gains	3,935	2,285
Interest income	515	313
Available for appropriation	(467)	
Administrative fees	<u>(193)</u>	<u>(173)</u>
Balance, end of year	<u>\$28,833</u>	<u>\$25,043</u>

17. Subsequent Events

The Organization has evaluated subsequent events after the statement of financial position date of June 30, 2011 through November 10, 2011, the date on which the financial statements were available to be issued, and concluded that no additional disclosures are required.

WFCR-FM AND WFCR FOUNDATION, INC.
Notes to the Combined Financial Statements (Continued)
June 30, 2011

18. Endowment Fund

The Organization has one permanently restricted endowment as noted in Note 11. The endowment had the following activity for the year ended June 30:

	<u>2011</u>	<u>2010</u>
Endowment net assets, beginning of year	\$11,287	\$10,289
Investment return		
Interest and dividend income	99	31
Investment gains	<u>1,387</u>	<u>967</u>
Total investment return	<u>1,486</u>	<u>998</u>
Available for appropriation	<u>(467)</u>	
Endowment net assets, end of year	<u>\$12,306</u>	<u>\$11,287</u>

Return Objectives, Risk Parameters and Strategies: The Organization has this endowment managed by UMass Foundation, Inc. in a pooled investment fund. The Organization follows UMass Foundation, Inc.'s 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 investment risk.

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

Supplementary Information

WFCR-FM AND WFCR FOUNDATION, INC.

Combined Schedule of Functional Expenses

Year Ended June 30, 2011 (with comparative totals for the year ended June 30, 2010)

	2011						2010	
	Programming	Operations	Program Information	Program Services	Fundraising and Grant Solicitation	General & Administrative	Support Services	Total
Salaries, Wages & Benefits	\$ 849,266	\$ 319,360	\$ 76,068	\$ 1,244,694	\$ 274,543	\$ 223,842	\$ 498,385	\$ 1,743,079
Occupancy		126,883		126,883		2,434	2,434	129,317
Services and Facilities, in-kind	260,334	83,885	39,882	384,101	137,141	65,198	202,339	586,440
Program Acquisitions	666,186			666,186				666,186
Program Production Costs	32,220	156		32,376				32,376
Printing, Publications & Graphics			7,045	7,045	27,653	1,057	28,710	35,755
Travel	7,289	536		7,825	1,875	2,921	4,796	12,621
Conferences & Meetings				3,104		3,207	6,311	6,311
Professional Services	35,030	13,513	66,385	114,928	380,408	63,021	443,429	558,357
Telephone		15,483		15,483	1,157	22,769	23,926	39,409
Membership Dues	13,968			13,968	6,495	1,875	8,370	22,338
Computer Maintenance & License Fees		29,674		29,674				29,674
Postage & Shipping			6,753	6,753	29,889	1,511	31,400	38,153
Mailing Services			2,218	2,218	23,356		23,356	25,574
Rental & Maintenance of Equipment		11,036		11,036				11,036
Advertising			3,466	3,466		1,384	1,384	4,850
Office Supplies						4,710	4,710	4,710
Other Expenses	1,495	370	2,631	4,496	66,483	38,954	105,437	109,933
Premiums					10,607		10,607	10,607
Small Equipment		18,764		18,764				18,764
Full Cost Overhead		496	30	526	464	1,635	2,099	2,625
Depreciation	80,231	3,866	1,983	86,080	12,576	12,446	25,022	111,102
Service and Supplies, in-kind		3,024	91,660	94,684	49,394	7,396	56,790	151,474
Total Expenses	\$ 1,946,019	\$ 627,046	\$ 298,121	\$ 2,871,186	\$ 1,025,145	\$ 454,360	\$ 1,479,505	\$ 4,350,691
								\$ 3,999,075

See auditors' report.