



WFUV-FM

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

Financial Statements

June 30, 2020 and 2019

(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, 2020 and 2019, 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, 2020 and 2019, 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 to the financial statements, the financial statements of WFUV-FM are intended to present the financial position, changes in net assets, and cash flows of only the portion of Fordham University that is attributable to the transactions of WFUV-FM. They do not purport to, and do not, present fairly the financial position of Fordham University as of June 30, 2020 and 2019, the changes in its financial position, or its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

KPMG LLP

February 9, 2021

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Statements of Financial Position

June 30, 2020 and 2019

Assets	2020	2019
Assets held by Fordham University	\$ 10,560,585	10,244,831
Contributions receivable, net (note 3)	1,407,117	1,734,169
Investments held by Fordham University, at fair value (note 10)	205,330	219,874
Plant assets, net (note 4)	1,583,368	1,892,049
Total assets	\$ 13,756,400	14,090,923
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 17,738	49,102
Deferred revenue	182,390	123,115
Due to Fordham University (note 8)	6,898,875	7,238,875
Total liabilities	7,099,003	7,411,092
Net assets (note 10):		
Without donor restrictions	5,348,359	5,330,223
With donor restrictions:		
Purpose or time	1,059,038	1,099,608
Perpetuity	250,000	250,000
Total net assets with donor restrictions	1,309,038	1,349,608
Total net assets	6,657,397	6,679,831
Total liabilities and net assets	\$ 13,756,400	14,090,923

See accompanying notes to financial statements.

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Statements of Activities

Years ended June 30, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenue:		
Appropriation from Fordham University (note 6)	\$ 1,295,991	1,197,583
Contributions:		
Members	3,561,747	3,466,711
Underwriting	932,971	1,148,723
Events	836,276	835,272
Grants:		
Corporation for Public Broadcasting (note 5)	402,748	411,227
New York State	59,516	58,471
Other	47,117	71,668
Net assets released from restrictions	276,723	334,746
Total revenue	7,413,089	7,524,401
Expenses (note 11):		
Program services:		
Production	2,877,660	2,895,040
Broadcasting	551,158	583,773
Program information	234,657	310,034
Programming	361,921	318,447
Total program services	4,025,396	4,107,294
Supporting services:		
Management and general	1,696,432	1,829,142
Fund-raising and membership development	1,246,857	1,320,435
Underwriting and grant solicitation	426,268	367,519
Total supporting services	3,369,557	3,517,096
Total expenses	7,394,953	7,624,390
Increase (decrease) in net assets without donor restrictions	18,136	(99,989)
Change in net assets with donor restrictions:		
Contributions	250,697	920,384
Net assets released from restrictions	(276,723)	(334,746)
Depreciation in fair value of investments, net (note 10)	(14,544)	(4,471)
(Decrease) increase in net assets with donor restrictions	(40,570)	581,167
(Decrease) increase in net assets	(22,434)	481,178
Net assets at beginning of year	6,679,831	6,198,653
Net assets at end of year	\$ 6,657,397	6,679,831

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (22,434)	481,178
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation of plant assets	364,845	365,388
Contributions restricted for endowment	—	(65,000)
Depreciation in fair value of investments, net	14,544	4,471
Changes in operating assets and liabilities:		
(Increase) decrease in assets held by Fordham University	(315,754)	194,833
Decrease (increase) in contributions receivable	327,052	(688,037)
(Decrease) increase in accounts payable and accrued expenses	(31,364)	45,327
Increase in deferred revenue	59,275	2,851
Net cash provided by operating activities	396,164	341,011
Cash flows from investing activities:		
Purchases of plant assets	(56,164)	(66,011)
Net cash used in investing activities	(56,164)	(66,011)
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	(340,000)	(275,000)
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, 2020 and 2019

(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.

(2) Summary of Significant Accounting Policies

By itself, WFUV does not constitute a legal entity. 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. This class includes net assets that are subject to donor-imposed restrictions that may be maintained in perpetuity. In these cases, however, 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. 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 make sufficient liquidity available to support operations of WFUV, as appropriate.

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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 placed in service, at which time the contributions are released from restriction. 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 situations such as these, 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), or an explicit or implicit proviso 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).

Underwriting revenue is earned as messages are broadcasted.

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 GAAP 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.

On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) global pandemic a public health emergency. The University's and, therefore, WFUV's operating results could be adversely affected to the extent that COVID-19 or any other pandemic harms the economy. The University's Board of Trustees and management are monitoring the outbreak and any potential financial impact. The duration and intensity of the impact of COVID-19 and resulting disruption to operations are uncertain and could adversely affect financial results.

(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, 2020 or 2019.

(i) Recent Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, as amended by ASU No. 2019-01, Leases (Topic 842). The new leases guidance and ASU No. 2020-02: *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Date for Certain Entities*, effective for WFUV's fiscal year ending June 30, 2021, 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 is evaluating the impact of this ASU on its financial statements.

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(3) Contributions Receivable

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

	2020	2019
Amounts expected to be collected in:		
Less than one year	\$ 895,962	1,222,701
One to five years	550,000	500,000
More than five years	125,000	250,000
	1,570,962	1,972,701
Less:		
Allowance for uncollectible amounts	(157,112)	(200,287)
Discount to present value at 0.29% to 1.76%	(6,733)	(38,245)
	\$ 1,407,117	1,734,169

Approximately 55% and 54% of contributions receivable are from three individual donors at June 30, 2020 and 2019, respectively.

(4) Plant Assets

Plant assets at June 30 consist of the following:

	2020	2019
Tower and antenna	\$ 5,097,464	5,097,464
Building improvements	7,091,987	7,091,987
Equipment	2,924,179	2,868,015
	15,113,630	15,057,466
Less accumulated depreciation	(13,530,262)	(13,165,417)
	\$ 1,583,368	1,892,049

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(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 \$0 and \$109,855 in 2020 and 2019, 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, CSG funds may be used at the discretion of recipients. WFUV uses these funds primarily for 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 2020 and 2019, including CSG and other awards, were \$280,449 and \$304,223, respectively. Additionally, \$122,299 and \$107,004 of prior year deferred revenue was expended in 2020 and 2019, 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 \$191,016 and \$188,907 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019 was not determined.

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(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 2021 through 2022, \$400,000 per year for fiscal years 2023 through 2032, and \$443,775 per year for fiscal years 2033 through 2037.

(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 \$153,158 and \$149,993 in 2020 and 2019, respectively. Future minimum rentals are payable as follows:

Year ending June 30:		
2021	\$	155,441
2022		160,105
2023		164,908
2024		169,855
2025		174,951
Thereafter		134,143
Total	\$	959,403

(10) Investments and Endowment Funds

The University maintains an investment pool (the 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, endowment assets are invested in a manner that is intended to earn, over the long term, an 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 2020 and 2019 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 effects 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 Pool. The investment balance represents WFUV's share in the fair value of the Pool. The 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.

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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.

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 at June 30, 2018	\$	224,345
Investment return, net		5,184
Contributions		65,000
Appropriation for expenditures		<u>(9,656)</u>
Endowment net assets at June 30, 2019		284,873
Investment return, net		(1,947)
Appropriation for expenditures		<u>(12,597)</u>
Endowment net assets at June 30, 2020	\$	<u><u>270,329</u></u>

Endowment net assets, included in net assets with donor restrictions in the accompanying financial statements, represent historical gift values of \$250,000 at June 30, 2020 and 2019, which are restricted in perpetuity. Accumulated endowment earnings totaling \$20,329 and \$34,873 at June 30, 2020 and 2019, respectively, are pending appropriation for expenditures and included in net assets with donor restrictions.

(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.

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

2020					
	Salaries and fringe benefits	Professional fees	Depreciation	Other	Total
Production	\$ 2,337,389	298,570	—	241,701	2,877,660
Broadcasting	—	22,154	255,868	273,136	551,158
Program information	181,997	31,085	—	21,575	234,657
Programming	80,210	—	108,977	172,734	361,921
Total program services	<u>2,599,596</u>	<u>351,809</u>	<u>364,845</u>	<u>709,146</u>	<u>4,025,396</u>
Management and general	633,657	59,287	—	1,003,488	1,696,432
Fund-raising and membership development	441,734	267,829	—	537,294	1,246,857
Underwriting and grant solicitation	411,238	—	—	15,030	426,268
Total supporting services	<u>1,486,629</u>	<u>327,116</u>	<u>—</u>	<u>1,555,812</u>	<u>3,369,557</u>
Total expenses	<u>\$ 4,086,225</u>	<u>678,925</u>	<u>364,845</u>	<u>2,264,958</u>	<u>7,394,953</u>
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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(12) COVID-19 Pandemic

In response to the COVID-19 global pandemic, various governmental agencies mandated stricter procedures to address the health and safety of their communities. In accordance with New York State's Stay at Home Order issued by the Governor, University students, faculty, and staff were transitioned to remote operations.

The United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. WFUV recognized \$75,000 of grant revenue in 2020 for funds received in connection with the CARES Act.

(13) Subsequent Events

In connection with the preparation of the financial statements, WFUV evaluated subsequent events from June 30, 2020 through February 9, 2021, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.