



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

Financial Statements

June 30, 2019 and 2018

(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, 2019 and 2018, 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, 2019 and 2018, 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.



Emphasis of Matter

As discussed in note 2(i) to the financial statements, in 2019, WFUV-FM adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, on a retrospective basis. Our opinion is not modified with respect to this matter.

KPMG LLP

January 24, 2020

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Statements of Financial Position

June 30, 2019 and 2018

Assets	2019	2018
Assets held by Fordham University	\$ 10,244,831	10,439,664
Contributions receivable, net (note 3)	1,734,169	1,046,132
Investments held by Fordham University, at fair value (note 10)	219,874	224,345
Plant assets, net (note 4)	1,892,049	2,191,426
Total assets	\$ 14,090,923	13,901,567
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 49,102	3,775
Deferred revenue	123,115	120,264
Due to Fordham University (note 8)	7,238,875	7,578,875
Total liabilities	7,411,092	7,702,914
Net assets (note 10):		
Without donor restrictions	5,330,223	5,430,212
With donor restrictions:		
Purpose and time restricted	1,099,608	583,441
Endowment corpus	250,000	185,000
Total net assets with donor restrictions	1,349,608	768,441
Total net assets	6,679,831	6,198,653
Total liabilities and net assets	\$ 14,090,923	13,901,567

See accompanying notes to financial statements.

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Statements of Activities

Years ended June 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenue:		
Appropriation from Fordham University (note 6)	\$ 1,197,583	1,231,531
Contributions:		
Members	3,466,711	3,366,774
Underwriting	1,148,723	1,362,729
Events	835,272	681,916
Grants:		
Corporation for Public Broadcasting (note 5)	411,227	475,378
New York State	58,471	58,471
Other	71,668	62,658
Net assets released from donor restrictions	334,746	244,761
Total revenue	7,524,401	7,484,218
Expenses (note 11):		
Program services:		
Production	2,895,040	2,836,711
Broadcasting	583,773	616,319
Program information	310,034	355,140
Programming	318,447	312,759
Total program services	4,107,294	4,120,929
Supporting services:		
Management and general	1,829,142	1,723,683
Fund-raising and membership development	1,320,435	1,227,898
Underwriting and grant solicitation	367,519	429,430
Total supporting services	3,517,096	3,381,011
Total expenses	7,624,390	7,501,940
Decrease in net assets without donor restrictions	(99,989)	(17,722)
Change in net assets with donor restrictions:		
Contributions	920,384	166,962
Net assets released from donor restrictions	(334,746)	(244,761)
(Depreciation) appreciation in fair value of investments, net (note 10)	(4,471)	4,343
Increase (decrease) in net assets with donor restrictions	581,167	(73,456)
Increase (decrease) in net assets	481,178	(91,178)
Net assets at beginning of year	6,198,653	6,289,831
Net assets at end of year	\$ 6,679,831	6,198,653

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 481,178	(91,178)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation of plant assets	365,388	359,720
Contributions restricted for endowment	(65,000)	—
Depreciation (appreciation) in fair value of investments, net	4,471	(4,343)
Changes in operating assets and liabilities:		
Decrease in assets held by Fordham University	194,833	326,894
Increase in contributions receivable	(688,037)	(146,260)
Increase (decrease) in accounts payable and accrued expenses	45,327	(6,301)
Increase (decrease) in deferred revenue	2,851	(32,995)
Net cash provided by operating activities	341,011	405,537
Cash flows from investing activities:		
Purchases of fixed assets	(66,011)	(65,537)
Net cash used in investing activities	(66,011)	(65,537)
Cash flows from financing activities:		
Contributions restricted for endowment	65,000	—
Decrease in due to Fordham University	(340,000)	(340,000)
Net cash used in financing activities	(275,000)	(340,000)
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, 2019 and 2018

(1) Nature of Operations

WFUV-FM (WFUV) is a noncommercial, educational public media service owned and operated by Fordham University (the University). Through WFUV, 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.

WFUV's primary source of revenue is contributions and underwriting. This activity takes place over the course of the fiscal year and is used to support operations. Underwriting is earned as messages are broadcasted.

(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) Basis of Presentation

WFUV prepares its financial statements on the accrual basis in conformity with U.S. generally accepted accounting principles (GAAP).

WFUV classifies its activities into one of two classes of net assets, based on either the existence, or absence, of donor-imposed restrictions.

The two classes of net assets are as follows:

- Without donor restrictions: Net assets that are not subject to donor-imposed restrictions and are available to support the general operations of WFUV. Net assets without donor restrictions may be designated for specific use or purpose by action of the Board of Trustees of the University.
- With donor restrictions: Net assets subject to donor-imposed restrictions that will be met either by actions of WFUV or the passage of time. A donor-imposed restriction arises when a donor makes a contribution and, in doing so, specifies its use for a specific activity within WFUV's overall mission. Included in this net asset class are net assets that are subject to donor imposed stipulations that may be maintained in perpetuity by WFUV. Donors generally permit the use of all or part of the investment earnings for operations or specific purposes.

(b) Assets Held by Fordham University

WFUV is not a stand-alone entity and, accordingly, it does not maintain its own 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.

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(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.

(d) Contributions and Grants

Contributions (including pledges and assets other than case) are initially reported at fair value as revenue in the period received, net of an allowance for uncollectible amounts. Contributions to be received after one year (i.e., pledges) are recorded at their discounted present value using a risk-adjusted rate. Discounts on contributions are amortized to contribution revenue over the life of the pledge.

Contributions of property and equipment are reported as increases in net assets without donor restrictions unless the donor places restrictions on their use. Contributions made toward long-lived assets are held as net assets with donor restrictions until the asset is completed and available for use, at which time the contribution is released from restriction and reclassified to net assets without donor restrictions. Contributions with donor-imposed restrictions are reported as changes in net assets without donor restrictions if the restriction is satisfied in the same fiscal year in which the contribution was received by WFUV.

WFUV receives grants from various sponsoring organizations (e.g. governmental sources) in transactions where an exchange of approximately equal value occurs between WFUV and the sponsor. In these cases, revenue from grants is recognized as performance obligations are satisfied which, in some cases, is as related costs are incurred.

In other cases, a grant may represent a non-reciprocal transaction in which the benefits afforded to WFUV and the sponsor are not of equal value and, in some cases, the benefit of such an arrangement may accrue only to the public at large. In these cases, revenues may be subject to conditions, in the form of both a barrier to entitlement (e.g. a specific service level must be maintained to remain eligible for grant funding, or discretion as to WFUV's use of the grant is limited), and an explicit or implicit provision that WFUV may not ultimately be entitled to the full amount of the grant (or that the sponsor may be released from its obligation to make future payments at some point during the arrangement).

Revenues from conditional non-exchange transactions are recognized when the barrier is overcome or satisfied. Similarly, conditional promises to give are not recognized until they become unconditional (i.e. the point in time at which the conditions on which they depend are substantially met).

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

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(e) Expenses

Expenses are reported as decreases in net assets without donor restrictions and reported by functional category. 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.

(f) 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.

(g) 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 uncertainties, 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.

(h) 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, 2019 or 2018.

(i) Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Financial Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve net asset classification requirements and enhance other information presented, including liquidity, financial performance, and cash flows. WFUV retroactively adopted this pronouncement, effective June 30, 2018.

The main provisions of this pronouncement require consolidation of three classes of net assets to two:

- Net assets without donor restrictions, previously reported as unrestricted net assets in 2018 of \$5,430,212; and
- Net assets with donor restrictions, previously reported as temporarily restricted net assets of \$583,441 and permanently restricted net assets of \$185,000, in 2018.

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The pronouncement also enhances disclosures for net assets without donor restrictions and requires new disclosures around liquidity and the natural classification of expenses.

The FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 helps an organization 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 adopted ASU No. 2018-08 under the modified retrospective basis to all agreements that were either not completed as of the effective date or entered into after the effective date, for the year ended June 30, 2019. Under this approach, WFUV did not restate comparative periods in the financial statements. The adoption did not result in a material change to how WFUV accounts for revenue from contributions and grants.

(j) Operational Liquidity

WFUV is owned and operated by the University and raises funds to support its operations. In the case of a financial issue, the University would support operations of WFUV, as appropriate.

(3) Contributions Receivable

Contributions receivable at June 30, which includes memberships, underwriting, and private gifts, consists of the following:

	2019	2018
Amounts expected to be collected in:		
Less than one year	\$ 1,222,701	996,295
One to five years	500,000	183,333
More than five years	250,000	—
	1,972,701	1,179,628
Less:		
Allowance for uncollectible amounts	(200,287)	(120,458)
Discount to present value at 1.76%	(38,245)	(13,038)
	\$ 1,734,169	1,046,132

Approximately 54% and 25% of contributions receivable are from three individual donors at June 30, 2019 and 2018, respectively.

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(4) Plant Assets

Plant assets at June 30 consist of the following:

	2019	2018
Tower and antenna	\$ 5,097,464	5,097,464
Building improvements	7,091,987	7,091,987
Equipment	2,868,015	2,802,004
	15,057,466	14,991,455
Less accumulated depreciation	(13,165,417)	(12,800,029)
	\$ 1,892,049	2,191,426

(5) Grants from Corporation for Public Broadcasting

The 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 which WFUV received \$109,855 and \$116,038 in 2019 and 2018, 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), (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 revenue without donor restrictions; 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 2019 and 2018, including CSG and other awards, were \$304,223 and \$332,138, respectively. Additionally, \$107,004 and \$143,240 of prior year deferred revenue was expended in 2019 and 2018, 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.

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(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 \$188,907 and \$195,316 for the years ended June 30, 2019 and 2018, 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, 2019 and 2018 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 2020 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 \$289,555 and \$316,755 in 2019 and 2018, respectively. If recorded (as equal amounts of revenue and expense), this imputed interest would have no effect on the change in net assets.

(9) 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 \$149,993 and \$143,632 in 2019 and 2018, respectively. Future minimum rentals are payable as follows:

Year ending June 30:		
2020	\$	150,914
2021		155,441
2022		160,105
2023		164,908
2024		169,855
2025 and thereafter		309,094
Total	\$	1,110,317

(10) 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

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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 2019 and 2018 of the average quarterly fair value during the three preceding calendar years.

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 three donor-restricted endowment funds. Fair value is based upon quoted market prices or values provided by the University's external investment managers.

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.

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

	Endowment net assets
Endowment net assets at June 30, 2017	\$ 220,002
Investment return, net	14,104
Appropriation for expenditures	(9,761)
Endowment net assets at June 30, 2018	224,345
Investment return, net	5,184
Contributions	65,000
Appropriation for expenditures	(9,656)
Endowment net assets at June 30, 2019	\$ 284,873

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Endowment net assets, included in net assets with donor restrictions, represent historical gift values of \$250,000 and \$185,000 at June 30, 2019 and 2018, respectively, which are restricted in perpetuity. Amounts of \$34,873 and \$39,345 at June 30, 2019 and 2018, respectively, are included in net assets with donor restrictions related to accumulated endowment earnings pending appropriations for expenditures.

(11) Functional Classification of Expenses

WFUV's primary program activities are production, broadcasting, program information, and programming. Natural expenses attributable to the operation and maintenance of the physical plant or more than one functional expense category are allocated using a variety of cost allocation methods such as usable square footage, and time and effort.

Operating expenses are allocated to program and supporting activities during the years ended June 30 as follows:

	2019				
	Salaries and fringe benefits	Professional fees	Depreciation	Other	Total
Production	\$ 2,221,147	275,073	—	398,820	2,895,040
Broadcasting	—	13,989	256,958	312,826	583,773
Program information	213,713	65,408	—	30,913	310,034
Programming	77,820	—	108,430	132,197	318,447
Total program services	<u>2,512,680</u>	<u>354,470</u>	<u>365,388</u>	<u>874,756</u>	<u>4,107,294</u>
Management and general	686,340	54,875	—	1,087,927	1,829,142
Fund-raising and membership development	414,051	427,674	—	478,710	1,320,435
Underwriting and grant solicitation	345,946	—	—	21,573	367,519
Total supporting services	<u>1,446,337</u>	<u>482,549</u>	<u>—</u>	<u>1,588,210</u>	<u>3,517,096</u>
Total expenses	<u>\$ 3,959,017</u>	<u>837,019</u>	<u>365,388</u>	<u>2,462,966</u>	<u>7,624,390</u>

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	2018				
	Salaries and fringe benefits	Professional fees	Depreciation	Other	Total
Production	\$ 2,095,105	313,031	—	428,575	2,836,711
Broadcasting	75,620	19,155	258,133	263,411	616,319
Program information	273,903	45,625	—	35,612	355,140
Programming	—	—	101,587	211,172	312,759
Total program services	2,444,628	377,811	359,720	938,770	4,120,929
Management and general	629,443	43,821	—	1,050,419	1,723,683
Fund-raising and membership development	295,369	466,778	—	465,751	1,227,898
Underwriting and grant solicitation	406,769	—	—	22,661	429,430
Total supporting services	1,331,581	510,599	—	1,538,831	3,381,011
Total expenses	\$ 3,776,209	888,410	359,720	2,477,601	7,501,940

(12) Subsequent Events

In connection with the preparation of the financial statements, WFUV evaluated subsequent events from June 30, 2019 through January 24, 2020, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.