



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

Financial Statements

June 30, 2015 and 2014

(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 (the University)), which comprise the balance sheets as of June 30, 2015 and 2014, 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, 2015 and 2014, 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**

December 17, 2015

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Balance Sheets

June 30, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
Assets Held by Fordham University (notes 2 and 8)	\$ 9,689,431	9,019,817
Contributions receivable, net (note 3)	531,902	579,112
Investments held by Fordham University, at fair value (note 11)	159,340	140,443
Fixed assets, net (notes 4 and 8)	<u>3,759,858</u>	<u>4,555,886</u>
Total assets	<u>\$ 14,140,531</u>	<u>14,295,258</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 8,031	10,703
Deferred revenue	129,695	82,453
Due to Fordham University (note 8)	<u>8,598,875</u>	<u>8,938,875</u>
Total liabilities	<u>8,736,601</u>	<u>9,032,031</u>
Net assets:		
Unrestricted	4,873,211	4,705,140
Temporarily restricted (note 9)	320,719	348,087
Permanently restricted (note 11)	<u>210,000</u>	<u>210,000</u>
Total net assets	<u>5,403,930</u>	<u>5,263,227</u>
Total liabilities and net assets	<u>\$ 14,140,531</u>	<u>14,295,258</u>

See accompanying notes to financial statements.

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Statements of Activities

Years ended June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Changes in unrestricted net assets:		
Revenues:		
Appropriation from Fordham University (note 5)	\$ 2,220,862	2,131,397
Contributions – members	2,918,542	2,990,240
Contributions – underwriting	1,206,752	1,512,316
Contributions – gala, net	82,500	325,473
Corporation for Public Broadcasting grants (note 6)	448,785	408,690
New York State grants	69,387	50,197
Contributed services	23,400	23,400
Miscellaneous revenue	200,563	139,144
Net assets released from restrictions (note 9)	297,959	33,043
Total revenues	7,468,750	7,613,900
Expenses:		
Program services:		
Production	2,594,583	2,602,051
Programming	135,394	90,476
Broadcasting	1,456,122	1,464,299
Program information	346,900	390,551
Total program services	4,532,999	4,547,377
Supporting services:		
Management and general	1,653,895	1,456,994
Fund-raising and membership development	793,572	881,947
Underwriting and grant solicitation	320,213	248,548
Total supporting services	2,767,680	2,587,489
Total expenses	7,300,679	7,134,866
Increase in unrestricted net assets	168,071	479,034
Change in temporarily restricted net assets:		
Contributions – capital campaign	90,831	18,043
Contributions – other	185,863	—
Net assets released from restrictions (note 9)	(297,959)	(33,043)
(Depreciation) appreciation in fair value of investments, net (note 11)	(6,103)	8,142
Decrease in temporarily restricted net assets	(27,368)	(6,858)
Increase in net assets	140,703	472,176
Net assets at beginning of year	5,263,227	4,791,051
Net assets at end of year	\$ 5,403,930	5,263,227

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2015 and 2014

	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Increase in net assets	\$ 140,703	472,176
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,060,200	1,064,169
Contributions for capital purposes	(90,831)	(18,043)
Net depreciation (appreciation) in fair value of investments	6,103	(8,142)
Changes in operating assets and liabilities:		
Increase in assets held by Fordham University	(669,614)	(1,064,383)
Decrease (increase) in contributions receivable	22,210	(115,737)
Decrease in accounts payable and accrued expenses	(2,672)	(21,793)
Increase in deferred revenue	47,242	82,453
Net cash provided by operating activities	513,341	390,700
Cash flows from investing activities:		
Purchases of fixed assets	(264,172)	(68,743)
Purchases of investments held by Fordham University	(25,000)	(25,000)
Net cash used in investing activities	(289,172)	(93,743)
Cash flows from financing activities:		
Contributions for capital purposes	90,831	18,043
Decrease in permanently restricted contributions receivable	25,000	25,000
Decrease in due to Fordham University	(340,000)	(340,000)
Net cash used in financing activities	(224,169)	(296,957)
Change in cash and cash equivalents held by Fordham University	—	—
Cash and cash equivalents held by Fordham University at beginning of year	—	—
Cash and cash equivalents held by Fordham University at end of year	\$ —	—

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2015 and 2014

**(1) Nature of Operations**

WFUV-FM (WFUV) is a noncommercial, educational FM station 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. The station provides radio service in the public interest through the medium of public radio. Programming includes 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 (FASB) 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** – Net assets that are not subject to donor-imposed restrictions.

**Temporarily restricted net assets** – Net assets subject to donor-imposed restrictions that will be met either by actions of WFUV or by the passage of time. 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 net assets released from restrictions.

**Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that they be maintained permanently by WFUV with the income earned thereon available for general purposes. There was no change in permanently restricted net assets during the years ended June 30, 2015 and 2014.

**(b) Contributed Services**

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

**(c) 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 is for the benefit of WFUV.

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**(d) Fixed Assets**

Fixed assets are stated at historical cost as estimated by an independent appraiser in fiscal year 1989. Additions subsequent to the 1989 appraisal have been capitalized at cost or fair market value at the date of donation, in the case of gifts.

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

**(e) Fair Value Measurements**

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB Accounting Standards Codification No. 820, *Fair Value Measurement*, also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**(f) Contributions and Grants**

WFUV engages in fund-raising campaigns consisting of special on-air and mail fund-raising appeals. These appeals encourage supporters, both individuals and organizations, to provide contributions to WFUV for enhancement of program offerings and to finance operating expenses. Contributions, including unconditional promises to give, are reported as revenues in the period received, net of an allowance for uncollectible accounts. Contributions to be received after one year are presented at their discounted present value at a risk-adjusted rate, which is considered to be a Level 3 input in the fair value hierarchy. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

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

**(g) 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

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are charged accordingly. Other expenses are allocated to components of these services based on relative use of the costs.

**(h) 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.

**(i) 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 balance sheets in future periods.

**(j) Tax Status**

WFUV is exempt, as part of the University's 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, 2015 and 2014.

**(k) Deferred Revenue**

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

**(3) Contributions Receivable**

Contributions receivable at June 30, 2015 and 2014 consisted of the following:

	<b>2015</b>	<b>2014</b>
Amounts expected to be collected in:		
Less than one year	\$ 531,187	541,997
One to five years	65,000	110,000
	596,187	651,997
Less:		
Allowance for uncollectible amounts	(59,619)	(65,200)
Discount to present value (rates from 1.41% to 3%)	(4,666)	(7,685)
	\$ 531,902	579,112



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Approximately, 17% and 25% of the contributions receivable at June 30, 2015 and 2014, respectively, are from an individual donor.

**(4) Fixed Assets**

Fixed assets at June 30, 2015 and 2014 consisted of the following:

	<b>2015</b>	<b>2014</b>
Tower and antenna	\$ 5,097,464	5,097,464
Keating Hall improvements	7,091,987	7,091,987
Equipment	2,582,330	2,318,158
	14,771,781	14,507,609
Less accumulated depreciation	(11,011,923)	(9,951,723)
	\$ 3,759,858	4,555,886

**(5) 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 Corporation for Public Broadcasting (CPB) guidelines.

**(6) CPB Grants**

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 \$21,887 and \$82,733 in 2015 and 2014, respectively, CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are 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. Each CSG 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. Each grant must be expended within two years of the initial grant authorization.

According to the Communications 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, the CSGs may be used to sustain activities begun with CSGs awarded in prior years.

CSGs are reported in the accompanying financial statements as unrestricted revenue; however, certain guidelines must be satisfied in connection with application for and use of CSGs 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.

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The CSGs awarded and expended during 2015 and 2014 were \$358,355 and \$325,957, respectively. Additionally, \$68,543 of prior year deferred revenue was expended in 2015.

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

University 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 \$181,184 and \$174,742 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014 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 \$351,000 and \$358,000 in 2015 and 2014, respectively. If recorded (as equal amounts of revenue and expense), this imputed interest would have no effect on the change in net assets.

**(9) Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2015 and 2014 are primarily available for capital projects.

Net assets were released from restrictions for capital projects.

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**(10) Operating Lease**

In April 2006, the University entered into an operating lease, expiring March 31, 2026, as the lessee of property at 3450 Wayne Avenue, Bronx, New York. Rent and related expense for this lease were approximately \$131,444 and \$127,615 in 2015 and 2014, respectively. The following is a schedule by year of future minimum rental payments as of June 30, 2015:

Year ending June 30:			
2016	\$	134,085	
2017		138,108	
2018		142,251	
2019		146,518	
2020		150,914	
2021 and thereafter		959,402	
Total	\$	1,671,278	

**(11) Endowment Funds**

WFUV's investments are held in an investment pool operated by the University. The investment balance represents WFUV's share in the fair value of the investment pool. Fair value is based upon quoted market prices or values provided by the University's external investment managers.

In 2006, the Uniform Law Commission approved a model act, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), to serve as a guideline for states to use in enacting new legislation to govern the investment and use of endowment funds. In September 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), its version of UPMIFA, effective immediately. Among NYPMIFA's most significant changes was the elimination of the prior law's important concept of the historical dollar-value threshold, the amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending.

Pursuant to the investment policy approved by the board of trustees of the University, WFUV has interpreted NYPMIFA as allowing WFUV to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as WFUV deems prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument, absent explicit donor stipulations to the contrary. As a result of this interpretation, WFUV has not changed the way permanently restricted net assets are classified.

The remaining portion of the donor-restricted endowment fund that is not classified in 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 years ended June 30, 2015 and 2014 are as follows:

	<b>2015</b>			
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Net assets, June 30, 2014	\$ —	30,443	110,000	140,443
Net appreciation (realized and unrealized)	—	162	—	162
Contributions	—	—	25,000	25,000
Appropriation for expenditure	—	(6,265)	—	(6,265)
Net assets, June 30, 2015	<u>\$ —</u>	<u>24,340</u>	<u>135,000</u>	<u>159,340</u>
	<b>2014</b>			
	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Net assets, June 30, 2013	\$ —	22,301	85,000	107,301
Net appreciation (realized and unrealized)	—	13,113	—	13,113
Contributions	—	—	25,000	25,000
Appropriation for expenditure	—	(4,971)	—	(4,971)
Net assets, June 30, 2014	<u>\$ —</u>	<u>30,443</u>	<u>110,000</u>	<u>140,443</u>

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. The University's board of trustees has authorized a policy designed to preserve the value of these investments in real terms (after inflation) and provide a predictable flow of funds to support operations. This policy permits the use of total return at a rate (spending rate) of 4% of the average quarterly fair value during the three preceding calendar years for the permanently restricted and other board-designated portions of the pool.

In accordance with NYPMIFA, 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 and the appreciation of investments, the University's investment policy, and certain other resources in making a determination to appropriate or accumulate endowment funds.

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**(12) Subsequent Events**

In connection with the preparation of the financial statements, WFUV evaluated subsequent events from June 30, 2015 through December 17, 2015, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.