

**WVIK-FM RADIO  
A PUBLIC BROADCAST STATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2020 AND 2019**

**WVIK-FM RADIO  
A PUBLIC BROADCAST STATION  
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CliftonLarsonAllen LLP  
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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 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 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 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.

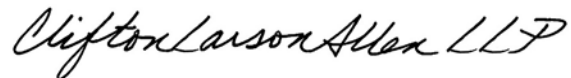
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WVIK-FM Radio 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 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Cedar Rapids, Iowa  
October 8, 2020

**WVIK-FM RADIO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

	Without Donor Restriction				With Donor Restriction	Total
	Operating Funds	Board- Designated	Plant Funds	Total		
<b>ASSETS</b>						
Cash	\$ 473,346	\$ -	\$ -	\$ 473,346	\$ -	\$ 473,346
Cash Surrender Value of Life Insurance	9,814	-	-	9,814	-	9,814
Beneficial Interest in Augustana College Investment Pool	-	227,131	-	227,131	147,656	374,787
Contributions Receivable, Net	-	-	-	-	11,637	11,637
Grant Receivable	2,100	-	-	2,100	-	2,100
Other Assets	58,958	-	-	58,958	-	58,958
Interfund (Payable) Receivable	15,526	(97,464)	(47,562)	(129,500)	129,500	-
Construction in Progress	-	-	102,546	102,546	-	102,546
Broadcasting Equipment, Net	-	-	294,858	294,858	-	294,858
Total Assets	<u>\$ 559,744</u>	<u>\$ 129,667</u>	<u>\$ 349,842</u>	<u>\$ 1,039,253</u>	<u>\$ 288,793</u>	<u>\$ 1,328,046</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Due to (from) Augustana College	\$ 788,213	\$ (97,464)	\$ 19,767	\$ 710,516	\$ -	\$ 710,516
Accrued Expenses	89,917	-	-	89,917	-	89,917
Total Liabilities	878,130	(97,464)	19,767	800,433	-	800,433
<b>NET ASSETS</b>						
Without Donor Restriction	(318,386)	227,131	330,075	238,820	-	238,820
With Donor Restriction	-	-	-	-	288,793	288,793
Total Net Assets	<u>(318,386)</u>	<u>227,131</u>	<u>330,075</u>	<u>238,820</u>	<u>288,793</u>	<u>527,613</u>
Total Liabilities and Net Assets	<u>\$ 559,744</u>	<u>\$ 129,667</u>	<u>\$ 349,842</u>	<u>\$ 1,039,253</u>	<u>\$ 288,793</u>	<u>\$ 1,328,046</u>

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

	Without Donor Restriction				With Donor Restriction	Total
	Operating Funds	Board- Designated	Plant Funds	Total		
<b>ASSETS</b>						
Cash	\$ 251,107	\$ -	\$ -	\$ 251,107	\$ -	\$ 251,107
Cash Surrender Value of Life Insurance	9,629	-	-	9,629	-	9,629
Beneficial Interest in Augustana College Investment Pool	-	242,328	-	242,328	147,156	389,484
Contributions Receivable, Net	-	-	-	-	29,749	29,749
Grant Receivable	70,612	-	-	70,612	-	70,612
Other Assets	25,500	-	-	25,500	-	25,500
Interfund (Payable) Receivable	72,362	(64,213)	(25,599)	(17,450)	17,450	-
Construction in Progress	-	-	66,692	66,692	-	66,692
Broadcasting Equipment, Net	-	-	330,074	330,074	-	330,074
Total Assets	<u>\$ 429,210</u>	<u>\$ 178,115</u>	<u>\$ 371,167</u>	<u>\$ 978,492</u>	<u>\$ 194,355</u>	<u>\$ 1,172,847</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES</b>						
Due to (from) Augustana College	\$ 736,455	\$ (64,213)	\$ 41,092	\$ 713,334	\$ -	\$ 713,334
Accrued Expenses	79,723	-	-	79,723	-	79,723
Total Liabilities	816,178	(64,213)	41,092	793,057	-	793,057
<b>NET ASSETS</b>						
Without Donor Restriction	(386,968)	242,328	330,075	185,435	-	185,435
With Donor Restriction	-	-	-	-	194,355	194,355
Total Net Assets	<u>(386,968)</u>	<u>242,328</u>	<u>330,075</u>	<u>185,435</u>	<u>194,355</u>	<u>379,790</u>
Total Liabilities and Net Assets	<u>\$ 429,210</u>	<u>\$ 178,115</u>	<u>\$ 371,167</u>	<u>\$ 978,492</u>	<u>\$ 194,355</u>	<u>\$ 1,172,847</u>

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restriction				With Donor Restriction	Total
	Operating Funds	Board- Designated	Plant Funds	Total		
<b>REVENUE</b>						
Contributions	\$ 944,388	\$ -	\$ -	\$ 944,388	\$ 140,704	\$ 1,085,092
Donated Facilities, Contributed Services, and Administrative Support from Augustana College	354,052	-	-	354,052	-	354,052
Illinois State Library Grants for Augustana Public Radio Information Service	72,425	-	-	72,425	-	72,425
Community Service Grants and Project Grants from Corporation for Public Broadcasting	167,763	-	-	167,763	33,738	201,501
Other Income	12	-	-	12	-	12
Investment Income (Loss)	15,247	(15,197)	-	50	-	50
Net Assets Released from Restriction	80,004	-	-	80,004	(80,004)	-
Total Revenue	1,633,891	(15,197)	-	1,618,694	94,438	1,713,132
<b>EXPENSES</b>						
Program Services:						
Programming and Production	517,169	-	-	517,169	-	517,169
Broadcasting	171,086	-	38,187	209,273	-	209,273
Program Information and Promotion	86,977	-	-	86,977	-	86,977
Total Program Services	775,232	-	38,187	813,419	-	813,419
Support Services:						
Fundraising and Membership Development	191,643	-	-	191,643	-	191,643
Management and General	445,736	-	-	445,736	-	445,736
Underwriting and Grant Solicitation	114,511	-	-	114,511	-	114,511
Total Supporting Services	751,890	-	-	751,890	-	751,890
Total Expenses	1,527,122	-	38,187	1,565,309	-	1,565,309
Transfers Among Funds	(38,187)	-	38,187	-	-	-
<b>CHANGE IN NET ASSETS</b>	68,582	(15,197)	-	53,385	94,438	147,823
Net Assets - Beginning of Year	(386,968)	242,328	330,075	185,435	194,355	379,790
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (318,386)</u>	<u>\$ 227,131</u>	<u>\$ 330,075</u>	<u>\$ 238,820</u>	<u>\$ 288,793</u>	<u>\$ 527,613</u>

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	Without Donor Restriction				With Donor Restriction	Total
	Operating Funds	Board- Designated	Plant Funds	Total		
<b>REVENUE</b>						
Contributions	\$ 833,687	\$ -	\$ -	\$ 833,687	\$ 90,396	\$ 924,083
Donated Facilities, Contributed Services, and Administrative Support from Augustana College	353,655	-	-	353,655	-	353,655
Illinois State Library Grants for Augustana Public Radio Information Service	66,480	-	-	66,480	-	66,480
Community Service Grants and Project Grants from Corporation for Public Broadcasting	88,216	-	-	88,216	31,855	120,071
Other Income	6,207	-	-	6,207	-	6,207
Investment Income (Loss)	2,194	(2,194)	-	-	-	-
Net Assets Released from Restriction	88,271	-	20,000	108,271	(108,271)	-
Total Revenue	1,438,710	(2,194)	20,000	1,456,516	13,980	1,470,496
<b>EXPENSES</b>						
Program Services:						
Programming and Production	608,450	-	-	608,450	-	608,450
Broadcasting	135,570	-	49,231	184,801	-	184,801
Program Information and Promotion	35,680	-	-	35,680	-	35,680
Total Program Services	779,700	-	49,231	828,931	-	828,931
Support Services:						
Fundraising and Membership Development	230,070	-	-	230,070	-	230,070
Management and General	441,890	-	-	441,890	-	441,890
Underwriting and Grant Solicitation	131,494	-	-	131,494	-	131,494
Total Supporting Services	803,454	-	-	803,454	-	803,454
Total Expenses	1,583,154	-	49,231	1,632,385	-	1,632,385
Recovery of Underwater Endowment	(38,853)	-	38,853	-	-	-
<b>CHANGE IN NET ASSETS</b>	(183,297)	(2,194)	9,622	(175,869)	13,980	(161,889)
Net Assets - Beginning of Year	(203,671)	244,522	320,453	361,304	180,375	541,679
<b>NET ASSETS - END OF YEAR</b>	<u>\$ (386,968)</u>	<u>\$ 242,328</u>	<u>\$ 330,075</u>	<u>\$ 185,435</u>	<u>\$ 194,355</u>	<u>\$ 379,790</u>

See accompanying Notes to Financial Statements.



**WVIK-FM RADIO**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 147,823	\$ (161,889)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	38,187	49,231
Increase in Cash Surrender Value on Life Insurance	(185)	(186)
Decrease in Value of Beneficial Interest in Augustana College Investment Pool	14,697	1,494
Contributions Restricted for Long-Term Investments	(500)	(700)
Changes in Assets and Liabilities:		
Grants Receivable	68,512	(32,846)
Contributions Receivable	18,112	(9,348)
Other Assets	(33,458)	3,667
Due to Augustana College	(2,818)	389,918
Accrued Expenses	10,194	(16,482)
Net Cash Provided by Operating Activities	<u>260,564</u>	<u>222,859</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Broadcasting Equipment	<u>(38,825)</u>	<u>(87,128)</u>
Net Cash Used by Investing Activities	(38,825)	(87,128)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions Restricted for Long-Term Investment	<u>500</u>	<u>700</u>
<b>NET CHANGE IN CASH</b>	222,239	136,431
Cash - Beginning of Year	<u>251,107</u>	<u>114,676</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 473,346</u></u>	<u><u>\$ 251,107</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Contributed Services	<u><u>\$ 354,052</u></u>	<u><u>\$ 353,655</u></u>

See accompanying Notes to Financial Statements.

**WVIK-FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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 two classes of net assets — with donor restriction and without donor restriction.

**Net Assets with Donor Restriction**

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

**Net Assets without Donor Restriction**

Net assets not subject to donor-imposed stipulations. Certain net assets without donor restriction 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, 2020 AND 2019**

**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 net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Grant revenue is recognized as the related expenses are incurred. Expirations of net assets with donor restriction not invested in perpetuity (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, 2020 and 2019. 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, 2020 and 2019 were \$99,246 and \$23,234, respectively.

**WVIK-FM RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**Risks and Uncertainties**

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year-end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to WVIK-FM Radio, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, declines in contribution revenue, costs for increased use of technology, or potential shortages of personnel. Management believes WVIK-FM Radio is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**Subsequent Events**

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through October 8, 2020, 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:

	2020	2019
Due in One Year or Less	\$ 3,000	\$ 19,017
Due in One to Three Years	9,040	11,748
Total	12,040	30,765
Less: Allowance	(403)	(1,016)
Total	<u>\$ 11,637</u>	<u>\$ 29,749</u>

**NOTE 3 BROADCASTING EQUIPMENT**

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

	2020	2019
Equipment	\$ 1,089,460	\$ 1,086,489
Accumulated Depreciation	(794,602)	(756,415)
Total	<u>\$ 294,858</u>	<u>\$ 330,074</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$38,187 and \$49,231, respectively.

**WVIK-FM RADIO  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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. This is at the discretion of the College and the related redemption periods of the underlying investments of the College Endowment Fund which are for varying periods of up to a year. 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, 2020 and 2019, there were no unfunded capital commitments.

**WVIK-FM RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, 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, 2020</u>					
Assets					
Beneficial Interest in Augustana College Investment Pool	\$ -	\$ -	\$ -	\$ 374,787	\$ 374,787
	in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Observable Inputs Level 3	NAV	Total
<u>June 30, 2019</u>					
Assets					
Beneficial Interest in Augustana College Investment Pool	\$ -	\$ -	\$ -	\$ 389,484	\$ 389,484

**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 \$354,052 and \$353,655 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 6 LEASE COMMITMENT AND TOTAL RENT EXPENSE**

WVIK has leases for tower and transmitter space in Bettendorf, Dubuque and Moline. The first location in Bettendorf, Iowa, 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. In 2019, WVIK negotiated and entered into an agreement to rent tower space for our newest signal 105.7 FM in Moline, IL. The lease commitments are detailed below.

WVIK entered 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. WVIK continues to make rental payments on a monthly basis while the lease renewal is in negotiations. A separate agreement for the Transmitter space is rented from KWQC Channel 6 for an annual rent of \$2,700.

**WVIK-FM RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6 LEASE COMMITMENT AND TOTAL RENT EXPENSE (CONTINUED)**

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 beginning June 30, 2020 is \$4,000. WVIK makes payment for this space in trade for on-air acknowledgement.

The Moline tower space is leased from Black Hawk College beginning in September 2019. This new lease is for a period of five years. The total annual minimum rental commitment beginning June 30, 2020 is \$18,200. WVIK makes payment for this space in trade for on-air acknowledgement. The value of this lease is based upon the current rate charged for on-air acknowledgement, subject to market demand.

The total rental expense under these agreements for the years ended June 30, 2020 and 2019 was \$54,298 and \$57,509, respectively.

At June 30, 2020, the future minimum lease payments required under these operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 31,400
2022	24,900
2023	24,900
2024	15,050
Total	<u><u>\$ 96,250</u></u>

**WVIK-FM RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 7 FUNCTIONAL EXPENSES**

Expenses incurred during the years ended June 30 were for:

	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>2020</u>									
Salaries and Benefits	\$ 281,631	\$ 47,754	\$ 28,921	\$ 358,306	\$ 62,268	\$ 122,197	\$ 102,270	\$ 286,735	\$ 645,041
Programming	197,226	-	-	197,226	-	109	-	109	197,335
Professional Services	34,480	8,974	-	43,454	7,558	12,961	8,237	28,756	72,210
Occupancy	-	-	-	-	-	9,164	-	9,164	9,164
Rental and Maintenance	67	86,383	-	86,450	-	6,889	-	6,889	93,339
Advertising	-	20,250	58,056	78,306	20,940	-	-	20,940	99,246
Printing, Publication, and Graphics	-	-	-	-	5,873	-	-	5,873	5,873
Office Supplies	-	-	-	-	20,705	3,883	3,103	27,691	27,691
Postage and Shipping	-	-	-	-	8,075	-	301	8,376	8,376
Travel	2,423	-	-	2,423	-	10	-	10	2,433
Meeting, Events, and Membership	1,342	7,725	-	9,067	2,495	200	600	3,295	12,362
Depreciation	-	38,187	-	38,187	-	-	-	-	38,187
Subtotal	517,169	209,273	86,977	813,419	127,914	155,413	114,511	397,838	1,211,257
Donated Facilities and Administrative Support	-	-	-	-	63,729	290,323	-	354,052	354,052
Total	<u>\$ 517,169</u>	<u>\$ 209,273</u>	<u>\$ 86,977</u>	<u>\$ 813,419</u>	<u>\$ 191,643</u>	<u>\$ 445,736</u>	<u>\$ 114,511</u>	<u>\$ 751,890</u>	<u>\$ 1,565,309</u>



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**NOTE 7 FUNCTIONAL EXPENSES (CONTINUED)**

	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>2019</u>									
Salaries and Benefits	\$ 371,230	\$ 39,066	\$ 27,807	\$ 438,103	\$ 66,462	\$ 110,445	\$ 119,456	\$ 296,363	\$ 734,466
Programming	183,448	-	-	183,448	-	9	-	9	183,457
Professional Services	46,760	3,574	-	50,334	5,726	15,135	8,237	29,098	79,432
Occupancy	-	-	-	-	-	12,570	-	12,570	12,570
Rental and Maintenance	89	92,930	-	93,019	-	7,831	-	7,831	100,850
Advertising	-	-	7,873	7,873	15,361	-	-	15,361	23,234
Printing, Publication, and Graphics	-	-	-	-	7,401	-	-	7,401	7,401
Office Supplies	-	-	-	-	59,156	5,903	3,202	68,261	68,261
Postage and Shipping	-	-	-	-	8,893	-	166	9,059	9,059
Travel	5,353	-	-	5,353	-	-	-	-	5,353
Meeting, Events, and Membership	1,570	-	-	1,570	3,413	-	433	3,846	5,416
Depreciation	-	49,231	-	49,231	-	-	-	-	49,231
Subtotal	608,450	184,801	35,680	828,931	166,412	151,893	131,494	449,799	1,278,730
Donated Facilities and Administrative Support	-	-	-	-	63,658	289,997	-	353,655	353,655
Total	<u>\$ 608,450</u>	<u>\$ 184,801</u>	<u>\$ 35,680</u>	<u>\$ 828,931</u>	<u>\$ 230,070</u>	<u>\$ 441,890</u>	<u>\$ 131,494</u>	<u>\$ 803,454</u>	<u>\$ 1,632,385</u>

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**NOTE 8    ENDOWMENT FUND AND NET ASSET CLASSIFICATIONS**

The WVIK endowment fund consists of various donor restricted and without donor restricted (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 net assets with donor restriction invested in perpetuity (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, (c) accumulations to the perpetual 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 net assets with donor restriction invested in perpetuity is classified as net assets with donor restriction not invested in perpetuity 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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**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 perpetual endowment, the board has limited, by policy, the appropriation to no more than 25% of the original value of the gifts donated to perpetual endowment. The board approved spending percentage was 4.8% for the fiscal year ended June 30, 2020 and 4.9% for the fiscal year ended 2019. For the years ended June 30, 2020 and 2019, there were no underwater endowment amounts.

Endowment net assets as of June 30 were as follows:

	Without Donor Restriction	With Donor Restriction	Total
<u>2020</u>			
Donor-Restricted Endowment Funds:			
General Institutional Support	\$ -	\$ 147,656	\$ 147,656
Board-Designated Endowment Funds	227,131	-	227,131
Net Assets - End of Year	<u>\$ 227,131</u>	<u>\$ 147,656</u>	<u>\$ 374,787</u>
<u>2019</u>			
Donor-Restricted Endowment Funds:			
General Institutional Support	\$ -	\$ 147,156	\$ 147,156
Board-Designated Endowment Funds	242,328	-	242,328
Net Assets - End of Year	<u>\$ 242,328</u>	<u>\$ 147,156</u>	<u>\$ 389,484</u>

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

	Without Donor Restriction	With Donor Restriction	Total
<u>2020</u>			
Net Assets - Beginning of Year	\$ 242,328	\$ 147,156	\$ 389,484
Investment Return:			
Investment Income (Loss)	(15,197)	-	(15,197)
Gifts	-	500	500
Net Assets - End of Year	<u>\$ 227,131</u>	<u>\$ 147,656</u>	<u>\$ 374,787</u>
<u>2019</u>			
Net Assets - Beginning of Year	\$ 244,522	\$ 151,227	\$ 395,749
Investment Return:			
Investment Income (Loss)	(2,194)	-	(2,194)
Loss on Pledges	-	(4,071)	(4,071)
Net Assets - End of Year	<u>\$ 242,328</u>	<u>\$ 147,156</u>	<u>\$ 389,484</u>

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**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

With donor restriction net assets not invested in perpetuity consist of the following as of June 30:

	2020	2019
Capital Gifts	\$ 124,500	\$ -
Hunt and Diane Harris Family Foundation	-	15,500
Quad Cities Arts	5,000	-
Restricted for Time	11,637	31,699
Total With Donor Restrictions Not Invested in Perpetuity	<u>\$ 141,137</u>	<u>\$ 47,199</u>

With donor restriction net assets not invested in perpetuity released from restriction during the years ended June 30 are as follows:

	2020	2019
Corporation for Public Broadcasting:		
Community Service Grant	\$ 33,738	\$ 31,855
Regional Journalism Collaboration Grant	471	37,349
Collaborative Operations and Services Grant	28,345	12,000
Hunt and Diane Harris Family Foundation	15,500	15,500
Other	-	4,369
Time	1,950	7,198
Total	<u>\$ 80,004</u>	<u>\$ 108,271</u>

With donor restriction net assets invested in perpetuity consist of the following as of June 30:

	2020	2019
Beneficial Interest in Augustana College Investment Pool	\$ 147,656	\$ 147,156
Total With Donor Restrictions Invested in Perpetuity	<u>\$ 147,656</u>	<u>\$ 147,156</u>

**NOTE 10 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, 2020 and 2019 was \$710,516 and \$713,334, respectively.

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**NOTE 11 LIQUIDITY**

WVIK routinely monitors liquidity required to meet operational needs and other contractual commitments. WVIK considers all expenditures related to its ongoing activities of program services and support services.

In addition to financial assets available to meet general expenditures, WVIK operates with a balanced budget and anticipates collecting sufficient revenues to cover general expenditures not covered by donor-restricted resources.

WVIK considers various sources of liquidity including cash and cash equivalents and investments. The following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures as of June 30:

	2020	2019
Cash and Cash Equivalents	\$ 473,346	\$ 251,107
Contributions for General Expenditures Due in One Year or Less	3,000	19,017
Grants and Miscellaneous Receivables	2,100	70,612
Investment Return Allocation Authorized	18,481	18,245
Total	<u>\$ 496,927</u>	<u>\$ 358,981</u>