

**WVIK-FM RADIO
A PUBLIC BROADCAST STATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

**WVIK-FM RADIO
A PUBLIC BROADCAST STATION
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INDEPENDENT AUDITORS' REPORT

Board of Directors
WVIK-FM Radio
Augustana College
Rock Island, Illinois

We have audited the accompanying financial statements of WVIK-FM Radio (the Station), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year 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 accounting principles generally accepted in the United States of America; 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 audit. We conducted our audit 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

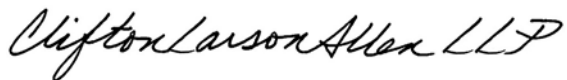
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WVIK-FM Radio as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements were prepared for the purpose of complying with the financial reporting provisions of the Corporation for Public Broadcasting, and are not intended to be a complete presentation of Augustana College's assets, liabilities, revenues, or expenses. Our opinion is not modified with respect to this matter.

Other Matter

The 2017 financial statements of the Station were audited by other auditors whose report dated December 15, 2017, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
February 7, 2019

WVIK-FM RADIO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	2018						
	Unrestricted				Temporarily Restricted	Permanently Restricted	Total
	Operating Funds	Board- Designated	Plant Funds	Total			
ASSETS							
Cash	\$ 114,676	\$ -	\$ -	\$ 114,676	\$ -	\$ -	\$ 114,676
Cash Surrender Value of Life Insurance	9,443	-	-	9,443	-	-	9,443
Beneficial Interest in Augustana College	-	-	-	-	-	-	-
Investment Pool	-	244,522	-	244,522	-	146,456	390,978
Contributions Receivable, Net	15,630	-	-	15,630	-	4,771	20,401
Grant Receivable	17,766	-	-	17,766	20,000	-	37,766
Other Assets	29,167	-	-	29,167	-	-	29,167
Interfund (Payable) Receivable	29,268	-	(38,416)	(9,148)	9,148	-	-
Construction in Progress	-	-	20,000	20,000	-	-	20,000
Broadcasting Equipment, Net	-	-	338,869	338,869	-	-	338,869
Total Assets	\$ 215,950	\$ 244,522	\$ 320,453	\$ 780,925	\$ 29,148	\$ 151,227	\$ 961,300
LIABILITIES AND NET ASSETS							
LIABILITIES							
Due to Augustana College	\$ 323,416	\$ -	\$ -	\$ 323,416	\$ -	\$ -	\$ 323,416
Accrued Expenses	96,205	-	-	96,205	-	-	96,205
Total Liabilities	419,621	-	-	419,621	-	-	419,621
NET ASSETS							
Unrestricted	(203,671)	244,522	320,453	361,304	-	-	361,304
Temporarily Restricted	-	-	-	-	29,148	-	29,148
Permanently Restricted - Endowment	-	-	-	-	-	151,227	151,227
Total Net Assets	(203,671)	244,522	320,453	361,304	29,148	151,227	541,679
Total Liabilities and Net Assets	\$ 215,950	\$ 244,522	\$ 320,453	\$ 780,925	\$ 29,148	\$ 151,227	\$ 961,300

See accompanying Notes to Financial Statements.

WVIK-FM RADIO
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017

	2017						
	Unrestricted				Temporarily Restricted	Permanently Restricted	Total
	Operating Funds	Board- Designated	Plant Funds	Total			
ASSETS							
Cash	\$ 74,735	\$ -	\$ 23,885	\$ 98,620	\$ -	\$ -	\$ 98,620
Cash Surrender Value of Life Insurance	9,254	-	-	9,254	-	-	9,254
Beneficial Interest in Augustana College Investment Pool	-	239,106	-	239,106	-	142,056	381,162
Contributions Receivable, Net	14,055	-	-	14,055	-	-	14,055
Grant Receivable	9,100	-	-	9,100	-	-	9,100
Other Assets	24,500	-	-	24,500	-	-	24,500
Interfund (Payable) Receivable	47,576	-	(77,001)	(29,425)	29,425	-	-
Broadcasting Equipment, Net	-	-	412,762	412,762	-	-	412,762
Total Assets	\$ 179,220	\$ 239,106	\$ 359,646	\$ 777,972	\$ 29,425	\$ 142,056	\$ 949,453
LIABILITIES AND NET ASSETS							
LIABILITIES							
Due to Augustana College	\$ 252,773	\$ -	\$ -	\$ 252,773	\$ -	\$ -	\$ 252,773
Accrued Expenses	55,391	-	-	55,391	-	-	55,391
Total Liabilities	308,164	-	-	308,164	-	-	308,164
NET ASSETS							
Unrestricted:	(128,944)	239,106	359,646	469,808	-	-	469,808
Temporarily Restricted	-	-	-	-	29,425	-	29,425
Permanently Restricted - Endowment	-	-	-	-	-	142,056	142,056
Total Net Assets	(128,944)	239,106	359,646	469,808	29,425	142,056	641,289
Total Liabilities and Net Assets	\$ 179,220	\$ 239,106	\$ 359,646	\$ 777,972	\$ 29,425	\$ 142,056	\$ 949,453

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	2018						
	Unrestricted				Temporarily Restricted	Permanently Restricted	Total
	Operating Funds	Board- Designated	Plant Funds	Total			
REVENUE							
Contributions	\$ 958,483	\$ -	\$ -	\$ 958,483	\$ 47,766	\$ 9,171	\$ 1,015,420
Donated Facilities, Contributed Services, and Administrative Support from Augustana College	352,133	-	-	352,133	-	-	352,133
Illinois State Library Grants for Augustana Public Radio Information Service	51,250	-	-	51,250	-	-	51,250
Community Service Grants and Project Grants from Corporation for Public Broadcasting	90,282	-	-	90,282	32,102	-	122,384
Other Income	2,121	-	-	2,121	-	-	2,121
Investment Income	-	5,416	3,097	8,513	-	-	8,513
Net Assets Released from Restriction	48,543	-	31,602	80,145	(80,145)	-	-
Total Revenue	<u>1,502,812</u>	<u>5,416</u>	<u>34,699</u>	<u>1,542,927</u>	<u>(277)</u>	<u>9,171</u>	<u>1,551,821</u>
EXPENSES							
Program Services:							
Programming and Production	584,265	-	-	584,265	-	-	584,265
Broadcasting	121,363	-	73,892	195,255	-	-	195,255
Program Information and Promotion	69,797	-	-	69,797	-	-	69,797
Total Program Services	<u>775,425</u>	<u>-</u>	<u>73,892</u>	<u>849,317</u>	<u>-</u>	<u>-</u>	<u>849,317</u>
Support Services:							
Fundraising and Membership Development	242,978	-	-	242,978	-	-	242,978
Management and General	425,651	-	-	425,651	-	-	425,651
Underwriting and Grant Solicitation	133,485	-	-	133,485	-	-	133,485
Total Supporting Services	<u>802,114</u>	<u>-</u>	<u>-</u>	<u>802,114</u>	<u>-</u>	<u>-</u>	<u>802,114</u>
Total Expenses	<u>1,577,539</u>	<u>-</u>	<u>73,892</u>	<u>1,651,431</u>	<u>-</u>	<u>-</u>	<u>1,651,431</u>
Recovery of Underwater Endowment	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	<u>(74,727)</u>	<u>5,416</u>	<u>(39,193)</u>	<u>(108,504)</u>	<u>(277)</u>	<u>9,171</u>	<u>(99,610)</u>
Net Assets - Beginning of Year	<u>(128,944)</u>	<u>239,106</u>	<u>359,646</u>	<u>469,808</u>	<u>29,425</u>	<u>142,056</u>	<u>641,289</u>
NET ASSETS - END OF YEAR	<u>\$ (203,671)</u>	<u>\$ 244,522</u>	<u>\$ 320,453</u>	<u>\$ 361,304</u>	<u>\$ 29,148</u>	<u>\$ 151,227</u>	<u>\$ 541,679</u>

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	2017						
	Unrestricted			Total	Temporarily Restricted	Permanently Restricted	Total
Operating Funds	Board-Designated	Plant Funds					
REVENUE							
Contributions	\$ 798,115	\$ -	\$ -	\$ 798,115	\$ 39,014	\$ 3,950	\$ 841,079
Donated Facilities, Contributed Services, and Administrative Support from Augustana College	340,889	-	-	340,889	-	-	340,889
Illinois State Library Grants for Augustana Public Radio Information Service	31,814	-	-	31,814	-	-	31,814
Community Service Grants and Project Grants from Corporation for Public Broadcasting	120,468	-	-	120,468	42,482	-	162,950
Other Income	12,180	-	-	12,180	-	-	12,180
Investment Income	-	24,395	-	24,395	11,862	-	36,257
Net Assets Released from Restriction	52,482	6,906	-	59,388	(59,388)	-	-
Total Revenue	1,355,948	31,301	-	1,387,249	33,970	3,950	1,425,169
EXPENSES							
Program Services:							
Programming and Production	515,933	-	-	515,933	-	-	515,933
Broadcasting	132,775	-	51,243	184,018	-	-	184,018
Program Information and Promotion	100,163	-	-	100,163	-	-	100,163
Total Program Services	748,871	-	51,243	800,114	-	-	800,114
Support Services:							
Fundraising and Membership Development	257,527	-	-	257,527	-	-	257,527
Management and General	410,980	18,173	-	429,153	-	-	429,153
Underwriting and Grant Solicitation	127,794	-	-	127,794	-	-	127,794
Total Supporting Services	796,301	18,173	-	814,474	-	-	814,474
Total Expenses	1,545,172	18,173	51,243	1,614,588	-	-	1,614,588
Recovery of Underwater Endowment	-	4,956	-	4,956	(4,956)	-	-
CHANGE IN NET ASSETS	(189,224)	18,084	(51,243)	(222,383)	29,014	3,950	(189,419)
Net Assets - Beginning of Year	60,280	221,022	410,889	692,191	411	138,106	830,708
NET ASSETS - END OF YEAR	\$ (128,944)	\$ 239,106	\$ 359,646	\$ 469,808	\$ 29,425	\$ 142,056	\$ 641,289

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (99,610)	\$ (189,419)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation	73,892	51,243
Increase in Cash Surrender Value on Life Insurance	(189)	(174)
Unrealized Gain on Investments	(5,416)	(18,084)
Contributions Restricted for Long-Term Investments	(4,400)	(3,950)
Changes in Assets and Liabilities:		
Grants Receivable	(28,666)	(9,100)
Contributions Receivable	(6,346)	504
Other Assets	(4,667)	(1,000)
Due to Augustana College	70,643	(69,528)
Accrued Expenses	40,814	1,264
Net Cash Provided (Used) by Operating Activities	36,055	(238,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(4,400)	(3,950)
Proceeds from Sale of Broadcasting Equipment	3,360	-
Purchase of Broadcasting Equipment	(23,359)	-
Net Cash Used by Investing Activities	(24,399)	(3,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions Restricted for Long-Term Investment	4,400	3,950
Net Cash Provided by Financing Activities	4,400	3,950
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,056	(238,244)
Cash and Cash Equivalents - Beginning of Year	98,620	336,864
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 114,676	\$ 98,620
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Contributed Services	\$ 352,133	\$ 340,889

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

WVIK-FM Radio (WVIK) is a department of, and is operated by, Augustana College (College), Rock Island, Illinois. These financial statements are prepared for the purpose of complying with the financial reporting provisions of the Corporation for Public Broadcasting and are not intended to be a complete presentation of the College's assets, liabilities, revenues, or expenses.

Accounting Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

General

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on WVIK as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets — permanently restricted, temporarily restricted, or unrestricted.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that must be maintained permanently. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general purposes of WVIK.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met by actions of WVIK and/or the passage of time. These net assets are solicited for WVIK's operations and property and equipment purchases and are released from restriction as the funds are expended for their intended purpose or the requested time has passed.

Unrestricted Net Assets

Net assets not subject to donor-imposed stipulations. Certain unrestricted net assets are designated by the College's board of trustees and management for internal purposes.

Beneficial Interest in Augustana College Investment Pool

The College maintains an endowment fund that is restricted in use to WVIK.

Grants Receivable

Grants receivable consist of contract and other receivables. Grants receivable do not have an amount recorded as an allowance for doubtful grants, as these are one-year grants and are expected to be collected.

**WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Broadcasting Equipment

Broadcasting equipment is carried at cost. Depreciation on the equipment is computed by the straight-line method using the half-year convention over the estimated useful lives of the assets. Equipment is a single item of tangible real or personal property with an individual unit cost of at least \$5,000 and a useful life clearly in excess of two full years. Long-lived assets, such as building and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management believes that currently there is no impairment of the long-lived assets.

Revenue Recognition

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Grant revenue is recognized as the related expenses are incurred. 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 in the statements of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. 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 assets other than cash are recorded at their estimated fair value at the date received. Contributions to be received after one year are discounted to the present value of future cash flows, at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

Income Tax Status

The College is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and, therefore, is not subject to tax under present income tax laws.

No provision has been made for income taxes in the accompanying financial statements, as WVIK had no significant unrelated business income. If WVIK were to incur interest or penalties related to unrecognized tax benefits, these expenses would be recognized in interest and income tax expense, respectively. WVIK had no amounts accrued for interest or penalties as of June 30, 2018 and 2017. Because WVIK is a department of the College, its activities are included on the College's tax return. The College has not been examined by any tax jurisdiction.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended June 30, 2018 and 2017 were \$52,627 and \$54,520, respectively.

**WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification

Certain amounts in 2017 have been reclassified for comparative purposes to conform to the presentation in 2018. The reclassifications have no effect on the previously reported change in net assets or net assets balance.

Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2018. Management has performed their analysis through February 7, 2019, the date the financial statements were available to be issued.

NOTE 2 CONTRIBUTIONS

Unconditional promises are included in the financial statements as contributions receivable and revenue of the appropriate net asset category.

Unconditional promises are expected to be realized as follows:

	2018	2017
Due in One Year or Less	\$ 9,441	\$ 10,319
Due in One to Three Years	11,580	4,000
Total	21,021	14,319
Less: Allowance	(620)	(264)
Total	<u>\$ 20,401</u>	<u>\$ 14,055</u>

NOTE 3 BROADCASTING EQUIPMENT

Broadcasting equipment is reflected at cost and consists of the following at June 30:

	2018	2017
Equipment	\$ 1,046,053	\$ 1,049,413
Accumulated Depreciation	(707,184)	(636,651)
Total	<u>\$ 338,869</u>	<u>\$ 412,762</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$73,892 and \$51,243, respectively.

WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value measurement accounting standards require the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the accounting standards establish a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Beneficial Interest in Augustana College Investment Pool

The value of the beneficial interest is based upon the number of units invested in Augustana College's pooled endowment fund. The College provides the fair value of the pooled endowment fund. For alternative investments, the College generally uses the net asset value (NAV) of the investment to determine the fair value of these investments (market approach). WVIK has the ability to redeem their investment in the College's pooled endowment fund on a quarterly basis. The investment objective of the College's pooled endowment fund is to maintain appropriate diversification among equity, fixed income and alternative investment allocations. The purpose is to moderate the overall investment risk of the pooled endowment fund. As of June 30, 2018, there were no unfunded capital commitments.

WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets Recorded at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis as of June 30, 2018 and 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3	NAV	Total
<u>June 30, 2018</u>					
Assets					
Beneficial Interest in Augustana					
College Investment Pool	\$ -	\$ -	\$ -	\$ 390,978	\$ 390,978

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3	NAV	Total
<u>June 30, 2017</u>					
Assets					
Beneficial Interest in Augustana					
College Investment Pool	\$ -	\$ -	\$ -	\$ 381,162	\$ 381,162

NOTE 5 ALLOCATION OF COSTS

Costs related to the donated facilities are allocated by Augustana College based on a percentage of the square footage occupied by WVIK. Administrative costs are also allocated based on a percentage of WVIK direct expenditures to a similar total of the College's expenditures, exclusive of capital outlays. The costs related to the donated facilities and administrative costs allocated to WVIK totaled \$352,133 and \$340,889 for the years ended June 30, 2018 and 2017, respectively.

**WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 LEASE COMMITMENT AND TOTAL RENT EXPENSE

WVIK leases tower space in two locations. The first location is in Bettendorf, Iowa, and is for the purpose of broadcasting its main signal. The second location is in Dubuque, Iowa, and is to re-broadcast its signal into Dubuque, southern Wisconsin, and northeast Illinois. The lease commitments are included below.

WVIK is currently in negotiations to renew their lease that expired December 2014 for the Bettendorf tower space from a third party, Nexstar Broadcasting Group Inc., for continuance through December 2020. Transmitter space is rented from KWQC Channel 6 for annual rent of \$2,500. WVIK continues to make rental payments on a monthly basis while the lease renewal is in negotiations.

The Dubuque tower space is leased from a third party, Finley Hospital, under a lease expiring in November 2023. The total annual minimum rental commitment as of June 30, 2017 is \$4,000.

The total rental expense under these agreements for the years ended June 30, 2018 and 2017 was \$56,500 and \$54,750, respectively.

At June 30, 2018, the future minimum lease payments required under these operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 6,520
2020	6,520
2021	6,520
2022	6,520
Thereafter	6,520
Total	<u>\$ 32,600</u>

**WVIK-FM RADIO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 FUNCTIONAL EXPENSES

Expenses incurred during the years ended June 30, 2018 and 2017 were for:

	Program Services				Support Services				Total
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Fundraising and Membership Development	Management and General	Underwriting and Grant Solicitation	Total Support Services	
<u>2018</u>									
Salaries and Benefits	\$ 350,539	\$ 37,964	\$ 25,813	\$ 414,316	\$ 68,419	\$ 102,690	\$ 118,580	\$ 289,689	\$ 704,005
Programming	224,343	-	-	224,343	-	-	-	-	224,343
Professional Services	6,760	-	-	6,760	34,484	9,998	3,555	48,037	54,797
Occupancy	-	-	-	-	-	14,501	-	14,501	14,501
Rental and Maintenance	-	83,399	-	83,399	10	829	8,487	9,326	92,725
Advertising	-	-	43,984	43,984	8,643	-	-	8,643	52,627
Printing, Publication, and Graphics	-	-	-	-	5,133	-	1,012	6,145	6,145
Office Supplies	-	-	-	-	138	7,327	2	7,467	7,467
Postage and Shipping	-	-	-	-	6,644	-	108	6,752	6,752
Travel	2,623	-	-	2,623	4,416	1,557	1,017	6,990	9,613
Miscellaneous Expenses	-	-	-	-	-	-	-	-	-
Meeting, Events, and Membership	-	-	-	-	51,707	-	724	52,431	52,431
Depreciation	-	73,892	-	73,892	-	-	-	-	73,892
Subtotal	584,265	195,255	69,797	849,317	179,594	136,902	133,485	449,981	1,299,298
Donated Facilities and Administrative Support	-	-	-	-	63,384	288,749	-	352,133	352,133
Total	\$ 584,265	\$ 195,255	\$ 69,797	\$ 849,317	\$ 242,978	\$ 425,651	\$ 133,485	\$ 802,114	\$ 1,651,431

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 FUNCTIONAL EXPENSES (CONTINUED)

	Program Services				Support Services				
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Fundraising and Membership Development	Management and General	Underwriting and Grant Solicitation	Total Support Services	Total
<u>2017</u>									
Salaries and Benefits	\$ 290,314	\$ 38,504	\$ 45,643	\$ 374,461	\$ 126,467	\$ 89,374	\$ 118,707	\$ 334,548	\$ 709,009
Programming	212,833	10,131	-	222,964	-	762	-	762	223,726
Professional Services	9,570	-	-	9,570	12,803	12,496	8,237	33,536	43,106
Occupancy	-	-	-	-	-	20,947	-	20,947	20,947
Rental and Maintenance	185	84,140	-	84,325	-	-	-	-	84,325
Advertising	-	-	54,520	54,520	-	-	-	-	54,520
Printing, Publication, and Graphics	-	-	-	-	5,087	-	-	5,087	5,087
Office Supplies	-	-	-	-	692	6,977	-	7,669	7,669
Postage and Shipping	-	-	-	-	5,190	-	-	5,190	5,190
Travel	1,857	-	-	1,857	8,810	-	-	8,810	10,667
Miscellaneous Expenses	-	-	-	-	-	18,173	-	18,173	18,173
Meeting, Events, and Membership	1,174	-	-	1,174	37,118	895	850	38,863	40,037
Depreciation	-	51,243	-	51,243	-	-	-	-	51,243
Subtotal	515,933	184,018	100,163	800,114	196,167	149,624	127,794	473,585	1,273,699
Donated Facilities and Administrative Support	-	-	-	-	61,360	279,529	-	340,889	340,889
Total	\$ 515,933	\$ 184,018	\$ 100,163	\$ 800,114	\$ 257,527	\$ 429,153	\$ 127,794	\$ 814,474	\$ 1,614,588

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NOTES TO FINANCIAL STATEMENTS
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NOTE 8 ENDOWMENT FUND AND NET ASSET CLASSIFICATIONS

The WVIK endowment fund consists of various donor restricted and unrestricted (or quasi-endowment) endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

WVIK has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WVIK classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, (d) the present value of estimated future receipts for beneficial interest in Augustana College investment pool and (e) subsequent changes in the value of WVIK's share of trust assets in Augustana College investment pool. 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 by WVIK in a manner consistent with the standard of prudence prescribed by the state of Illinois in its enacted version of UPMIFA. In accordance with UPMIFA, WVIK considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the endowment fund; (2) the purposes of WVIK and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of WVIK; and (7) the investment policies of WVIK.

The College has adopted investment and spending policies for its endowment fund. The objective of these policies is to provide WVIK with a predictable funding stream for its programs while protecting the purchasing power of the endowment fund. The College, through its investment policy, has established a target annualized real (inflation-adjusted) rate of return over the long-term of an amount at least equal to the spending policy in order to avoid loss of purchasing power; the total return during any single measurement period may deviate from the long-term return objective. To satisfy its long-term rate-of-return objective, the College expects to maintain appropriate diversification among equity, fixed income, energy commodities, and alternative investment allocations. The purpose is to moderate the overall investment risk of the endowment fund.

The WVIK portion of the College endowment fund will be used for purposes related to WVIK and will be made at the discretion of the Augustana College President, with recommendations by the WVIK general manager. The amount appropriated, the spending policy, is a board-approved percentage up to 5% applied to the average fair value of the pooled endowment fund assets during the prior 12 quarters.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 ENDOWMENT FUND AND NET ASSET CLASSIFICATIONS (CONTINUED)

In cases where the fair value of endowment fund assets fall below the original value of the gifts donated to the permanent endowment, the board has limited, by policy, the appropriation to no more than 25% of the original value of the gifts donated to permanent endowment. The board approved spending percentage was 5% for the fiscal years ended June 30, 2018 and 2017. For the year ended June 30, 2018, there were no underwater endowment amounts.

Endowment net assets as of June 30, 2018 and 2017 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>2018</u>				
Donor-Restricted Endowment Funds:				
General Institutional Support	\$ -	\$ -	\$ 151,227	\$ 151,227
Board-Designated Endowment Funds	244,522	-	-	244,522
Net Assets - End of Year	<u>\$ 244,522</u>	<u>\$ -</u>	<u>\$ 151,227</u>	<u>\$ 395,749</u>

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<u>2017</u>				
Donor-Restricted Endowment Funds:				
General Institutional Support	\$ -	\$ -	\$ 142,056	\$ 142,056
Board-Designated Endowment Funds	239,106	-	-	239,106
Net Assets - End of Year	<u>\$ 239,106</u>	<u>\$ -</u>	<u>\$ 142,056</u>	<u>\$ 381,162</u>

The changes in endowment net assets for the years ended June 30, 2018 and 2017 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>2018</u>				
Net Assets - Beginning of Year	\$ 239,106	\$ -	\$ 142,056	\$ 381,162
Investment Return:				
Investment Income	5,416	-	-	5,416
Gifts	-	-	9,171	9,171
Appropriation of Endowment				
Assets for Expenditure	-	-	-	-
Recovery of Underwater Endowment	-	-	-	-
Net Assets - End of Year	<u>\$ 244,522</u>	<u>\$ -</u>	<u>\$ 151,227</u>	<u>\$ 395,749</u>

<u>2017</u>				
Net Assets - Beginning of Year	\$ 221,022	\$ -	\$ 138,106	\$ 359,128
Investment Return:				
Investment Income	24,395	11,862	-	36,257
Gifts	-	-	3,950	3,950
Appropriation of Endowment				
Assets for Expenditure	(11,267)	(6,906)	-	(18,173)
Recovery of Underwater Endowment	4,956	(4,956)	-	-
Net Assets - End of Year	<u>\$ 239,106</u>	<u>\$ -</u>	<u>\$ 142,056</u>	<u>\$ 381,162</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 RELATED PARTY TRANSACTIONS

WVIK is a unique department of Augustana College. Transactions between WVIK and the College are recorded as receivables and payables as due to/from balances in the statement of financial position. The purpose of these transactions is to assist in funding WVIK operations.

The transactions between WVIK and the College include gifts, investment earnings, unrealized appreciation, and payment of expenses by the College on behalf of WVIK. The due to College balance at June 30, 2018 and 2017 was \$323,416 and \$252,773, respectively. WVIK does not maintain separate bank accounts. Amounts collected on behalf of the Station for restricted purposes, but not yet spent, are included as cash. There was \$0 and \$98,620 held by the College on behalf of WVIK for the years ended June 30, 2018 and 2017, respectively.