

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
GLEN ELLYN, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Years Ended
June 30, 2018 and 2017

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
TABLE OF CONTENTS
June 30, 2018 and 2017

Financial Section:

Independent Auditors' Report 1-3

Required Supplementary Information (Unaudited):

Management's Discussion and Analysis 4-11

Basic Financial Statements

Statements of Net Position 12

Statements of Revenues, Expenses, and Changes in Net Position 13

Statements of Cash Flows 14

Notes to Financial Statements 15-25

Supplementary Financial Information:

Schedule of Functional Expenses, For the Year Ended June 30, 2018 26

Schedule of Functional Expenses, For the Year Ended June 30, 2017 27

Independent Auditors' Report on Schedule of Nonfederal Financial Support..... 28-29

Schedule of Nonfederal Financial Support..... 30

Note to Schedule of Nonfederal Financial Support..... 31

Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements

Performed in Accordance with *Government Auditing Standards* 32-33

INDEPENDENT AUDITORS' REPORT

Board of Trustees
WDCB-FM Radio Station
College of DuPage - Community College District 502
Glen Ellyn, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of WDCB-FM Radio Station, College of DuPage - Community College District 502 (the Radio Station) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements as listed in the table of contents.

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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Radio Station as of June 30, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1, the financial statements present only WDCB-FM Radio Station and do not purport to and do not, present fairly the financial position of College of DuPage - Community College District 502 and its changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, as listed in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Radio Station's basic financial statements. The schedules of functional expenses for the years ended June 30, 2018 and 2017, on pages 26 and 27, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
WDCB-FM Radio Station
College of DuPage - Community College District 502

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the Radio Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Radio Station's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Radio Station's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Oak Brook, Illinois
November 28, 2018

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the WDCB-FM Radio Station, College of DuPage - Community College District Number 502 (the Radio Station) Annual Financial Report presents Management’s Discussion and analysis of the Radio Station’s financial activity during the fiscal years ended June 30, 2018 and June 30, 2017. Since this Management’s Discussion and Analysis is designed to focus on current activities, resulting changes, and currently known facts, please read it in conjunction with the Radio Station’s basic financial statements including the notes to the financial statements as listed in the table of contents. Responsibility for the completeness and fairness of this information rests with College of DuPage and Radio Station management. The WDCB-FM Radio Station is an institutional radio station affiliated with the College of DuPage - Community College District Number 502.

Using This Annual Report

The financial statement model focuses on the Radio Station as a whole, versus the traditional presentation by fund types. The Radio Station’s basic financial statements are designed to emulate corporate presentation models whereby all of the Radio Station’s activities are consolidated into one total. The purpose of the Statement of Net Position is to present the bottom line results of the Radio Station. This statement combines and consolidates current financial resources with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of the Radio Station’s activities, which are supported mainly by general appropriations from College of DuPage, contributions, and non-federal and state grants. This approach is intended to summarize and simplify the user’s analysis of the cost of the various services, which the Radio Station provides to its community.

Financial Highlights

For the year ended June 30, 2018, the Radio Station recorded total operating revenues of \$175,450 and total operating expenses of \$1,702,423, resulting in an operating loss of \$1,526,973. Non-operating revenues of \$1,355,638 to offset the majority of the operating loss. The Radio Station’s net position decreased by \$171,335 from \$3,914,573 to \$3,743,238.

The Radio Station operating revenues represent rents received from cell phone providers for use of the Radio Station’s antenna tower.

Non-operating revenues constitute the majority of the Radio Station’s revenues and include: external donor contributions of \$999,551, in-kind contributions of \$178,542, Corporation for Public Broadcasting award of \$159,775, and Illinois Arts Council awards of \$17,770.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502
 MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2018 AND 2017 (UNAUDITED)

Comparative Statements of Net Position - Fiscal Years 2018, 2017, and 2016

	2018	2017	Increase (Decrease) 2018 - 2017	2016	Increase (Decrease) 2017 - 2016
Assets					
Current assets	\$ 2,928,646	\$ 3,017,732	\$ (89,086)	\$ 2,581,262	\$ 436,470
Capital assets, net of depreciation	918,111	1,002,249	(84,138)	1,075,354	(73,105)
Total assets	3,846,757	4,019,981	(173,224)	3,656,616	363,365
Liabilities					
Current liabilities	96,502	101,734	(5,232)	107,071	(5,337)
Long-term liabilities	7,017	3,674	3,343	8,897	(5,223)
Total liabilities	103,519	105,408	(1,889)	115,968	(10,560)
Net position					
Invested in capital assets	918,111	1,002,249	(84,138)	1,075,354	(73,105)
Unrestricted	2,825,127	2,912,324	(87,197)	2,465,294	447,030
Total net position	\$ 3,743,238	\$ 3,914,573	\$ (171,335)	\$ 3,540,648	\$ 373,925

This above schedule is prepared from the Radio Station’s Statement of Net Position, which is presented on the accrual basis of accounting.

Current assets decreased by \$89,086 due primarily to a decrease in the other receivables of \$134,561. Other receivables include balances owed to the College for antenna tower revenues, property tax refunds, individual donations, and underwriting revenues. Capital assets, net of depreciation decreased by \$84,138 primarily due to depreciation on capital assets of \$74,855 and disposition of equipment of \$9,283.

Total liabilities decreased \$1,889 from the previous year. Current liabilities decreased by \$5,232 offset by an increase in long-term liabilities by \$3,343. The decrease in total liabilities is primarily due to a decrease of \$8,399 for accrued payable, attributed in timing of payment received and/or made. Compensated absences increased \$1,624 from the previous year due to less vacation time taken by the staff during the FY2018.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502
 MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2018 AND 2017 (UNAUDITED)

Comparative Statements of Revenues, Expenses, and Changes in Net Position
Fiscal Years 2018, 2017, and 2016

	2018	2017	Increase (Decrease) 2018 - 2017	2016	Increase (Decrease) 2017 - 2016
Operating revenue	\$ 175,450	\$ 211,384	\$ (35,934)	\$ 219,143	\$ (7,759)
Operating expenses					
Public services	1,618,285	1,557,570	60,715	1,733,056	(175,486)
Depreciation	84,138	85,499	(1,361)	81,914	3,585
Total operating expenses	1,702,423	1,643,069	59,354	1,814,970	(171,901)
Operating income (loss)	(1,526,973)	(1,431,685)	(95,288)	(1,595,827)	164,142
Non-operating revenue (expenses)					
General appropriation from					
College of DuPage	-	540,329	(540,329)	579,401	(39,072)
Contributions	999,551	933,180	66,371	923,359	9,821
In-kind contributions	178,542	166,176	12,366	221,812	(55,636)
State grants and contracts	17,770	-	17,770	-	-
Non-federal grants and contracts	159,775	161,125	(1,350)	171,226	(10,101)
Total non-operating revenue (expenses)	1,355,638	1,800,810	(445,172)	1,895,798	(94,988)
Capital contributions	-	4,800	(4,800)	30,000	(25,200)
Changes in net position	(171,335)	373,925	(545,260)	329,971	43,954
Net position, beginning of year	3,914,573	3,540,648	373,925	3,210,677	329,971
Net position, end of year	\$ 3,743,238	\$ 3,914,573	\$ (171,335)	\$ 3,540,648	\$ 373,925
Total revenues	\$ 1,531,088	\$ 2,012,194	\$ (481,106)	\$ 2,114,941	\$ (102,747)

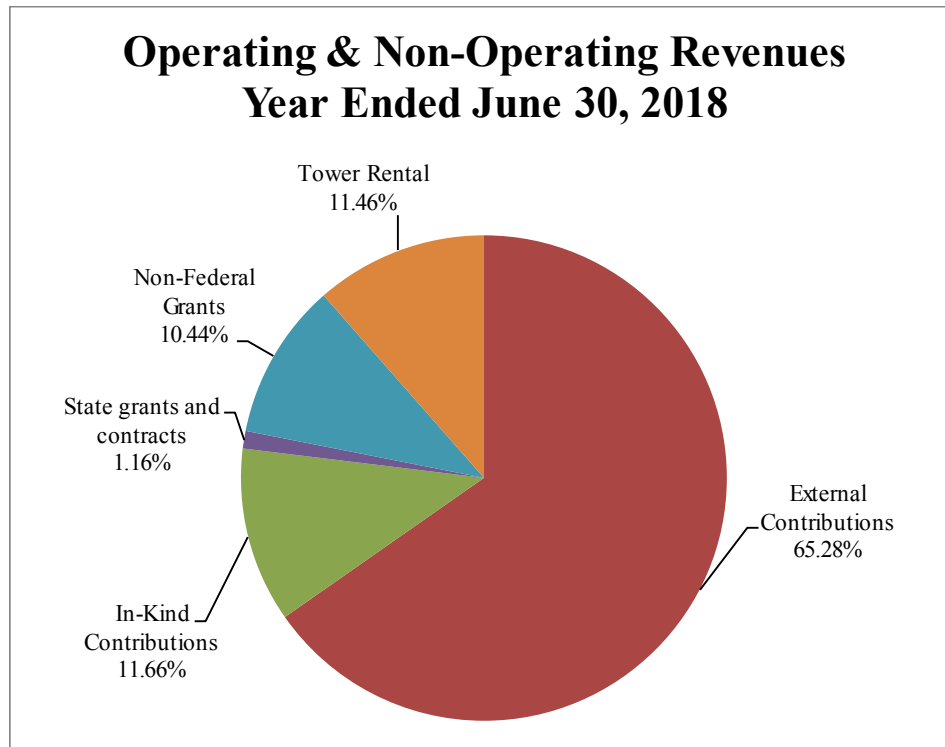
Revenues:

The operating revenue, antenna rentals from cell phone providers, was \$175,450 for FY2018, a decrease of \$35,934 from the prior year. The rental revenue decreased due to a significant decrease in cell tower property tax assessment.

Non-operating revenues totaled \$1,355,638, a decrease of \$445,172 from the previous year. In FY2018, College of DuPage discontinued the general appropriation to support expenses for labor and other operational items that used to be funded with College resources. Revenue from contributions, which is comprised of donations received from individual donors and underwriting revenues, significantly increased \$66,371 from the previous year, primarily due to an increase in donation revenues of \$80,929. The in-kind contributions, which are the College's indirect costs attributable to the Radio Station's operations, increased \$12,366 from the previous year. Nongovernmental grants from Corporation for Public Broadcasting decreased from prior year by \$1,350. Illinois Art Council grants of \$17,770 were reported in FY2018.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502
 MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2018 AND 2017 (UNAUDITED)

The following is a graphic illustration of operating and non-operating revenues by source.



Operating Expenses:

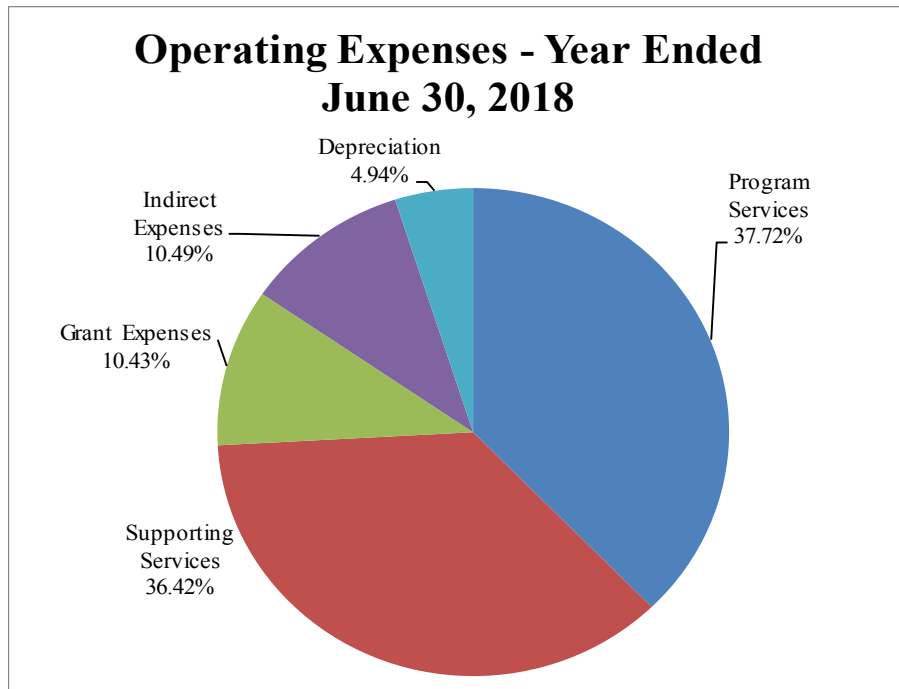
FY2018 operating expenses totaled \$1,702,423 as summarized below.

	2018	2017	Increase (Decrease) 2018 - 2017	2016	Increase (Decrease) 2017 - 2016
Operating Expenses					
Public services					
Program services	\$ 642,110	\$ 637,260	\$ 4,850	\$ 710,113	\$ (72,853)
Supporting services	620,088	593,009	27,079	629,905	(36,896)
Grant expenses	177,545	161,125	16,420	171,226	(10,101)
Indirect expenses	178,542	166,176	12,366	221,812	(55,636)
Depreciation	84,138	85,499	(1,361)	81,914	3,585
Total	\$ 1,702,423	\$ 1,643,069	\$ 59,354	\$ 1,814,970	\$ (171,901)

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502
MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2018 AND 2017 (UNAUDITED)

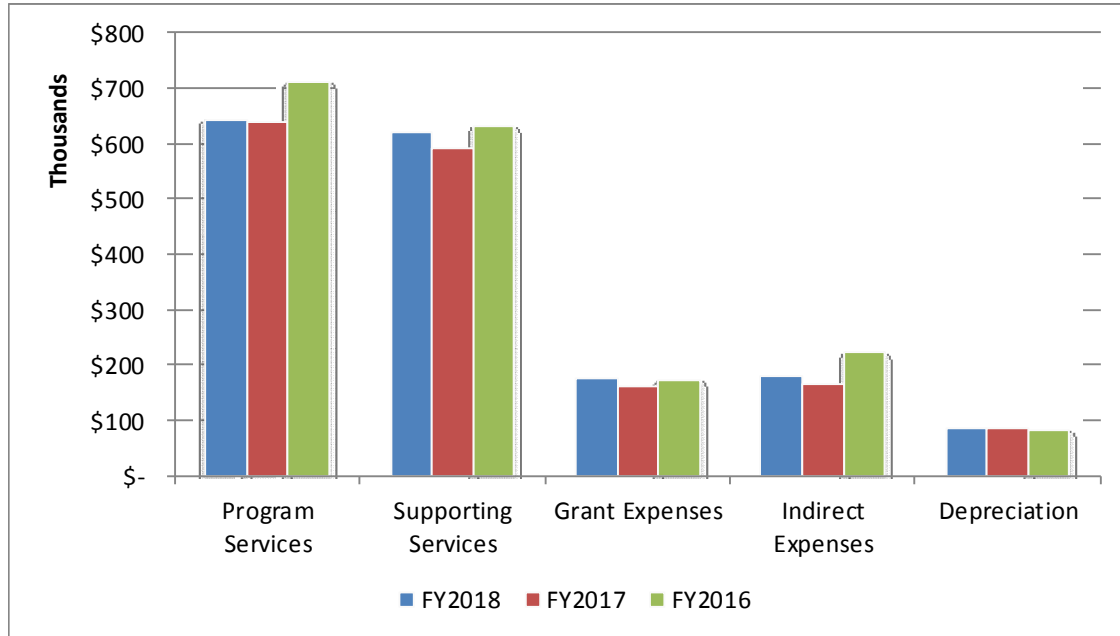
Program services and supporting services expenses comprise approximately 74% of the total operating expenses. Program service expenses are those expenses related to the programming, production, broadcasting, engineering, and promotion functions of the Radio Station. Supporting service expenses are those expenses related to management, fundraising, membership solicitation, and underwriting activities. Grant expenses are all expenses funded by grants, including program and support expenses.

The following is a graphic illustration of operating expenses.



Operating expenses increased \$59,354, or 3.6%, from the previous year from \$1,643,069 to \$1,702,423 due to increase in labor, grant expenses, and indirect costs, offset by a slight decrease in depreciation. Labor costs (salaries and benefits) increased \$68,367 due to a change in the fringe benefit calculation, and changes in independent contractors’ reporting as temporary employees. In addition, \$23,181 of compensated absences expense that was previously reported to College of DuPage was charged to the Radio Station when general appropriation from College was discontinued. Indirect expenses increased \$12,366 from FY2017 due to an increase in salary expenses. Depreciation expense decreased \$1,361 due to more assets fully depreciated and no new assets added in FY2018

Comparison of Operating Expenses - Fiscal Years 2018, 2017, and 2016



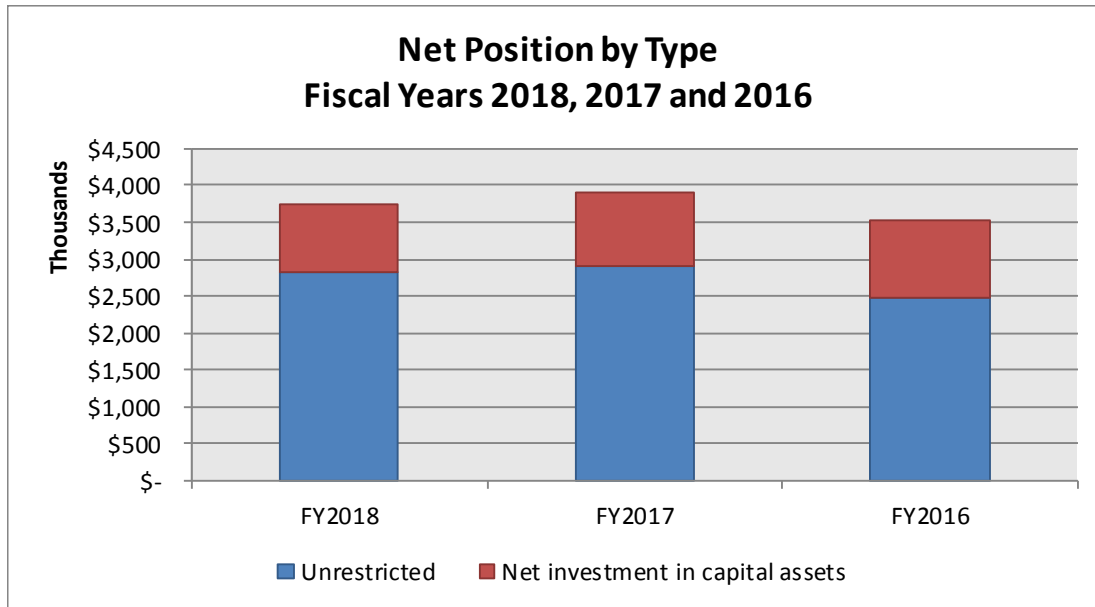
Net Position:

The Radio Station’s net position decreased \$171,335, from \$3,914,573 as of June 30, 2017 to \$3,743,238 as of June 30, 2018 primarily due to the decrease in general appropriation from College of DuPage. The decrease in the net position invested in capital assets is the result of the current year depreciation expense of \$84,138.

Analysis of Net Position - Fiscal Years 2018, 2017, and 2016

	2018	2017	Increase (Decrease) 2018-2017	2016	Increase (Decrease) 2017-2016
Net Position					
Investment in capital assets	\$ 918,111	\$ 1,002,249	\$ (84,138)	\$ 1,075,354	\$ (73,105)
Unrestricted	2,825,127	2,912,324	(87,197)	2,465,294	447,030
Total	<u>\$ 3,743,238</u>	<u>\$ 3,914,573</u>	<u>\$ (171,335)</u>	<u>\$ 3,540,648</u>	<u>\$ 373,925</u>

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE – COMMUNITY COLLEGE DISTRICT 502
 MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2018 AND 2017 (UNAUDITED)



Net Capital Assets:

Capital Assets net of accumulated depreciation decreased by \$84,138 from the previous year.

Capital Assets					
	2018	2017	Increase (Decrease) 2018 - 2017	2016	Increase (Decrease) 2017 - 2016
Capital assets					
Building Improvement	\$ 1,155,725	\$ 1,155,725	\$ -	\$ 1,155,725	\$ -
Equipment	669,943	679,226	(9,283)	666,832	12,394
Subtotal	1,825,668	1,834,951	(9,283)	1,822,557	12,394
Accum. Depr.	(907,557)	(832,702)	(74,855)	(747,203)	(85,499)
Capital assets, net	<u>\$ 918,111</u>	<u>\$ 1,002,249</u>	<u>\$ (84,138)</u>	<u>\$ 1,075,354</u>	<u>\$ (73,105)</u>

The Radio Station had \$918,111 of capital assets, net of accumulated depreciation as of June 30, 2018. During FY2018, the Radio Station did not purchase any new capital equipment and \$9,283 worth of capital equipment was retired. The depreciation expense was \$84,138.

Contacting Financial Management

This financial report is designed to provide our audience with a general overview of the Radio Station’s finances and to show the Radio Station’s accountability for the revenue it receives.

If you have questions about this report or need additional information, please contact the College of DuPage Financial Affairs Department, at 425 Fawell Blvd., Glen Ellyn, IL 60137-6599, (630) 942-2219.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502

STATEMENTS OF NET POSITION

June 30, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,823,411	\$ 2,777,936
Other receivables	105,235	239,796
	2,928,646	3,017,732
Total current assets		
Noncurrent assets		
Capital assets being depreciated	1,825,668	1,834,951
Less accumulated depreciation	(907,557)	(832,702)
	918,111	1,002,249
Net capital assets		
Total assets	3,846,757	4,019,981
LIABILITIES		
Current liabilities		
Accounts payable	8,424	16,763
Accrued salaries and payroll	33,968	32,485
Compensated absences	54,110	52,486
	96,502	101,734
Total current liabilities		
Long-term liabilities		
Compensated absences	7,017	3,674
	103,519	105,408
Total liabilities		
NET POSITION		
Investment in capital assets	918,111	1,002,249
Unrestricted	2,825,127	2,912,324
	3,743,238	3,914,573
Total net position	\$ 3,743,238	\$ 3,914,573

See accompanying notes to financial statements.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Operating revenues		
Tower rental	\$ 175,450	\$ 211,384
EXPENSES		
Operating expenses		
Public services		
Program services	642,110	637,260
Supporting services	620,088	593,009
Grant expenses	177,545	161,125
Indirect expenses	178,542	166,176
Depreciation	84,138	85,499
Total operating expenses	1,702,423	1,643,069
Total operating income (loss)	(1,526,973)	(1,431,685)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from College of DuPage	-	540,329
Contributions from donors and other revenue	999,551	933,180
In-kind contributions	178,542	166,176
Nongovernmental grants and contracts	177,545	161,125
Total nonoperating revenues (expenses)	1,355,638	1,800,810
Increase (decrease) in net position before capital contributions	(171,335)	369,125
Capital contributions	-	4,800
Increase (decrease) in net position	(171,335)	373,925
Net position at beginning of year	3,914,573	3,540,648
Net position at end of year	\$ 3,743,238	\$ 3,914,573

See accompanying notes to financial statements.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales and services	\$ 175,450	\$ 207,384
Payments to suppliers	(267,125)	(222,078)
Payments to employees	(1,136,902)	(637,551)
Net cash from operating activities	<u>(1,228,577)</u>	<u>(652,245)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	1,105,327	857,088
Grants	168,725	161,125
Net cash from noncapital financing activities	<u>1,274,052</u>	<u>1,018,213</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets	-	(7,594)
Net increase in cash and cash equivalents	45,475	358,374
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,777,936</u>	<u>2,419,562</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,823,411</u>	<u>\$ 2,777,936</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH FROM OPERATING ACTIVITIES		
Operating (loss)	\$ (1,526,973)	\$ (1,431,685)
Adjustments to reconcile net operating income (loss) to net cash from operating activities		
Depreciation	84,138	85,499
General appropriations and administrative support from College of DuPage	-	540,329
In-kind contributions	178,542	166,176
Changes in assets and liabilities		
Other receivables	37,605	(2,004)
Deferred revenues	-	(4,000)
Accounts payable	(8,339)	(2,746)
Accrued salaries	1,483	(2,230)
Accrued compensated absences	4,967	(1,584)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (1,228,577)</u>	<u>\$ (652,245)</u>
SCHEDULE OF NONCASH TRANSACTIONS		
Administrative support from College of DuPage	\$ -	\$ 540,329

Note to the Statements of Cash Flows:

1. The Radio Station received \$-0- in capital contributions in FY2018 and \$4,800 in FY2017 which are not included in the Statement of Cash Flows.

See accompanying notes to financial statements.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of WDCB-FM Radio Station, College of DuPage - Community College District Number 502 (the Radio Station) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to government units and Illinois community colleges. The Radio Station's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Radio Station is operated by and is a part of the College of DuPage - Community College District Number 502 (the College). The financial statements presented are only for the Radio Station and are not intended to present the financial position, results of operations, and cash flows of the College.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the Radio Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Nonexchange transactions, in which the Radio Station receives value without directly giving equal value in return, include: federal, state, and local grants; College appropriations; and other contributions. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the College as assets with an initial unit cost of follows in the table or more and an estimated useful life of at least one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition fair value at the date of donation. Costs of normal maintenance and repairs that do not add to the value of the assets or materially extend their useful lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Radio Station are depreciated using the straight-line method over the following useful lives (see Note 3 for more information):

<u>Capital Asset</u>	<u>Dollar Threshold</u>	<u>Useful Life (Years)</u>
Buildings	\$100,000	50
Building	\$50,000	20
Improvements		
Land	All	Nondepreciable
Land Improvements	\$50,000	20
Infrastructure	\$50,000	20
Artwork	\$5,000	Nondepreciable
Equipment	\$5,000	6
Vehicles	\$5,000	4
IT Equipment	\$5,000	4

D. Cash and Cash Equivalents

Cash includes deposits held at financial institutions and small amounts maintained for change and petty cash funds. Cash equivalents are defined as highly liquid investments readily converted to cash with original maturities of three months or less. Cash equivalents can include amounts held in overnight repurchase agreements, Illinois Funds, Illinois School District Liquid Asset Fund Money Market, Illinois Institutional Investors Trust, and amounts held in banks as trust assets.

E. Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, nonnegotiable certificates of deposit and investments with a maturity of less than one year at date of purchase are stated at amortized cost, which approximates fair value. All other investments are stated at fair value.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Unearned Grant Revenue

Grant revenues related to the period after June 30, 2018 and 2017, or for which all eligibility requirements have not been met, will be recognized as revenue in the subsequent fiscal year when eligibility requirements have been fulfilled.

G. Net Position

The Radio Station's net position is classified as follows:

Investment in capital assets - this represents the Radio Station's total investment in capital assets, net of accumulated depreciation and any liabilities issued to acquire the capital assets.

Unrestricted net position - This includes resources from fees, College appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Radio Station and may be used at the discretion of the Board of Trustees to meet current expenses for any purpose.

H. Classification of Revenues and Expenses

Operating revenue includes activities that have the characteristics of exchange transactions, such as sales and services of auxiliary enterprises. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (1) college appropriations, (2) most federal, state, and local grants and contracts and federal appropriations, and (3) gifts and contributions. Operating expenses are those expenses directly attributable to the operations of the Radio Station.

I. Compensated Absences

The Radio Station records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year-to-year. The Radio Station has no commitment for accumulated sick leave and no liability is recorded. Employees who retire are given credit for unused sick leave towards years of service in the State Universities Retirement System pension plan. See Note 4 for more information.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2018 and 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of Estimates

In order to prepare these financial statements in conformity with GAAP, management has made a number of estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements; the reported amounts of revenues and expenses; and gains and losses during the reporting period. Actual results could differ from these estimates.

K. Property Tax Assessment

Beginning in 2015, the College of DuPage was assessed real estate taxes on several parcels of its land. The portion of the total bill attributable to the radio station tower was \$15,736 and \$33,527 for calendar years 2017 and 2016, respectively.

Under the terms of the real lease agreements on the radio station tower, the Radio Station was able to collect the real estate taxes from its tower rental tenants.

2. CASH DEPOSITS AND INVESTMENTS

The Radio Station's cash deposits and investments are pooled together with the College's cash deposits and investments. The information presented in this note is from the College's Comprehensive Annual Financial Report for the fiscal years ended June 30, 2018 and 2017.

The Illinois Public Community College Act and the Investment of the Public Funds Act authorize the College to invest in obligations issued by the United States Government, investments constituting direct obligations of any bank, short-term commercial paper of U.S. corporations with assets exceeding \$500 million, short-term obligations issued by the Federal National Mortgage Association, shares or other securities issued by savings and loan associations, share accounts of credit unions chartered in the United States with their principal office located in Illinois and securities issued by the Illinois Funds.

The College of DuPage Board of Trustees has adopted an investment policy (Policy 10-55) which governs the investment of College funds. It is the policy of the College to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the College and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy, in order of priority are: safety (preservation of capital and protection of investment principal), liquidity, and return.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2018 and 2017

2. CASH DEPOSITS AND INVESTMENTS (Continued)

The investments which the College may purchase are limited by Illinois law to the following: (1) securities which are fully guaranteed by the U.S. Government as to principal and interest; (2) certain U.S. Government Agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations which are insured by a Federal corporation; (4) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (5) municipal bonds rated within the four highest general classifications; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois Funds; and (8) money market mutual funds and certain other instruments.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price for which the investment could be sold.

These investments are not required to be categorized based on custodial risk in accordance with GASB Statement No. 40 because they are not securities. The relationship between the College and the Illinois Funds is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership. For the College's reporting purposes, Illinois Funds are considered cash equivalents.

A. Deposits with Financial Institutions

Cash: The College's investment policy does not allow uninsured or uncollateralized deposits at any financial institution. Funds may be deposited in certificates of deposit, money market accounts, time deposits, or savings accounts, and only with banks, savings banks and savings and loan associations which are insured by the FDIC (Bank Insurance Fund or Savings Association Insurance Fund) or the National Credit Union Share Insurance Fund (NCUSIF). The deposits must be collateralized or insured at levels acceptable to the College in excess of the current maximum limit provided by the FDIC. At June 30, 2018 and 2017, the College had no bank balances on deposit which were uninsured and uncollateralized out of total bank balances on deposit of \$18,018,446, and \$17,554,533, respectively. In addition, as of June 30, 2018, the College had \$5,246,444 in money market mutual funds, which were not subject to collateralization and are considered cash equivalents for the College's reporting purposes. The amount for June 30, 2017 was \$10,341,058. As of June 30, 2018 and 2017 the carrying value of cash on hand was \$22,590,208 and \$26,957,802, respectively.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2018 and 2017

2. CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The College has the following recurring fair value measurements as of June 30:

June 30, 2018	Total	Total	Duration Less	Duration
Investment	Fair Value (Level 1)	Fair Value (Level 2)	Than 1 Year	1 to 5 Years
Certificates of Deposit	\$ -	\$ 20,696,702	\$ 19,695,812	\$ 1,000,890
U.S. Treasury Bond / Notes	56,889,611	-	8,151,001	48,738,610
Commercial Paper	-	38,452,746	38,452,746	-
Federal Agency Bond / Notes	-	160,729,533	125,203,116	35,526,417
Municipal/State Bond	-	3,525,790	3,004,040	521,750
	<u>\$ 56,889,611</u>	<u>\$ 223,404,771</u>	<u>\$ 194,506,715</u>	<u>\$ 85,787,667</u>

June 30, 2017	Total	Total	Duration Less	Duration
Investment	Fair Value (Level 1)	Fair Value (Level 2)	Than 1 Year	1 to 5 Years
U.S. Treasury Bond / Notes	\$ 26,853,402	\$ -	\$ 13,195,359	\$ 13,658,043
Commercial Paper	-	46,528,738	46,528,738	-
Federal Agency Bond / Notes	-	169,366,408	147,229,083	22,137,325
Municipal/State Bond	-	11,735,261	5,839,324	5,895,937
	<u>\$ 26,853,402</u>	<u>\$ 227,630,407</u>	<u>\$ 212,792,504</u>	<u>\$ 41,691,305</u>

Credit Risk: The College limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the U.S. government or securities issued by agencies of the U.S. government. The College limits its investments in commercial paper and state/municipal government securities to no more than 30% each in aggregate, and 5% each in single issuer of the overall portfolio. Mutual funds in money market funds are limited to 20% in single issuer of the overall portfolio. At June 30, 2018, the College had 25% of its overall investment portfolio invested in Federal Home Loan Bank Notes, 20% in U.S. Treasury Bonds/Notes, 16% in Federal Farm Credit Banks, 15% in Federal Home Loan Bank Bonds, 14% in Commercial Paper, 7% in Certificates of Deposit, 2% in Federal National Mortgage Association, and 1% in Municipal Bonds. At June 30, 2017, the College had 23% of its overall investment portfolio invested in Federal Home Loan Bank Notes, 19% each in Federal Home Loan Bank Bonds and Federal Farm Credit Banks, 18% in commercial papers, 11% in U.S. Treasury, 5 % each in state/municipal bonds and Federal National Mortgage Association.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2018 and 2017

2. CASH DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty to the investment, the College will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the College's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment basis with the underlying investments held by a third party acting as the College's agent separate from where the investment was purchased. Additionally, financial institutions must collateralize all deposits in excess of the maximum limit provided by the FDIC to 102 % of market value. Acceptable collateral includes the following:

- a. Bonds, notes, certificates of indebtedness, treasury bills, or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest;
- b. Bonds, notes or other securities constituting the direct and general obligations of any agency or instrumentality of the United States, the interest and principal of which is guaranteed by the United States;
- c. Bonds issued by College of DuPage;
- d. Obligations of United States government agencies; and
- e. Certain surety bonds or letters of credit as approved by the College Treasurer.

At June 30, 2018, the federal agency bond/note investments held by the College were all rated AA+/Aaa by Standard and Poor's (S&P) and Moody's, respectively. The certificates of deposit were rated AA- by S&P and Aa3 to Aa2 by Moody's. The commercial papers were rated A-1 to A-1+ by S&P and P-1 by Moody's. The state/municipal bonds were rated AA- to AA by S&P and Aa3 by Moody's.

At June 30, 2017 the federal agency bond/note investments held by the College were all rated AA+/Aaa by Standard and Poor's (S&P) and Moody's, respectively. The commercial papers were rated AA- to AAA by S&P and Aa3 to Aaa by Moody's. The state/municipal bonds were rated BBB+ to AAA by S&P and Baa1 to Aaa by Moody's.

At June 30, 2018 and 2017, the College's investment balances totaled \$280,294,382 and \$254,483,809, respectively. All required investments were insured or collateralized. Included in the investment balance at June 30, 2018 and 2017 were unspent bond funds of \$2,445,321 and \$3,516,931, respectively.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2018 and 2017

3. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets being depreciated				
Building improvements	\$ 1,155,725	\$ -	\$ -	\$ 1,155,725
Transmitter, antenna, and tower	392,352	-	6,609	385,743
Studio and broadcast equipment	216,070	-	2,674	213,396
Furniture and fixtures	70,804	-	-	70,804
Total capital assets being depreciated	<u>1,834,951</u>	<u>-</u>	<u>9,283</u>	<u>1,825,668</u>
Less accumulated depreciation				
Building improvements	235,960	57,786	-	293,746
Transmitter, antenna, and tower	392,353	-	6,609	385,744
Studio and broadcast equipment	151,044	17,244	2,674	165,614
Furniture and fixtures	53,345	9,108	-	62,453
Total accumulated depreciation	<u>832,702</u>	<u>84,138</u>	<u>9,283</u>	<u>907,557</u>
NET CAPITAL ASSETS	<u>\$ 1,002,249</u>	<u>\$ (84,138)</u>	<u>\$ -</u>	<u>\$ 918,111</u>

A summary of changes in capital assets for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Capital assets being depreciated				
Building improvements	\$ 1,155,725	\$ -	\$ -	\$ 1,155,725
Transmitter, antenna, and tower	392,352	-	-	392,352
Studio and broadcast equipment	203,676	12,394	-	216,070
Furniture and fixtures	70,804	-	-	70,804
Total capital assets being depreciated	<u>1,822,557</u>	<u>12,394</u>	<u>-</u>	<u>1,834,951</u>
Less accumulated depreciation				
Building improvements	178,174	57,786	-	235,960
Transmitter, antenna, and tower	392,353	-	-	392,353
Studio and broadcast equipment	132,440	18,604	-	151,044
Furniture and fixtures	44,236	9,109	-	53,345
Total accumulated depreciation	<u>747,203</u>	<u>85,499</u>	<u>-</u>	<u>832,702</u>
NET CAPITAL ASSETS	<u>\$ 1,075,354</u>	<u>\$ (73,105)</u>	<u>\$ -</u>	<u>\$ 1,002,249</u>

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2018 and 2017

4. COMPENSATED ABSENCES

As of June 30, 2018 and 2017, employees had earned but not taken annual vacation leave which at salary rates then in effect aggregated to \$61,127 and \$56,160, respectively. The Radio Station has accrued these amounts as appropriate. The Radio Station has no commitment for accumulated sick leave and no liability is recorded. Employees who retire are given credit for unused sick leave towards years of service in the State Universities Retirement System. The ending balances as of June 30, 2018, and 2017 are reported in the financial statements as follows:

Fiscal Year	Beginning Balance July 1	Issuances	Retirements	Ending Balance June 30	Current Portion
2018	\$ 56,160	\$ 72,040	\$ 67,073	\$ 61,127	\$ 54,110
2017	57,744	68,625	70,209	56,160	52,486

5. RISK MANAGEMENT

The Radio Station is covered under the College’s risk management program. The College is exposed to various risks of loss related to torts, theft of, damage to, or destruction of property, injuries to employees and natural disasters. The College is a member of the Illinois Community College Risk Management Consortium (the Consortium). The Consortium is a public entity risk pool operating as a common risk management and insurance program for 14 local community colleges. Each college pays an annual premium to the Consortium as its pro rata share for property and casualty insurance coverage. The Agreement for Formation of the Consortium provides that the Consortium will be self-sustaining through member premiums and will reinsure through commercial companies. The College continues to carry commercial insurance coverage for sports accident insurance.

The College participates in the Consortium, which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. Coverage includes all property, re-insurance (\$30,000,000), and workers’ compensation. No settlement has exceeded coverage since establishment of the Consortium. The College joined the consortium in fiscal year 1982. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the College anticipates no future liabilities for incurred losses.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2018 and 2017

5. RISK MANAGEMENT (Continued)

The policy is annual and renewable on July 1. The College's level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in each of the past three years.

On January 1, 2012, the College joined the Community College Health Care Consortium, which provides employees insurance coverage for medical and prescription drugs. The College pays the Community College Health Care Consortium a monthly premium based on the number of participants and the type of coverage that has been elected. The College maintains self-insurance coverage through a third-party administrator for its dental insurance. The College currently allocates all expenses associated with the employee health plans to each of the College's individual departments. Claims and expenses are reported when incurred and an estimate is made for incurred but not reported claims. The College's level of coverage has not changed for the past three years, and the amount of settlements has not exceeded insurance coverage in each of the past three years.

The College's estimate of liability for claims incurred but not reported for the past three fiscal years is as follows:

Fiscal Year	Claims Payable		Claims Incurred	Claims Paid	Claims Payable End of Year
	Beginning of Year				
2018	\$ 1,022,521		\$ 11,488,105	\$ 11,465,629	\$ 1,044,997
2017	1,014,474		12,127,539	12,119,492	1,022,521
2016	993,447		11,212,405	11,191,378	1,014,474

6. LITIGATION

From time to time, the Radio Station is party to various pending claims and legal proceedings. Although the outcome cannot be forecast with certainty, it is the opinion of management and appropriate legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Radio Station's financial position or results of operations.

7. INDIRECT COSTS

The portion of the College's indirect costs attributable to the Radio Station's operations and the value of space provided for broadcast facilities are included as revenues and expenses, and are computed in accordance with guidelines established by the Corporation for Public Broadcasting. Total space allocated to the Radio Station and administrative support from the College for the years ended June 30, 2018 and 2017 were \$178,542 and \$166,176, respectively.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2018 and 2017

8. RETIREMENT, AND POSTEMPLOYMENT RELATED BENEFITS

State of Illinois Pension and Postemployment Benefits

Employees receive pension benefits as part of the State Universities Retirement System of Illinois (SURS, or the System), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. In addition to the pension plan, employees receive postemployment benefits as part of the State of Illinois Community College Health Insurance Security Fund (CIP), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of Illinois. CIP provides health, vision, and dental benefits to retired staff and dependent beneficiaries of participating Community Colleges. As a result, the College recognized on-behalf revenue and expense of \$69,541,704 for the fiscal year ended June 30, 2018 and \$63,365,937 for the fiscal year ended June 30, 2017.

Other Postemployment Benefits (OPEB)

In addition to the healthcare coverage provided by the State of Illinois, the College provides fixed health care coverage reimbursements for insurance premiums capped at a fixed dollar amount to retirees. Any administrative costs for the plan are paid by the College.

This postemployment benefit plan is a single-employer plan. The amount of reimbursement provided to the retiree is dependent on the retirement notice date and age of the retiree. The College is not required to and currently does not advance funds to the cost of benefits that will become due and payable in the future. The College's most recent actuarial valuation was performed for the plan as of July 1, 2017 to determine the employer's annual required contribution (ARC) as of June 30, 2018. The College implemented Government Accounting Standard Board (GASB) Statement No. 75 during FY2018, and therefore recognized a net OPEB liability of \$14,828,959 as of June 30, 2018. A net OPEB asset of \$143,231 was recognized as of June 30, 2017.

The Radio Station does not include any liabilities or expenses related to future potential benefit obligations.

SUPPLEMENTARY FINANCIAL INFORMATION

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Programming and Production	Broadcasting	Program Information	Total Program Services	Management and General	Grant Solicitation, Fundraising and Membership Development	Indirect Cost	Depreciation	TOTALS
Salaries, payroll taxes, and employee benefits	\$ 258,105	\$ 258,548	\$ 53,207	\$ 569,860	\$ 263,914	\$ 229,316	\$ -	\$ -	\$ 1,063,090
Professional services	36,009	36,010	-	72,019	20,577	10,289	-	-	102,885
Travel	-	-	-	-	1,879	-	-	-	1,879
Telephone	-	-	-	-	-	-	-	-	-
Facilities cost, administrative services	-	-	-	-	-	-	178,542	-	178,542
Supplies and materials	1,378	-	2,756	4,134	1,378	22,046	-	-	27,558
Other	-	-	-	-	-	84,556	-	-	84,556
Depreciation	-	-	-	-	-	-	-	84,138	84,138
TOTAL FUNCTIONAL EXPENSES	\$ 295,492	\$ 294,558	\$ 55,963	\$ 646,013	\$ 287,748	\$ 346,207	\$ 178,542	\$ 84,138	\$ 1,542,648

Note: The above schedule includes all expenses of the WDCB-FM Radio Station except for Corporation for Public Broadcasting grant expenses in the amount of \$159,775.

WDCB-FM RADIO STATION
 COLLEGE OF DUPAGE
 COMMUNITY COLLEGE DISTRICT NUMBER 502

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	Programming and Production	Broadcasting	Program Information	Total Program Services	Management and General	Grant Solicitation, Fundraising and Membership Development	Indirect Cost	Depreciation	TOTALS
Salaries, payroll taxes, and employee benefits	\$ 239,096	\$ 238,676	\$ 49,854	\$ 527,626	\$ 256,831	\$ 209,014	\$ -	\$ -	\$ 993,471
Professional services	37,235	37,235	-	74,470	21,277	10,639	-	-	106,386
Travel	-	-	-	-	1,285	-	-	-	1,285
Telephone	185	93	140	418	372	140	-	-	930
Facilities cost, administrative services	-	-	-	-	-	-	166,176	-	166,176
Supplies and materials	1,704	-	3,406	5,110	1,703	27,242	-	-	34,055
Other	-	-	29,636	29,636	-	64,506	-	-	94,142
Depreciation	-	-	-	-	-	-	-	85,499	85,499
TOTAL FUNCTIONAL EXPENSES	<u>\$ 278,220</u>	<u>\$ 276,004</u>	<u>\$ 83,036</u>	<u>\$ 637,260</u>	<u>\$ 281,468</u>	<u>\$ 311,541</u>	<u>\$ 166,176</u>	<u>\$ 85,499</u>	<u>\$ 1,481,944</u>

Note: The above schedule includes all expenses of the WDCB-FM Radio Station except for Corporation for Public Broadcasting grant expenses in the amount of \$161,125.

**INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT**

Board of Trustees
WDCB-FM Radio Station
College of DuPage - Community College District 502
Glen Ellyn, Illinois

Report on the Financial Statements

We have audited the accompanying Schedule of Nonfederal Financial Support (the Schedule) of the WDCB-FM Radio Station, College of DuPage - Community College District 502 (the Radio Station) as of and for the years ended June 30, 2018 and 2017, and the related note to the Schedule as listed in the table of contents.

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 opinions on the Schedule 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 schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Radio Station'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 Radio Station'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 schedule.

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

Board of Trustees
WDCB-FM Radio Station
College of DuPage - Community College District 502

Opinions

In our opinion, the Schedule referred to above presents fairly, in all material respects, the nonfederal financial support of the Radio Station for the years ended, June 30, 2018 and 2017, in accordance with the criteria for revenue as defined by the Communication Act of 1934, as amended; and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 2005 Principles of Accounting and Financial Reporting handbook; and includes only amounts that are also included in the College of DuPage - Community College District Number 502 financial statements for the years ended June 30, 2018 and 2017.

Other Matters

Restriction on Use

Our report is intended solely for the information and use of the College of DuPage - Community College District Number 502 and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Oak Brook, Illinois
November 28, 2018

WDCB - FM Radio Station
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

Schedule of Nonfederal Financial Support
For the Fiscal Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Direct revenue	\$ 952,149	\$ 1,441,168
Indirect administrative support	<u>178,542</u>	<u>166,176</u>
Total nonfederal financial support	<u><u>\$ 1,130,691</u></u>	<u><u>\$ 1,607,344</u></u>

See accompanying note to schedule of nonfederal financial support.

WDCB-FM RADIO STATION
COLLEGE OF DUPAGE
COMMUNITY COLLEGE DISTRICT NUMBER 502

NOTE TO SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

June 30, 2018 and 2017

1. SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT

The Communications Act of 1934, as amended, defines nonfederal financial support as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each as described in the Corporation for Public Broadcasting's Fiscal Year 2018 Annual Financial Report Handbook of Instructions. Direct revenue consists of expenses incurred or absorbed by the licensee specifically for the operation of the Radio Station. Indirect administrative support is that portion of the licensee's indirect costs attributable to the Radio Station's operations. This support can only be claimed by institutional stations and must be reported in the Radio Station's audited financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
WDCB-FM Radio Station
College of DuPage - Community College District 502
Glen Ellyn, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the business-type activities of WDCB-FM Radio Station, College of DuPage -Community College District 502 (the Radio Station) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Radio Station's basic financial statements, and have issued our report thereon dated November 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Radio Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Radio Station's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Radio Station’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Oak Brook, Illinois
November 28, 2018