

WCBU-FM

ANNUAL FINANCIAL REPORT

For the fiscal year ended May 31, 2021



WCBU-FM

CONTENTS

May 31, 2021

| | |
|-------------------------------------|----------------|
| INDEPENDENT AUDITORS' REPORT | 1 and 2 |
|-------------------------------------|----------------|

FINANCIAL STATEMENTS

| | |
|---|----------|
| Statements of Financial Position | 3 |
|---|----------|

| | |
|---------------------------------|----------------|
| Statements of Activities | 4 and 5 |
|---------------------------------|----------------|

| | |
|--|--------------|
| Statements of Functional Expenses | 6 - 9 |
|--|--------------|

| | |
|---------------------------------|-----------|
| Statements of Cash Flows | 10 |
|---------------------------------|-----------|

| | |
|--------------------------------------|----------------|
| Notes to Financial Statements | 11 - 23 |
|--------------------------------------|----------------|



202 N. Prospect Rd., Ste. 206
Bloomington, Illinois 61704
PH: (309) 828-6071
FAX: (309) 827-2465
www.mckcpa.com

INDEPENDENT AUDITORS' REPORT

**WCBU-FM
Peoria, Illinois**

We have audited the accompanying financial statements of WCBU-FM (Bradley University licensee), which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities, functional expenses, 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 WCBU-FM as of May 31, 2021 and 2020, 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 of WCBU-FM are intended to present the financial position, the changes in financial position, and cash flows of only WCBU-FM's portion of Bradley University's and Illinois State University's financial positions, the changes in financial positions, and cash flows attributable to the transactions of WCBU-FM. They do not purport to, and do not, present fairly the financial positions of Bradley University or Illinois State University as of May 31, 2021 and 2020, the changes in their respective financial positions or their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

MCK CPAs & Advisors

Bloomington, Illinois
December 6, 2021

WCBU-FM**STATEMENTS OF FINANCIAL POSITION
May 31, 2021 and 2020**

| | 2021 | 2020 |
|--|---------------------|-------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Interest in pooled cash | \$ 406,932 | 335,485 |
| Accounts receivable | 11,849 | 18,394 |
| Prepaid expenses | 9,176 | 8,162 |
| | | |
| Total current assets | 427,957 | 362,041 |
| | | |
| Noncurrent assets: | | |
| Interest in endowment fund investments | 502,198 | 401,503 |
| Property and equipment | 685,417 | 667,460 |
| Less: accumulated depreciation | (494,319) | (477,848) |
| | | |
| Total noncurrent assets | 693,296 | 591,115 |
| | | |
| TOTAL ASSETS | 1,121,253 | 953,156 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Deferred revenue | 28,195 | 54,287 |
| Accrued vacation and sick pay | 45,454 | 19,827 |
| Due to WGLT-FM Radio | | 2,235 |
| | | |
| Total current liabilities | 73,649 | 76,349 |
| | | |
| Long-term liabilities: | | |
| Due to Bradley University | 810,529 | 810,529 |
| | | |
| Total liabilities | 884,178 | 886,878 |
| | | |
| Net Assets: | | |
| Without donor restrictions | (183,662) | (347,225) |
| With donor restrictions | 420,737 | 413,503 |
| | | |
| Total net assets | 237,075 | 66,278 |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,121,253 | 953,156 |

See Notes to Financial Statements.

WCBU-FM**STATEMENT OF ACTIVITIES****Year ended May 31, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|--------------|
| Support and revenues: | | | |
| On-behalf of state - general | \$ 84,814 | | 84,814 |
| Business underwriting | 139,372 | | 139,372 |
| Donated facilities and administrative support from Bradley University | 92,854 | | 92,854 |
| Donated materials and other services | 9,753 | | 9,753 |
| Corporate giving | 29,700 | | 29,700 |
| Individual giving | 297,037 | | 297,037 |
| Government grants | 287,986 | | 287,986 |
| Unrealized gain (loss) on endowment funds | 100,694 | | 100,694 |
| Interest and dividends on endowment funds | 9,706 | 7,829 | 17,535 |
| Other income | 1,099 | | 1,099 |
| Net assets released from restrictions: | | | |
| Restrictions satisfied by payments | 595 | (595) | - |
| Total support and revenue | 1,053,610 | 7,234 | 1,060,844 |
| Expenses: | | | |
| Program services: | | | |
| Programming and production: | | | |
| National | 157,136 | | 157,136 |
| Local and other | 387,476 | | 387,476 |
| Broadcasting | 44,447 | | 44,447 |
| Supporting services: | | | |
| Underwriting and grant solicitation | 102,675 | | 102,675 |
| Fundraising and membership development | 65,227 | | 65,227 |
| Management and general | 133,086 | | 133,086 |
| Total expenses | 890,047 | - | 890,047 |
| Increase in net assets | 163,563 | 7,234 | 170,797 |
| Net assets, beginning of year | (347,225) | 413,503 | 66,278 |
| Net assets, end of year | \$ (183,662) | 420,737 | 237,075 |

See Notes to Financial Statements.

WCBU-FM**STATEMENT OF ACTIVITIES****Year ended May 31, 2020**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|----------|
| Support and revenues: | | | |
| On-behalf of state - general | \$ 38,178 | | 38,178 |
| Business underwriting | 183,229 | | 183,229 |
| Donated facilities and administrative support from Bradley University | 63,530 | | 63,530 |
| Donated materials and other services | 20,310 | | 20,310 |
| Individual giving | 249,046 | | 249,046 |
| Government grants | 244,950 | | 244,950 |
| Unrealized gain (loss) on endowment funds | (8,368) | | (8,368) |
| Interest and dividends on endowment funds | 9,262 | 7,472 | 16,734 |
| Gain (loss) on disposal of fixed assets | (543) | | (543) |
| Other income | 510 | | 510 |
| Total support and revenue | 800,104 | 7,472 | 807,576 |
| Expenses: | | | |
| Program services: | | | |
| Programming and production: | | | |
| National | 149,230 | | 149,230 |
| Local and other | 292,898 | | 292,898 |
| Broadcasting | 42,307 | | 42,307 |
| Supporting services: | | | |
| Underwriting and grant solicitation | 63,429 | | 63,429 |
| Fundraising and membership development | 50,457 | | 50,457 |
| Management and general | 77,075 | | 77,075 |
| Total expenses | 675,396 | - | 675,396 |
| Increase in net assets | 124,708 | 7,472 | 132,180 |
| Net assets, beginning of year | (471,933) | 406,031 | (65,902) |
| Net assets, end of year | \$ (347,225) | 413,503 | 66,278 |

See Notes to Financial Statements.

WCBU-FM**STATEMENT OF FUNCTIONAL EXPENSES****Year ended May 31, 2021**

| | Program Services | | | Total Program Services |
|----------------------------|--------------------------|---------------|--------------|------------------------------|
| | Programming & Production | | Broadcasting | |
| | National | Local & Other | | |
| Salaries | \$ - | 219,508 | 10,484 | 229,992 |
| Employee benefits | | 96,589 | 9,766 | 106,355 |
| Professional fees | | | | - |
| Occupancy | 9,285 | 46,427 | 9,286 | 64,998 |
| Programming costs | 139,616 | 8,020 | 666 | 148,302 |
| Promotional costs | | | | - |
| Equipment expense | | | 9,097 | 9,097 |
| Memberships | | 7,579 | 5,148 | 12,727 |
| Subscriptions | | 259 | | 259 |
| Printing | | | | - |
| Telephone | | 858 | | 858 |
| Advertising | | | | - |
| Other | | | | - |
| Bank charges | | | | - |
| Supplies | | | | - |
| Totals before depreciation | 148,901 | 379,240 | 44,447 | 572,588 |
| Depreciation expense | 8,235 | 8,236 | | 16,471 |
| Total expenses | \$ 157,136 | 387,476 | 44,447 | 589,059 |

See Notes to Financial Statements.

| Total Supporting Services | | | | |
|--|---|-------------------------------------|--|--------------|
| Underwriting & Grant Solicitation | Fundraising & Membership Development | Management & General | Total Supporting Services | Total |
| 64,292 | 33,004 | 41,754 | 139,050 | 369,042 |
| 28,924 | 12,162 | 19,330 | 60,416 | 166,771 |
| | | 36,496 | 36,496 | 36,496 |
| 9,285 | 9,285 | 9,286 | 27,856 | 92,854 |
| | | | - | 148,302 |
| | 353 | | 353 | 353 |
| | | | - | 9,097 |
| | | 3,933 | 3,933 | 16,660 |
| | | | - | 259 |
| | 10,106 | | 10,106 | 10,106 |
| | | 307 | 307 | 1,165 |
| | 220 | 9,100 | 9,320 | 9,320 |
| | 25 | 12,808 | 12,833 | 12,833 |
| 174 | 72 | | 246 | 246 |
| | | 72 | 72 | 72 |
| 102,675 | 65,227 | 133,086 | 300,988 | 873,576 |
| | | | - | 16,471 |
| 102,675 | 65,227 | 133,086 | 300,988 | 890,047 |

WCBU-FM**STATEMENT OF FUNCTIONAL EXPENSES****Year ended May 31, 2020**

| | Program Services | | | |
|----------------------------|--------------------------|---------------|--------------|------------------------------|
| | Programming & Production | | | Total Program Services |
| | National | Local & Other | Broadcasting | |
| Salaries | \$ - | 176,415 | 3,910 | 180,325 |
| Employee benefits | | 55,230 | 2,110 | 57,340 |
| Professional fees | 7,263 | | | 7,263 |
| Occupancy | 6,353 | 31,765 | 6,353 | 44,471 |
| Programming costs | 130,647 | 19,329 | 6,625 | 156,601 |
| Promotional costs | | | | - |
| Repairs and maintenance | | | 442 | 442 |
| Equipment expense | | | 17,083 | 17,083 |
| Memberships | | 395 | | 395 |
| Subscriptions | 313 | 309 | | 622 |
| Postage | | | | - |
| Printing | | | | - |
| Telephone | | | 2,454 | 2,454 |
| Travel | | 1,150 | 840 | 1,990 |
| Advertising | | | | - |
| Other | | 3,651 | | 3,651 |
| Bank charges | | | | - |
| Supplies | | | 2,490 | 2,490 |
| Totals before depreciation | 144,576 | 288,244 | 42,307 | 475,127 |
| Depreciation expense | 4,654 | 4,654 | | 9,308 |
| Total expenses | \$ 149,230 | 292,898 | 42,307 | 484,435 |

See Notes to Financial Statements.

| Total Supporting Services | | | | |
|---|--|-------------------------|---------------------------------|---------|
| Underwriting & Grant Solicitation | Fundraising & Membership Development | Management & General | Total Supporting Services | Total |
| 44,356 | 13,737 | 18,936 | 77,029 | 257,354 |
| 12,675 | 5,454 | 10,573 | 28,702 | 86,042 |
| | 3,790 | 16,987 | 20,777 | 28,040 |
| 6,353 | 6,353 | 6,353 | 19,059 | 63,530 |
| | | 312 | 312 | 156,913 |
| | 2,588 | | 2,588 | 2,588 |
| | | 1,460 | 1,460 | 1,902 |
| | | | - | 17,083 |
| | 2,674 | | 2,674 | 3,069 |
| | 2,210 | 285 | 2,495 | 3,117 |
| | | 23 | 23 | 23 |
| | | 24 | 24 | 24 |
| | | 909 | 909 | 3,363 |
| 10 | 546 | 2,432 | 2,988 | 4,978 |
| | 11,296 | 17,910 | 29,206 | 29,206 |
| 35 | | 369 | 404 | 4,055 |
| | 1,809 | 43 | 1,852 | 1,852 |
| | | 459 | 459 | 2,949 |
| 63,429 | 50,457 | 77,075 | 190,961 | 666,088 |
| | | | - | 9,308 |
| 63,429 | 50,457 | 77,075 | 190,961 | 675,396 |

WCBU-FM**STATEMENTS OF CASH FLOWS****Years ended May 31, 2021 and 2020**

| | 2021 | 2020 |
|--|------------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase in net assets | \$ 170,797 | 132,180 |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities | | |
| Depreciation | 16,471 | 9,308 |
| Net unrealized (gain) loss on endowment funds | (100,695) | 8,368 |
| (Gain) loss on disposal of equipment | | 543 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 6,545 | 3,348 |
| (Increase) decrease in prepaid expenses | (1,014) | 8,697 |
| Increase (decrease) in accrued vacation and sick pay | 25,627 | 19,827 |
| Increase (decrease) in deferred revenue | (26,092) | (16,651) |
| Net cash flows from operating activities | 91,639 | 165,620 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Proceeds from Bradley University | | 181,459 |
| Proceeds from (to) WGLT-FM Radio | (2,235) | 2,235 |
| Net cash flows from non-capital financing activities | (2,235) | 183,694 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | |
| Acquisition of property and equipment | (17,957) | (195,851) |
| Net increase (decrease) in cash and cash equivalents | 71,447 | 153,463 |
| Interest in pooled cash, beginning of year | 335,485 | 182,022 |
| Interest in pooled cash, end of year | \$ 406,932 | 335,485 |

See Notes to Financial Statements.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS May 31, 2021 and 2020

Note 1 - Summary of Operations

WCBU-FM ("WCBU"), a Bradley University licensee, is a public broadcasting radio station operated by Bradley University in Peoria, Illinois. As part of Bradley University's Information Resources and Technology Division, WCBU-FM's activities are interrelated with Bradley University and operate under its centralized administrative and budgetary controls.

WCBU is part of Bradley University as a whole and Illinois State University as a whole, and as such, for financial reporting purposes the financial balances and activities included in these financial statements are also included in Bradley University's and Illinois State University's financial statements. These financial statements present only WCBU, and do not purport to, and do not, present fairly the financial positions of Bradley University or Illinois State University as of May 31, 2021 or 2020, and changes in their financial positions and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Additionally, as a result of an agreement between Bradley University and Illinois State University, WGLT-FM Radio ("WGLT") assumed responsibility for managing the day-to-day operations for WCBU (as well as its online and social media platforms) in Peoria on June 1, 2019. All funds raised by WCBU are segregated from those raised by WGLT and must be used for WCBU operations. Bradley University remains WCBU's license holder and is responsible for ensuring the station is FCC compliant.

Note 2 - Significant Accounting Policies

Basis of presentation: Assets and liabilities related to the operations of WCBU are commingled with other Illinois State University and Bradley University assets and liabilities but have been segregated in the accompanying statements to present the financial position of WCBU.

WCBU prepares its financial statements in accordance with generally accepted accounting principles, which require classification of net assets and revenues, expenses, gains, and losses based on the absence or existence of donor-imposed restrictions into two categories: net assets without donor restrictions which have no donor-imposed restrictions and net assets with donor restrictions which have certain perpetual donor-imposed restrictions. Amounts designated for specific purpose by the Board, included in the Board designated endowment fund, are included as net assets without donor restrictions.

The financial statements of WCBU have been prepared on the accrual basis of accounting.

Interest in pooled cash: Illinois State University has pooled its cash, including accounts held for WCBU operations. Bradley University also performs and records cash transactions and retains cash on behalf of WCBU. A summary of interest in pooled cash for the years ended May 31, 2021 and 2020 is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2021 and 2020

Note 2 - Significant Accounting Policies, continued

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|----------------|
| Held at Bradley University | \$ 264,848 | 215,140 |
| Held at Illinois State University | 26,004 | 37,626 |
| Held at Illinois State University Foundation | <u>116,080</u> | <u>82,719</u> |
| Total | <u>\$ 406,932</u> | <u>335,485</u> |

For purposes of the Statement of Cash Flows, all short-term investments that are highly liquid are considered cash equivalents. Cash equivalents are readily convertible to known amounts of pooled cash, and at the day of purchase, have a maturity date no longer than 90 days.

Revenue Recognition: Contributions and pledges are recognized as revenue in the statement of activities when received. Grant revenue is recognized when earned. Grant money received but not earned is reflected in the statement of financial position as deferred revenue.

WCBU recognizes revenue from business underwriting over the length of the contract, which varies in duration. The performance obligation consists of acknowledging the underwriter's support on air, for a frequency and duration as negotiated in the contract. Underwriting fees are used to cover the costs of operations and expenses related to securing and maintaining underwriting relationships. Underwriting fees are based on the frequency and duration of on-air acknowledgement, as negotiated in the contract.

Property and Equipment: Property and equipment are recorded at cost at the date of acquisition or at the fair market value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the following estimated useful lives:

| | |
|--------------------------------|----------|
| Studio and broadcast equipment | 5 years |
| Furniture and fixtures | 7 years |
| Transmitter, antenna and tower | 15 years |
| Building improvements | 20 years |

When property or equipment are retired or otherwise disposed, the asset and accumulated depreciation accounts are adjusted accordingly. Expenditures for repairs and maintenance are charged to the related expenses as incurred.

Indirect/In-Kind Contributions of Services, Materials and Supplies: During the years ended May 31, 2021 and 2020, the value of contributed services meeting the requirements for recognition in the financial statements totaled \$ 9,753 and \$ 20,310, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at its facilities.

Facilities allocated from Bradley University consist of studio space together with related occupancy costs and are recorded in revenue and expense on a prorated basis. Administrative support from Bradley University consists of adjusted allocated financial and physical plant charges incurred by Bradley University on behalf of WCBU. See Note 6 for additional information.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2021 and 2020

Note 2 - Significant Accounting Policies, continued

Accounts Receivable: Accounts receivable represents uncollected underwriting revenue. WCBU considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to expense when that determination is made.

Pensions and Other Postemployment Benefits (OPEB): With the management agreement with WGLT, all WCBU employees are employees of Illinois State University, and thus are participants in Illinois State University pension and OPEB plans. Illinois State University contributes to the State Universities Retirement System of Illinois. In addition, the State of Illinois provides health, dental, vision, and life insurance benefits for retirees and their dependents. The State pays Illinois State University's portion of employer costs for the benefits provided.

Functional Allocation of Expenses: The costs incurred in support of WCBU programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall operation of WCBU.

Income Taxes: Bradley University is exempt from income taxes under Section 501 (c)(3) of the U.S. Internal Revenue Code and, accordingly, no provision for such taxes has been made in the financial statements of WCBU.

Use of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification: Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2021 and 2020

Note 2 - Significant Accounting Policies, continued

New Accounting Pronouncements: Effective June 1, 2020, WCBU adopted the new guidance of Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, for all contracts that have not been completed as of the adoption date. Topic 606 requires WCBU to recognize revenue upon the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The new guidance requires WCBU to apply the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction amount; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, WCBU satisfies a performance obligation. WCBU has adopted this new standard under the modified retrospective approach, which recognizes the cumulative effect of the adoption change as an adjustment to beginning net assets. However, WCBU has determined that the cumulative effect of initially applying the guidance has no material effect on WCBU's financial position or results of operations, and did not result in a significant change to the amount and timing of the recognition of revenue.

Note 3 - Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received either as a contribution or a payment and meeting all of the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be included as NFFS: (1) the source may be an entity except the federal government or any other broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for WCBU was \$ 699,182 and \$ 593,584 for the years ended May 31, 2021 and 2020, respectively.

Note 4 - Compensated Absences

The liability for compensated absences at May 31, 2021 and 2020 was \$ 45,454 and \$ 19,827, respectively. Illinois State University policy allows employees to accumulate 360 hours of vacation time, 420 hours for faculty employees. All accrued vacation is payable upon termination.

WCBU-FM**NOTES TO FINANCIAL STATEMENTS (Continued)**
May 31, 2021 and 2020

Note 5 - Property and Equipment

A summary of property and equipment activity for the year ended May 31, 2021, was as follows:

| | May 31, 2020 Beginning Balance | Additions | Reductions | May 31, 2021 Ending Balance |
|---|--------------------------------------|-----------|------------|-----------------------------------|
| Studio improvement | \$ 174,378 | | | 174,378 |
| Transmitters, antenna and towers | 341,107 | | | 341,107 |
| Studios and other broad- casting equipment | 141,469 | 15,003 | | 156,472 |
| Furniture and fixtures | 10,506 | 2,954 | | 13,460 |
| Total | 667,460 | 17,957 | | 685,417 |
| Less accumulated depreciation: | | | | |
| Studio improvements | 5,085 | 8,719 | | 13,804 |
| Transmitters, antenna and towers | 341,107 | | | 341,107 |
| Studio and other broad- casting equipment | 121,150 | 7,365 | | 128,515 |
| Furniture and fixtures | 10,506 | 387 | | 10,893 |
| Total | 477,848 | 16,471 | | 494,319 |
| Property and equipment, net | \$ 189,612 | 1,486 | | 191,098 |

WCBU-FM**NOTES TO FINANCIAL STATEMENTS (Continued)**
May 31, 2021 and 2020**Note 5 - Property and Equipment, continued**

A summary of property and equipment activity for the year ended May 31, 2020, was as follows:

| | May 31, 2019 Beginning Balance | Additions | Reductions | May 31, 2020 Ending Balance |
|---|--------------------------------------|-----------|------------|-----------------------------------|
| Studio improvement | \$ | 174,378 | | 174,378 |
| Transmitters, antenna and towers | 341,107 | | | 341,107 |
| Studios and other broad-casting equipment | 264,078 | 21,473 | (144,082) | 141,469 |
| Furniture and fixtures | 18,574 | | (8,068) | 10,506 |
| Total | 623,759 | 195,851 | (152,150) | 667,460 |
| Less accumulated depreciation: | | | | |
| Studio improvements | | 5,085 | | 5,085 |
| Transmitters, antenna and towers | 341,107 | | | 341,107 |
| Studio and other broad-casting equipment | 260,466 | 4,223 | (143,539) | 121,150 |
| Furniture and fixtures | 18,574 | | (8,068) | 10,506 |
| Total | 620,147 | 9,308 | (151,607) | 477,848 |
| Property and equipment, net | \$ 3,612 | 186,543 | (543) | 189,612 |

Depreciation expense for the years ended May 31, 2021 and 2020 was \$ 16,471 and \$ 9,308, respectively.

Note 6 - Indirect Administrative Support

Indirect support from Bradley University consists of allocated institutional support and physical plant costs incurred by Bradley University for which WCBU receives benefits. The fair value of this support is recognized in the Statement of Activities as indirect administrative support and also as expense in functional expense categories. Indirect administrative support is calculated based on institutional support and physical plant support of Bradley University (the Licensee) and the operating expenses of WCBU. The value of this support included in the Statement of Activities was \$ 92,854 and \$ 63,530 for the years ended May 31, 2021 and 2020, respectively.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued) May 31, 2021 and 2020

Note 7 - Investments

WCBU's interest in investments in equity securities with readily determinable fair values and all investments in debt securities are presented at fair value. The net realized and unrealized gain or loss in the fair value of WCBU's interest in investments is reflected in the statements of activities.

A summary of the fair values of WCBU's interest in endowment investments at May 31, 2021 and 2020 follows:

| | 2021 | 2020 |
|----------------------------------|-------------------|----------------|
| Equities and Equity Mutual Funds | \$ 346,172 | 279,018 |
| Fixed Income Securities | 73,164 | 38,095 |
| Alternative Investments | 82,862 | 84,390 |
| Total | <u>\$ 502,198</u> | <u>401,503</u> |

Investment income of \$ 17,535 and \$ 16,734 is reported in interest and dividends on endowment funds in the statement of activities for the year ended May 31, 2021 and 2020, respectively. Unrealized net gain (loss) on investments of \$ 100,694 and \$ (8,368) for the years ended May 31, 2021 and 2020, respectively, is reported in the statements of activities.

Endowments: There are three endowments at Bradley University for the benefit of WCBU. The endowments consist of three funds established to support a variety of purposes at WCBU. Its endowments consist of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. An individual endowment fund is considered to be underwater if the fund has perpetual restrictions and the fair market value has decreased below its historical dollar value. WCBU had no individual endowment funds that were considered to be "underwater" at May 31, 2021 or 2020.

Interpretation of Relevant Law: WCBU has interpreted the 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, WCBU classifies as net assets with donor restrictions (a) the original value of initial and subsequent gift amounts and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by WCBU in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, WCBU considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2021 and 2020

Note 7 - Investments, continued

Interpretation of Relevant Law, continued:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Return Objectives and Risk Parameters: WCBU has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce long-term investment gain with a tolerance for managed risk.

Spending Policy: WCBU has a policy of appropriating for distribution each year up to 5% of the endowment fund's average appreciated value over a moving three-year average.

In establishing this policy, WCBU considered the long-term expected returns on its interest in endowment investments. Accordingly, over the long term, WCBU expects the current spending policy will allow its endowment to retain or enhance the original fair value of the gift.

Strategies Employed for Achieving Objectives: WCBU relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends).

Endowment assets as of May 31, 2021 consisted of \$ 502,198 in Endowment fund investments and \$ 90,682 in interest in pooled cash, the balance of the Endowment investment spending amount balance held by Bradley University on behalf of WCBU, for a total of \$ 592,880. Endowment assets as of May 31, 2020 consisted of \$ 401,503 in Endowment fund investments and \$ 91,163 in interest in pooled cash, for a total of \$ 492,666.

WCBU-FM**NOTES TO FINANCIAL STATEMENTS (Continued)**
May 31, 2021 and 2020

Note 7 - Investments, continued

2021 endowment net asset composition by type of fund as of May 31, 2021 and 2020:

| May 31, 2021 | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------|
| Board-designated endowment funds: | | | |
| Accumulated investment gains | \$ 17,191 | | 17,191 |
| Unrealized investment gains | 156,780 | | 156,780 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | | 345,419 | 345,419 |
| Accumulated investment gains | | 73,490 | 73,490 |
| Total | \$ 173,971 | 418,909 | 592,880 |
| May 31, 2020 | Without Donor Restrictions | With Donor Restrictions | Total |
| Board-designated endowment funds: | | | |
| Accumulated investment gains | \$ 25,501 | | 25,501 |
| Unrealized investment gains | 56,085 | | 56,085 |
| Donor-restricted endowment funds: | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | | 345,419 | 345,419 |
| Accumulated investment gains | | 65,661 | 65,661 |
| Total | \$ 81,586 | 411,080 | 492,666 |

WCBU-FM**NOTES TO FINANCIAL STATEMENTS (Continued)**
May 31, 2021 and 2020**Note 7 - Investments, continued**

Changes in endowment net assets for the years ended May 31, 2021 and 2020:

| May 31, 2021 | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|----------------|
| Endowment net assets - beginning of year | \$ 81,586 | 411,080 | 492,666 |
| Investment return, net | | | |
| Investment income | 9,706 | 7,829 | 17,535 |
| Amount appropriated for expenditure | (18,015) | | (18,015) |
| Net appreciation (depreciation) | 100,694 | | 100,694 |
| Endowment net assets - end of year | <u>\$ 173,971</u> | <u>418,909</u> | <u>592,880</u> |
| May 31, 2020 | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets - beginning of year | \$ 120,555 | 403,608 | 524,163 |
| Investment return, net | | | |
| Investment income | 9,262 | 7,472 | 16,734 |
| Amount appropriated for expenditure | (39,863) | | (39,863) |
| Net appreciation (depreciation) | (8,368) | | (8,368) |
| Endowment net assets - end of year | <u>\$ 81,586</u> | <u>411,080</u> | <u>492,666</u> |

Note 8 - Fair Value Measurements

WCBU has adopted the fair value accounting guidance related to financial assets and liabilities. The guidance defines fair value, establishes a framework for measuring fair value under GAAP and expands disclosures about fair value measurements. It also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value:

- Level 1:* Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities traded in active markets.
- Level 2:* Inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly.
- Level 3:* Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2021 and 2020

Note 8 - Fair Value Measurements, continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, WCBU's assets at fair value as of May 31, 2021 and 2020:

| | Fair Value at 5/31/2021 | Level 1 | Level 2 | Level 3 |
|----------------------------------|------------------------------------|----------------|----------------|----------------|
| Equities and Equity Mutual Funds | \$ 346,172 | 346,172 | | |
| Fixed Income Securities | 73,164 | 73,164 | | |
| Alternative Investments: | 82,862 | 82,862 | | |
| | | | | |
| Total assets as fair value | \$ 502,198 | 502,198 | | |
| | | | | |
| | Fair Value at 5/31/2020 | Level 1 | Level 2 | Level 3 |
| Equities and Equity Mutual Funds | \$ 279,018 | 279,018 | | |
| Fixed Income Securities | 38,095 | 38,095 | | |
| Alternative Investments: | 84,390 | 84,390 | | |
| | | | | |
| Total assets as fair value | \$ 401,503 | 401,503 | | |

Note 9 - Net Asset with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

| | 2021 | 2020 |
|---|-------------------|-------------|
| Endowments: | | |
| Subject to expenditure for specified purpose: | | |
| Equipment acquisition, maintenance, and programming | \$ 73,490 | 65,661 |
| Subject to endowment spending policy and appropriation: | | |
| Programming and operations | 345,419 | 345,419 |
| | | |
| Total endowments | 418,909 | 411,080 |
| | | |
| Other: | | |
| Subject to expenditure for specified purpose: | | |
| Equipment acquisition, maintenance, and programming | 1,828 | 2,423 |
| | | |
| Total net assets with donor restrictions | \$ 420,737 | 413,503 |

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued) **May 31, 2021 and 2020**

Note 10 - Liquidity and Availability

WCBU has \$ 427,957 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of interest in pooled cash, accounts receivable, and prepaid expenses. Bradley University's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure. The board-designated endowment of \$ 173,971 is subject to an annual spending rate up to 5% as described in Note 7. Although there is no intention to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of Bradley University's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 11 - Related Parties

WGLT is the licensed manager of WCBU, as mentioned in Note 1. WGLT paid for equipment purchases and other expenses incurred by WCBU, resulting in a balance due to WGLT as of May 31, 2021 and 2020, respectively, in the amount of \$ -0- and \$ 2,235.

WCBU is the licensee of Bradley University, as mentioned in Note 1. The payable to Bradley University represents the cost incurred by Bradley University in support of WCBU programs and activities. As of May 31, 2021 and 2020, the balance was in the amount of \$ 810,529 and \$ 810,529, respectively.

Note 12 - Contributed In-Kind Support

Contributed materials, supplies, and facilities are recorded at their estimated fair value at the date of donation. WCBU reports gifts of professional services, materials, and other nonmonetary contributions as revenue in the accompanying Statement of Activities. As expenses of an equivalent amount are also recognized, there is no impact on net assets.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers are not recorded as revenue and expenses as there is no objective basis available to measure the value of such services.

The amount of donated materials and services recognized in the years ended May 31, 2021 and 2020 was \$ 9,753 and \$ 20,310, respectively.

Contributed support from the State of Illinois consists of benefit contributions on behalf of WCBU. The value of the on-behalf contributions recognized in the years ended May 31, 2021 and 2020 was \$ 84,814 and \$ 38,178, respectively.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2021 and 2020

Note 13 - Subsequent Events

WCBU has evaluated events occurring subsequent to May 31, 2021 as to their potential impact to the financial statements through December 6, 2021, which is the date the financial statements were available to be issued.