



**WFUV-FM**

(A Noncommercial, Educational FM Station  
Owned and Operated by Fordham University)

Financial Statements

June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Trustees  
Fordham University:

We have audited the accompanying financial statements of WFUV-FM (a noncommercial, educational FM station owned and operated by Fordham University), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements referred to above present fairly, in all material respects, the financial position of WFUV-FM (a noncommercial, educational FM station owned and operated by Fordham University) as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

January 12, 2018

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Statements of Financial Position

June 30, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Assets held by Fordham University (note 2(b))	\$ 10,766,558	10,743,921
Contributions receivable, net (note 3)	899,872	553,079
Investments held by Fordham University, at fair value (note 11)	220,002	194,473
Plant assets, net (note 4)	2,485,609	2,792,620
Total assets	\$ 14,372,041	14,284,093
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 10,076	3,246
Deferred revenue	153,259	146,550
Due to Fordham University (note 8)	7,918,875	8,258,875
Total liabilities	8,082,210	8,408,671
Net assets (note 11):		
Unrestricted	5,447,934	5,373,866
Temporarily restricted (note 9)	656,897	316,556
Permanently restricted (note 9)	185,000	185,000
Total net assets	6,289,831	5,875,422
Total liabilities and net assets	\$ 14,372,041	14,284,093

See accompanying notes to financial statements.

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Statements of Activities

Years ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
Changes in unrestricted net assets:		
Revenues:		
Appropriation from Fordham University (note 6)	\$ 1,526,662	2,131,801
Contributions:		
Members	3,067,885	3,287,825
Underwriting	1,254,424	1,301,364
Events	611,893	631,121
Contributed services	13,000	13,000
Grants:		
Corporation for Public Broadcasting grants (note 5)	437,080	438,070
New York State grants	60,559	63,256
Other	94,170	96,453
Net assets released from restrictions (note 9)	301,321	164,021
Total revenues	7,366,994	8,126,911
Expenses:		
Program services:		
Production	2,910,702	2,676,431
Broadcasting	593,306	1,358,118
Program information	348,732	354,322
Programming	121,457	172,300
Total program services	3,974,197	4,561,171
Supporting services:		
Management and general	1,728,385	1,609,392
Fund-raising and membership development	1,172,015	1,137,479
Underwriting and grant solicitation	418,329	318,214
Total supporting services	3,318,729	3,065,085
Total expenses	7,292,926	7,626,256
Increase in unrestricted net assets	74,068	500,655
Change in temporarily restricted net assets:		
Contributions:		
Capital projects	94,984	124,725
Time restricted	521,148	—
Other	—	25,000
Net assets released from restrictions and reclassified (note 9)	(301,321)	(139,021)
Appreciation (depreciation) in fair value of investments, net (note 11)	25,530	(14,867)
Increase (decrease) in temporarily restricted net assets	340,341	(4,163)
Change in permanently restricted net assets:		
Reclassification of net assets	—	(25,000)
Decrease in permanently restricted net assets	—	(25,000)
Increase in net assets	414,409	471,492
Net assets at beginning of year	5,875,422	5,403,930
Net assets at end of year	\$ 6,289,831	5,875,422

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Increase in net assets	\$ 414,409	471,492
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	362,011	1,066,375
Contributions restricted for capital projects	(94,984)	(124,725)
(Appreciation) depreciation in fair value of investments, net	(25,530)	14,867
Changes in operating assets and liabilities:		
Increase in assets held by Fordham University	(22,636)	(1,054,490)
Increase in contributions receivable	(346,793)	(71,177)
Decrease (increase) in accounts payable and accrued expenses	6,830	(4,785)
Increase in deferred revenue	6,709	16,855
Net cash provided by operating activities	300,016	314,412
Cash flows from investing activities:		
Purchases of fixed assets	(55,000)	(99,137)
Purchases of investments held by Fordham University	—	(50,000)
Net cash used in investing activities	(55,000)	(149,137)
Cash flows from financing activities:		
Contributions restricted for capital projects	94,984	124,725
Decrease in permanently restricted contributions receivable	—	50,000
Decrease in due to Fordham University	(340,000)	(340,000)
Net cash used in financing activities	(245,016)	(165,275)
Change in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of year	—	—
Cash and cash equivalents at end of year	\$ —	—

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2017 and 2016

**(1) Nature of Operations**

WFUV-FM (WFUV) is a noncommercial, educational public media service owned and operated by Fordham University (the University). Through the station, the University seeks to share its academic and intellectual resources with the general public. WFUV provides radio service in the public interest through the radio at 90.7 FM, HD Radio channels, audio streams and archives, video, social media, and other platforms. Programming includes music discovery, news, information, and cultural and entertainment programming designed to meet the needs of several distinct audiences whose needs are not otherwise well-met in WFUV's service area. WFUV also offers a structured work and educational opportunity for students at the University.

**(2) Summary of Significant Accounting Policies**

By itself, WFUV does not constitute a legal entity; therefore, the accompanying financial statements have been prepared on the basis of it being a separate accounting entity. The significant accounting policies followed by WFUV are described below:

**(a) Financial Statement Presentation**

WFUV prepares its financial statements on the accrual basis of accounting in accordance with standards established by the Financial Accounting Standards Board for external financial reporting by not-for-profit organizations. Those standards require the classification of activities and net assets into one of three classes as follows:

- **Unrestricted:** Net assets that are not subject to donor-imposed restrictions
- **Temporarily restricted:** Net assets subject to donor-imposed restrictions that will be met either by actions of WFUV or the passage of time
- **Permanently restricted:** Net assets subject to donor-imposed restrictions that stipulate that they be maintained permanently by WFUV, but permit WFUV to expend all or part of the income derived therefrom

**(b) Assets Held by Fordham University**

WFUV is not a stand-alone entity, and accordingly, it does not possess a bank account. All payments and receipts are transacted through the University's accounts. The balance in Assets Held by Fordham University on the accompanying statements of financial position is for the benefit of WFUV.

**(c) Plant Assets**

Plant assets are capitalized at cost or fair market value at the date of donation, in the case of gifts.

Depreciation of plant assets is computed on a straight-line basis over their estimated useful lives. Depreciable lives range from 3 to 20 years.

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**(d) Contribution Revenue**

Contributions, including unconditional promises to give, are reported initially at fair value as revenue in the period received, net of an allowance for uncollectible amounts. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are presented at their discounted present value at a risk-adjusted rate. Amortization of the discount is recorded as additional contribution revenue.

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions of property and equipment are reported as increases in unrestricted net assets unless the donor places restrictions on their use. Contributions made toward long-lived assets are held as temporarily restricted until the asset is completed and available for use. At such time, the contribution is considered to be released from restriction and reclassified to unrestricted net assets.

Contributed services are recorded at estimated fair value based upon compensation levels for comparable paid positions at WFUV and similar university-operated radio stations.

**(e) Grant Revenue**

Grants are reported as revenue when expenses are incurred in accordance with the terms of the agreement.

Deferred revenue includes grants received in advance of incurring related expenses.

**(f) Expenses**

Expenses are reported as decreases in unrestricted net assets and reported by functional categories. Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses are allocated to components of these services based on relative use of the costs.

**(g) Accounting Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(h) Risk and Uncertainties**

Investment securities are exposed to various risks and other factors such as interest rate changes, market fluctuations, and credit risks. Due to the level of fluctuation in values associated with certain investment securities due to these factors, it is reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the statements of financial position in future periods.

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**(i) Tax Status**

WFUV is exempt, by extension of the University's tax exemption, from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. WFUV recognizes the effect of income tax positions only if such positions are more likely than not of being sustained. WFUV believes it has taken no significant uncertain tax positions and does not have any material unrelated business income tax liability at June 30, 2017 or 2016.

**(3) Contributions Receivable**

Contributions receivable at June 30 consist of the following:

	<b>2017</b>	<b>2016</b>
Amounts expected to be collected in:		
Less than one year	\$ 745,385	614,741
One to five years	270,000	—
	1,015,385	614,741
Less:		
Allowance for uncollectible amounts	(101,538)	(61,474)
Discount to present value (rates from 0.94% to 2.14%)	(13,975)	(188)
	\$ 899,872	553,079

Approximately 38% of contributions receivable at June 30, 2017 are from two individual donors. No such concentration existed at June 30, 2016.

**(4) Plant Assets**

Plant assets at June 30 consist of the following:

	<b>2017</b>	<b>2016</b>
Tower and antenna	\$ 5,097,464	5,097,464
Building improvements	7,091,987	7,091,987
Equipment	2,736,467	2,681,467
	14,925,918	14,870,918
Less accumulated depreciation	(12,440,309)	(12,078,298)
	\$ 2,485,609	2,792,620

**(5) Grants from Corporation for Public Broadcasting**

Corporation for Public Broadcasting (CPB) is a private, nonprofit, grant-making organization responsible for funding more than 1,000 public television and radio stations. In addition to National Program Production Acquisition Grants of \$115,694 and \$117,965 in 2017 and 2016, respectively, CPB distributes an annual

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Community Service Grant (CSG) to qualifying public telecommunications entities. A CSG is used to augment the financial resources of public broadcasting stations and to enhance the quality of programming and expand the scope of public broadcasting services, and may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement (the Act). Each grant must be expended within two years of the initial grant authorization.

According to the Act, funds may be used at the discretion of recipients. WFUV uses these funds for purposes relating primarily to production and acquisition of programming. Also, a CSG may be used to sustain activities begun with a CSG awarded in a prior year.

The CSG to WFUV is reported in the statement of activities as unrestricted revenue; however, certain guidelines must be satisfied in connection with application for and use of the CSG to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record-keeping, audits, and financial reporting and licensee status with the Federal Communications Commission. WFUV believes it is in compliance with these guidelines.

Total CPB awards expended during 2017 and 2016 were \$322,293 and \$336,969, respectively. Additionally, \$114,787 and \$101,101 of prior year deferred revenue was expended in 2017 and 2016, respectively

**(6) Appropriation from Fordham University**

The appropriation from the University represents amounts to cover expenses incurred by the University directly attributable to WFUV's operations, depreciation on assets used by WFUV, and indirect administrative expenses calculated in accordance with CPB guidelines.

**(7) Pension and Other Postretirement Benefits**

The University's employees who work for WFUV are covered under one of the University's defined-contribution plans. Contributions by the University range from 5% to 11% of an employee's earnings and are determined by the employee's level of earnings and length of service. The University's contributions for retirement benefits of WFUV employees totaled \$187,712 and \$188,705 for the years ended June 30, 2017 and 2016, respectively, and are included in expenses in the accompanying statements of activities.

In addition to providing pension benefits, the University provides certain healthcare and life insurance benefits for retired faculty and administrative employees who meet certain minimum age and length-of-service requirements. As a separate actuarial review of WFUV's share is not feasible and the amount is deemed immaterial, the net periodic postretirement benefit cost for the years ended June 30, 2017 and 2016 was not determined.

**(8) Due to Fordham University**

The amount due to the University, which relates to capital improvements, does not bear interest and is expected to be repaid as follows: \$340,000 per year for fiscal years 2014 through 2022, \$400,000 per year for fiscal years 2023 through 2032, and \$443,775 per year for fiscal years 2033 through 2037. The unrecorded imputed interest (at 4%) associated with this interest-free financing approximates \$317,000 and

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\$330,000 in 2017 and 2016, respectively. If recorded (as equal amounts of revenue and expense), this imputed interest would have no effect on the change in net assets.

**(9) Net Assets**

Temporarily restricted net assets at June 30, 2017 and 2016 are restricted for capital projects and use in future periods. Income earned on permanently restricted net assets is available for general operations.

**(10) Commitments and Contingencies**

In April 2006, the University entered into an operating lease, expiring March 31, 2026, as the lessee of property in Bronx, New York for the benefit of WFUV. Rent and related expense for this lease were approximately \$139,488 and \$135,387 in 2017 and 2016, respectively. Future minimum rentals are payable as follows:

Year ending June 30:		
2018	\$	142,251
2019		146,518
2020		150,914
2021		155,441
2022		160,105
2023 and thereafter		<u>643,856</u>
Total	\$	<u><u>1,399,085</u></u>

**(11) Investments and Endowment Funds**

WFUV's investments are held in an investment pool managed by the University. The investment balance represents WFUV's share in the fair value of the investment pool. The investment pool balance attributable to WFUV consists of two donor-restricted endowment funds. Fair value is based upon quoted market prices or values provided by the University's external investment managers. At June 30, 2016, the fair value of one endowment fund was less than its original fair value (underwater) by \$7,710; none at June 30, 2017.

Pursuant to the investment policy approved by the Board of Trustees of the University and WFUV, the University and WFUV have interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as allowing the University and WFUV to appropriate or accumulate so much of a donor-restricted endowment fund, as is deemed prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor stipulated in the gift instrument.

The 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 in a manner consistent with the standards of prudence prescribed by NYPMIFA.

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Changes in WFUV's endowment net assets, excluding contributions receivable related to endowments, for the fiscal year ended June 30 are as follows:

	<b>2017</b>			
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ (7,710)	17,183	185,000	194,473
Net appreciation (realized and unrealized)	7,710	19,156	—	26,866
Appropriation for expenditure	—	(1,337)	—	(1,337)
Endowment net assets, end of year	\$ —	35,002	185,000	220,002

  

	<b>2016</b>			
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ —	24,340	135,000	159,340
Net depreciation (realized and unrealized)	—	(7,861)	—	(7,861)
Contributions	—	—	50,000	50,000
Effect of underwater endowment	(7,710)	7,710	—	—
Appropriation for expenditure	—	(7,006)	—	(7,006)
Endowment net assets, end of year	\$ (7,710)	17,183	185,000	194,473

The University maintains an investment pool for substantially all of its investments. The pool is managed to achieve the maximum prudent long-term total return while providing a predictable stream of funding to programs supported by the endowment. The University's Board of Trustees has authorized spending and investment policies designed to support these goals. Under the investment policy, the endowment assets are invested in a manner that is intended to earn, over the long term, a compound annual rate of return in excess of inflation and the spending rate. The University seeks to achieve competitive returns when compared with the University's peer group and measured against the appropriate benchmark for each asset class in the University's portfolio. The spending policy permits the use of total return at a rate (spending rate) of 4.5% during fiscal years 2017 and 2016 of the average quarterly fair value during the three preceding calendar years for the permanently restricted and certain other board-designated portions of the pool.

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The University considers the duration and preservation of the fund, the purposes of the University and endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income, the change in fair value of investments, the University's investment policy, and certain other factors in making a determination to appropriate or accumulate endowment funds.

**(12) Subsequent Events**

In connection with the preparation of the financial statements, WFUV evaluated subsequent events from June 30, 2017 through January 12, 2018, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.