



**WFUV-FM**

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

Financial Statements

June 30, 2018 and 2017

(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, 2018 and 2017, 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, 2018 and 2017, 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 21, 2018

**WFUV-FM**  
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Statements of Financial Position

June 30, 2018 and 2017

<b>Assets</b>	<b>2018</b>	<b>2017</b>
Assets held by Fordham University	\$ 10,439,664	10,766,558
Contributions receivable, net (note 3)	1,046,132	899,872
Investments held by Fordham University, at fair value (note 11)	224,345	220,002
Plant assets, net (note 4)	2,191,426	2,485,609
Total assets	\$ 13,901,567	14,372,041
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,775	10,076
Deferred revenue	120,264	153,259
Due to Fordham University (note 8)	7,578,875	7,918,875
Total liabilities	7,702,914	8,082,210
Net assets (note 11):		
Unrestricted	5,430,212	5,447,934
Temporarily restricted (note 9)	583,441	656,897
Permanently restricted (note 9)	185,000	185,000
Total net assets	6,198,653	6,289,831
Total liabilities and net assets	\$ 13,901,567	14,372,041

See accompanying notes to financial statements.

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Statements of Activities

Years ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Changes in unrestricted net assets:		
Revenue:		
Appropriation from Fordham University (note 6)	\$ 1,231,531	1,526,662
Contributions:		
Members	3,366,774	3,067,885
Underwriting	1,362,729	1,254,424
Events	681,916	611,893
Contributed services	—	13,000
Grants:		
Corporation for Public Broadcasting grants (note 5)	475,378	437,080
New York State grants	58,471	60,559
Other	62,658	94,170
Net assets released from restrictions (note 9)	244,761	301,321
Total revenue	7,484,218	7,366,994
Expenses:		
Program services:		
Production	2,836,711	2,910,702
Broadcasting	616,319	593,306
Program information	355,140	348,732
Programming	312,759	121,457
Total program services	4,120,929	3,974,197
Supporting services:		
Management and general	1,723,683	1,728,385
Fund-raising and membership development	1,227,898	1,172,015
Underwriting and grant solicitation	429,430	418,329
Total supporting services	3,381,011	3,318,729
Total expenses	7,501,940	7,292,926
(Decrease) increase in unrestricted net assets	(17,722)	74,068
Change in temporarily restricted net assets:		
Contributions:		
Capital projects	—	94,984
Time restricted	166,962	521,148
Net assets released from restrictions (note 9)	(244,761)	(301,321)
Appreciation in fair value of investments, net (note 11)	4,343	25,530
(Decrease) increase in temporarily restricted net assets	(73,456)	340,341
(Decrease) increase in net assets	(91,178)	414,409
Net assets at beginning of year	6,289,831	5,875,422
Net assets at end of year	\$ 6,198,653	6,289,831

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2018 and 2017

	<b>2018</b>	<b>2017</b>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (91,178)	414,409
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation of plant assets	359,720	362,011
Contributions restricted for capital projects	—	(94,984)
Appreciation in fair value of investments, net	(4,343)	(25,530)
Changes in operating assets and liabilities:		
Decrease (increase) in assets held by Fordham University	326,894	(22,636)
Increase in contributions receivable	(146,260)	(346,793)
(Decrease) increase in accounts payable and accrued expenses	(6,301)	6,830
(Decrease) increase in deferred revenue	(32,995)	6,709
Net cash provided by operating activities	405,537	300,016
Cash flows from investing activities:		
Purchases of fixed assets	(65,537)	(55,000)
Net cash used in investing activities	(65,537)	(55,000)
Cash flows from financing activities:		
Contributions restricted for capital projects	—	94,984
Decrease in due to Fordham University	(340,000)	(340,000)
Net cash used in financing activities	(340,000)	(245,016)
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, 2018 and 2017

**(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 (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 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, as designated by management of the University, excluding those amounts restricted by donors.

**(c) Plant Assets**

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

Depreciation of plant assets is computed using the straight-line method over the estimated useful lives of the assets. The useful lives used in calculating depreciation 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.

Restricted contributions for which restrictions are met in the same reporting period that revenue is recognized are reported as unrestricted revenue.

**(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 revenue 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, 2018 or 2017.

On December 22, 2017, the President signed into law H.R. 1, originally known as the Tax Cuts and Jobs Act. The new law includes several provisions that result in substantial changes to the tax treatment of tax-exempt organizations and their donors. WFUV has reviewed these provisions and the potential impact and concluded the enactment of H.R. 1 will not have a material effect on the operations of the organization.

**(j) Recent Accounting Pronouncements**

The FASB issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which among other things, changes how not for profit entities report net asset classes, expenses, and liquidity in their financial statements. The significant requirements of the new ASU include reducing the number of net asset classes from three to two: with donor restrictions and without donor restrictions; expenses by their function and their natural classification in one place; and presenting quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs. WFUV plans to adopt ASU No. 2016-14 for the year ending June 30, 2019.

The FASB issued ASU No. 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU No. 2018-08 helps an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional, which may delay recognition of contribution revenue (recipient) or expense (resource provided). WFUV plans to adopt ASU No. 2018-08 for the year ending June 30, 2019.

The FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new lease guidance establishes a model under which lessees record a right-of-use asset and lease liability for all leases with terms longer than 12 months. WFUV plans to adopt ASU No. 2016-02 for the year ending June 30, 2020.

WFUV is evaluating the impact of each of these new standards on its financial statements.



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**(3) Contributions Receivable**

Contributions receivable at June 30 consist of the following:

	<b>2018</b>	<b>2017</b>
Amounts expected to be collected in:		
Less than one year	\$ 996,295	745,385
One to five years	183,333	270,000
	1,179,628	1,015,385
Less:		
Allowance for uncollectible amounts	(120,458)	(101,538)
Discount to present value (rates from 1.63% to 2.94%)	(13,038)	(13,975)
	\$ 1,046,132	899,872

Approximately 25% and 38% of contributions receivable are from two individual donors at June 30, 2018 and June 30, 2017, respectively.

**(4) Plant Assets**

Plant assets at June 30 consist of the following:

	<b>2018</b>	<b>2017</b>
Tower and antenna	\$ 5,097,464	5,097,464
Building improvements	7,091,987	7,091,987
Equipment	2,802,004	2,736,467
	14,991,455	14,925,918
Less accumulated depreciation	(12,800,029)	(12,440,309)
	\$ 2,191,426	2,485,609

**(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 \$116,038 and \$115,694 in 2018 and 2017, respectively, CPB distributes an annual 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),

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(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 statements 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 2018 and 2017, including CSG and other awards, were \$332,138 and \$322,293, respectively. Additionally, \$143,240 and \$114,787 of prior year deferred revenue was expended in 2018 and 2017, 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 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 classification, level of earnings, and length of service. The University's contributions for retirement benefits of WFUV employees totaled \$195,316 and \$187,712 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 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 2019 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 in both 2018 and 2017, respectively. If recorded (as equal amounts of revenue and expense), this imputed interest would have no effect on the change in net assets.

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**(9) Net Assets**

Temporarily restricted net assets at June 30, 2018 and 2017 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 expense for this lease was \$143,632 and \$139,488 in 2018 and 2017, respectively. Future minimum rentals are payable as follows:

Year ending June 30:		
2019	\$	146,518
2020		150,914
2021		155,441
2022		160,105
2023		164,908
2024 and thereafter		<u>478,949</u>
Total	\$	<u><u>1,256,835</u></u>

**(11) Investments and Endowment Funds**

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 2018 and 2017 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.

The University considers the duration and preservation of the pool, the purposes of the University (including WFUV) 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.

WFUV's investments are held in the investment pool. 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.

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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.

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

		<b>2018</b>			
		<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$	—	35,002	185,000	220,002
Net appreciation (realized and unrealized)		—	14,104	—	14,104
Appropriation for expenditure		—	(9,761)	—	(9,761)
Endowment net assets, end of year	\$	<u>—</u>	<u>39,345</u>	<u>185,000</u>	<u>224,345</u>
		<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	\$	<u>—</u>	<u>35,002</u>	<u>185,000</u>	<u>220,002</u>

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**(12) Subsequent Events**

In connection with the preparation of the financial statements, WFUV evaluated subsequent events from June 30, 2018 through December 21, 2018, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.