

WGLT-FM RADIO

***A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY ILLINOIS STATE UNIVERSITY***

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2023



WGLT-FM RADIO

TABLE OF CONTENTS

June 30, 2023

INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 9
FINANCIAL STATEMENTS	
Statements of Net Position	10 and 11
Statements of Revenues, Expenses, and Changes in Net Position	12 and 13
Statements of Cash Flows	14 and 15
Notes to Financial Statements	16 - 30
OTHER SUPPLEMENTAL INFORMATION	
Statements of Functional Expenses	31 - 34



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

INDEPENDENT AUDITORS' REPORT

WGLT-FM Radio
Normal, Illinois

Opinion

We have audited the accompanying financial statements of the business-type activities of WGLT-FM Radio (a public telecommunications entity operated by Illinois State University) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise WGLT-FM Radio's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of WGLT-FM Radio as of June 30, 2023 and 2022, and the changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibility under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WGLT-FM Radio, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of WGLT-FM Radio are intended to present the financial position, the changes in financial position, and cash flows of only WGLT-FM Radio's portion of the University's financial position, the changes in financial position, and cash flows attributable to the transactions of WGLT-FM Radio. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2023 and 2022, the changes in its financial position or 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 the matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WGLT-FM Radio's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WGLT-FM Radio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WGLT-FM Radio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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 Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise WGLT-FM Radio's basic financial statements. The statements of functional expenses 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. The 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 statements of functional expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MCK CPAs & Advisors

Bloomington, Illinois
February 8, 2024

WGLT-FM RADIO
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Introduction and Reporting Entity

The following discussion and analysis is an overview of the financial position and activities of WGLT public radio station for the year ended June 30, 2023. Management of the station has prepared the following discussion, and it should be read with the financial statements and related note disclosures which follow this section.

WGLT is licensed to Illinois State University, an instrumentality of the State of Illinois, which is governed by a Board of Trustees, all of whom are appointed by the Governor and ratified by the Legislature, plus the president of Illinois State University. WGLT is part of the University's College of Arts and Sciences.

A member of the NPR Network, WGLT positions itself as "89-1 WGLT and WGLT.org, Bloomington-Normal's Public Media." WGLT employs a full-time professional content production, development, management, and support staff, several part-time staff, and another 8-12 paid content and support positions available for Illinois State students each semester. The station's primary function is to provide noncommercial news, educational, and cultural content to the residents of Central Illinois via several platforms, including terrestrial radio, streaming audio, WGLT.org, social media, and NPR products. WGLT's transmitter in Bloomington/Normal reaches an estimated population of 300,000; the station averages 15,000-20,000 radio listeners weekly and 200,000-400,000 website views monthly. Contributing membership consists of approximately 1,600 households, with locally generated funding (listener support, business underwriting, and net income from station events and fundraising activities) generally equaling around 50% of the annual cash income.

In addition to its primary broadcast and linear streaming service, which features mostly news and information programming, WGLT offers: a 24/7 eclectic music streaming service called "Highway 309", two daily podcasts (the daily news magazine *Sound Ideas*, and the daily news roundup *The Leadoff*); and original written and photo content on wgl.org and on social media. Changes in consumer behavior and in the local news marketplace, combined with a "digital first" content philosophy, have led tremendous growth in social media engagement, website traffic, and "on-demand" listenership. For example, monthly unique visitors to WGLT are averaging more than 10 times higher than seven years ago.

In April of 2019, Illinois State University entered into an agreement with Bradley University for WGLT to manage day-to-day operations of WCBU, which is licensed to Bradley and serves the Peoria community. That agreement calls for WCBU to maintain its own local on-air staff in Peoria, with management, operations, and business employees to be shared with WGLT and based in Normal. All funds raised by and donated to WCBU will be used exclusively for that station's operations; monies are not co-mingled with WGLT's funds and therefore are not reflected in this report. The agreement was extended in October 2023, and is now set to expire on June 30, 2029. This arrangement has resulted in more efficient allocation of operational expenses for both stations, which in turn has allowed both stations to increase the size of their respective content staffs. Effective July 1, 2021, WGLT assumed limited oversight of the ISU Student Newspaper, *The Vidette*. The General Manager/Faculty Advisor of *The Vidette* reports to the WGLT Executive Director, and WGLT staff handle *The Vidette*'s business functions.

WGLT continues to gradually replace its infrastructure. A new broadcast transmitter was installed in May of 2023, and equipment is regularly replaced as it reaches the end of its useful life through operational funds. In January 2024, WGLT will move to a new office and broadcasting facility it will share with *The Vidette* at the corner of Locust and University on the Illinois State University campus in Normal.

WGLT-FM RADIO
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
For the Year Ended June 30, 2023

Overview of the Financial Statements

The station's financial statements present the combined current year activity of WGLT, including income and expenses from Illinois State University, the Corporation for Public Broadcasting, the State of Illinois, local businesses, local events, and listener contributions. Some of these cash flows are handled through the Illinois State University Foundation, an entity legally separate from Illinois State University.

The financial statements for WGLT, which consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flow (direct method), were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. The station follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of the station's financial activities.

The Statement of Net Position presents Assets (current and non-current), Deferred Outflows of Resources, Liabilities (current and non-current) and Net Position of the Station as of June 30, 2023. Net position is divided into three major categories. The first category, net investment in capital assets, shows the station's equity in the property, plant, and equipment owned by the station. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the station but must be spent for purposes as determined by donors and/or external entities that have placed time and/or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is that net position available to the station for any lawful purpose of the station. Changes in total net position presented on the Statement of Net Position is based upon the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to present the revenues received by the station, both operating and nonoperating, and the expenses paid by the station, operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the station. The Statement of Cash Flows shows the sources and uses of cash from operations, cash flows from non-capital financing activities, cash flows from capital and related financing activities and cash flows from investing activities and a reconciliation of the operating loss shown on the Statement of Revenues, Expenses, and Changes in Net Position to the cash used by operating activities on the Statement of Cash Flows.. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Highlights

WGLT's overall financial position has improved substantially from its nadir between 2012 and 2015, with the station generally operating close to a break-even basis annually.

The financial statements include three endowments, administered by the ISU Foundation, that were created in the fiscal year 2012. See Note 13.

Net Position totaled \$ 459,167 for the year ended June 30, 2023 (FY 2023) and \$ 456,069 for the year ended June 30, 2022 (FY 2022), a year-to-year change of \$ 3,098. Operating Revenues totaled \$ 970,707 in FY 2023, compared to \$ 1,043,348 in FY 2022, while Operating Expenses totaled \$ 1,887,172 in FY 2023 compared to \$ 2,027,661 in FY 2022. The net operating income for FY 2023 was a loss of \$ 916,465; this follows a loss of \$ 984,313 in FY 2022. The station's total assets were \$ 899,923 as of June 30, 2023. Net operating income does not factor in contributions from Illinois State University or the State of Illinois, which totaled \$ 671,790 in FY 2023, as those revenues are not derived from the station's principal purpose or main operating activities. Expenditures for new equipment (specifically \$ 56,000 for a new broadcast operations computer system and \$ 20,000 toward a new transmitter) from funds raised in previous years for those specific purposes and a drop-off of almost \$ 70,000 in corporate giving contributed to the modest loss in net position.

WGLT-FM RADIO
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
For the Year Ended June 30, 2023

The following summarizes WGLT's financial activity for fiscal years ended June 30:

	2023	2022
Operating revenues		
Corporate giving	\$ 135,324	187,711
Business underwriting	265,551	268,912
Special fund-raising projects		37,355
Individual giving	383,657	366,520
Community service grants	155,185	159,063
Other grants	27,185	23,787
Miscellaneous income	3,805	
	<hr/>	<hr/>
Total operating revenues	970,707	1,043,348
Operating expenses		
Programming services:		
Programming and production	1,107,777	1,101,552
Broadcasting	217,211	186,956
Supporting services:		
Underwriting and grant solicitation	91,842	161,296
Fundraising and membership development	222,644	314,013
Management and general	247,698	263,844
	<hr/>	<hr/>
Total operating expenses	1,887,172	2,027,661
	<hr/>	<hr/>
Operating income (loss)	(925,515)	(984,313)
Non-operating revenues - net	918,563	942,534
Additions to endowments	1,000	1,000
	<hr/>	<hr/>
Change in net position	3,098	(40,779)
Net position – beginning	456,069	496,848
	<hr/>	<hr/>
Net position - ending	\$ 459,167	456,069
	<hr/>	<hr/>

WGLT-FM RADIO
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
For the Year Ended June 30, 2023

The following summarizes WGLT's assets, liabilities, and net position at June 30:

	2023	2022
Assets and Deferred Outflows of Resources		
Current assets	\$ 265,773	341,938
Capital assets, net	212,925	153,345
Other noncurrent assets	403,879	437,805
Deferred outflows of resources	17,346	16,783
Total Assets and Deferred Outflows	899,923	949,871
Liabilities and Deferred Inflows of Resources		
Current liabilities	110,495	126,513
Noncurrent liabilities	330,261	367,289
Net Position		
Net investment in capital assets	212,925	153,345
Nonexpendable restricted	149,518	499,348
Expendable restricted	44,167	38,526
Unrestricted	52,557	114,850
Total Liabilities, Deferred Inflows and Net Position	\$ 899,923	949,871

Economic Outlook

WGLT's mission statement reads: "WGLT aspires to be McLean County's first and most trusted destination for local news. We aim to earn and maintain the trust of our community with consistent, high quality and timely content and coverage. From the Illinois State University campus, WGLT will serve as a training ground for the journalists of tomorrow in every facet of our news operation leading with the understanding that independent journalism is the foundation of a thriving democracy. We will innovate in all areas of our business to remain financially sustainable so that we may serve a dynamic, thriving, and diverse community."

With the collapse of local newspapers in the United States, there is a great opportunity and greater expectation for public radio stations – especially those in small and mid-sized communities – to become the journalistic entity of record within those communities. WGLT is poised to meet that challenge, having tripled the size of its news staff in a relatively short time, and the increase in the website visitors indicates the station is making a greater impact than ever before.

There are several reasons to be optimistic about WGLT's future. Aside from two pandemic-impacted years, the station has now run as a break-even operation since 2016, with levers in place to expand and contract service and expenditures as opportunity or necessity dictate. The agreement with Bradley University/WCBU has served to stabilize both stations. But the biggest reason for optimism remains the continued growth we've seen in our user base, especially online, over the past several years. Quite simply, WGLT's services are reaching more people than ever. The service is proving its value to our community, and our job will be to continue to secure the financial support required to maintain and expand that service.

WGLT-FM RADIO
(A Licensee of Illinois State University)

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
For the Year Ended June 30, 2023

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of public radio station WGLT's finances and to account for the funding it receives. It is also intended to help the reader better understand the changes in the financial statement format. Additional details can be requested by mail at the following address:

WGLT
Illinois State University
Campus Box 8910
Normal, IL 61790-8910

WGLT-FM RADIO**STATEMENTS OF NET POSITION****June 30, 2023 and 2022**

	2023	2022
<u>ASSETS</u>		
Current assets:		
Interest in pooled cash	\$ 202,696	240,856
Accounts receivable	54,027	86,982
Promises to give - current portion	9,050	14,100
Total current assets	265,773	341,938
Noncurrent assets:		
Promises to give - less current portion		5,350
Interest in endowment fund investments	155,296	152,799
Property and equipment	871,823	769,795
Less: accumulated depreciation	(658,898)	(616,450)
Right of use asset, net of accumulated amortization	248,583	279,656
Total noncurrent assets	616,804	591,150
TOTAL ASSETS	882,577	933,088
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	17,346	16,783
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 899,923	949,871

(continued)

WGLT-FM RADIO**STATEMENTS OF NET POSITION (Continued)****June 30, 2023 and 2022**

	2023	2022
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,534	28,050
Unearned income	67,589	63,607
Lease liability - current portion	32,372	34,856
Total current liabilities	110,495	126,513
Noncurrent liabilities:		
Accrued vacation and sick pay	120,413	125,070
Lease liability - less current portion	209,848	242,219
Total noncurrent liabilities	330,261	367,289
TOTAL LIABILITIES	440,756	493,802
<u>NET POSITION</u>		
Net investment in capital assets	212,925	153,345
Restricted for:		
Expendable facilities and equipment	35,175	35,075
Expendable other grants	3,214	
Expendable endowment	5,778	3,451
Nonexpendable endowment	149,518	149,348
Unrestricted	52,557	114,850
TOTAL NET POSITION	459,167	456,069
TOTAL LIABILITIES AND NET POSITION	\$ 899,923	949,871

See Notes to Financial Statements.

WGLT-FM RADIO**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION****Years ended June 30, 2023 and 2022**

	2023	2022
Operating revenues:		
Corporate giving	\$ 135,324	187,711
Business underwriting	265,551	268,912
Special fund-raising projects		37,355
Individual giving	383,657	366,520
Corporation for Public Broadcasting - community service grants	155,185	159,063
Illinois Arts Council - public broadcasting grants	19,971	23,787
Other grants	7,214	
Miscellaneous income	3,805	
	<u>970,707</u>	<u>1,043,348</u>
Total operating revenue		
Operating expenses:		
Program services:		
Programming and production:		
National	238,318	274,499
Local and other	869,459	827,053
Broadcasting	217,211	186,956
Supporting services:		
Underwriting and grant solicitation	91,842	161,296
Fundraising and membership development	222,644	314,013
Management and general	247,698	263,844
	<u>1,887,172</u>	<u>2,027,661</u>
Total operating expenses		
Operating income (loss)	\$ <u>(916,465)</u>	<u>(984,313)</u>

(continued)

WGLT-FM RADIO**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)**
Years ended June 30, 2023 and 2022

	2023	2022
Non-operating revenues:		
General appropriations from Illinois State University	\$ 355,656	359,325
On-behalf of state	197,982	199,305
Contributed support from Illinois State University	38,500	
Donated facilities and administrative support from Illinois State University	277,634	337,803
Donated materials and other services	43,622	45,964
Unrealized gain on endowment funds	5,496	137
Loss on disposal of property and equipment	(327)	
Total non-operating revenues	918,563	942,534
Additions to endowments	1,000	1,000
Change in net position	3,098	(40,779)
Net position - beginning	456,069	496,848
Net position - ending	\$ 459,167	456,069

See Notes to Financial Statements.

WGLT-FM RADIO

STATEMENTS OF CASH FLOWS

Years ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Gifts and contributions	\$ 530,381	596,486
Business underwriting	311,006	272,193
Community service grants	145,488	150,735
Illinois Public Broadcasting grants	21,150	15,706
Other grants	7,214	
Transfer from (to) endowment	2,999	3,189
Miscellaneous income	3,805	
Payments to vendors	(432,322)	(588,070)
Payments to employees	(522,770)	(454,431)
	<u>66,951</u>	<u>(4,192)</u>
Net cash flows from operating activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from (to) Illinois State University		<u>(63,821)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of property and equipment	<u>(105,111)</u>	<u>(21,621)</u>
Net increase (decrease) in interest in pooled cash	(38,160)	(89,634)
Cash, beginning of year	<u>240,856</u>	<u>330,490</u>
Cash, end of year	<u>\$ 202,696</u>	<u>240,856</u>

(continued)

WGLT-FM RADIO

STATEMENTS OF CASH FLOWS (Continued)

Years ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (916,465)	(984,313)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Operating expenses arising from on-behalf payments and support from the University	671,790	697,128
Operating expenses arising from on-behalf payments from the State of Illinois	197,982	199,305
Operating expenses arising from in-kind contributions	43,622	45,964
Depreciation	45,204	44,442
Addition to endowment	1,000	1,000
Gain (loss) on investments	5,496	137
Transfer from other funds	(2,497)	3,052
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	32,955	3,281
Promises to give	10,400	3,900
Deferred outflows	(563)	(7,098)
Right of use asset	31,073	(279,656)
Increase (decrease) in:		
Accounts payable	(22,173)	8,000
Unearned income	3,982	(16,409)
Operating lease liability	(34,855)	277,075
Net cash flows from operating activities	\$ 66,951	(4,192)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
On-behalf contributions from the University for administrative support and occupancy	\$ 671,790	697,128
On-behalf contributions from the State of Illinois for the payment of employee fringe benefits	197,982	199,305
Donated materials, services, and equipment	43,622	45,964

See Notes to Financial Statements.

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1 - Summary of Operations

WGLT-FM Radio ("the Station") is a public telecommunications service operated by Illinois State University as a part of the School of Communications within the College of Arts and Sciences located at the University's campus in Normal, Illinois. The financial statements of the Station also include some accounts for the ISU Foundation, an Illinois not-for-profit corporation affiliated with Illinois State University. The ISU Foundation solicits funds in the name of and with the approval of the Station. Funds are distributed by the ISU Foundation in amounts determined and approved by the General Manager of the Station.

The Station is part of the 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 the University's financial statements. These financial statements present only WGLT-FM Radio, and do not purport to, and do not, present fairly the financial position of Illinois State University as of June 30, 2023, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Because the University is considered a political subdivision of the State of Illinois, the Station is considered to be a governmental unit. Therefore, the Station is exempt from federal and state income taxes.

Additionally, as a result of an agreement between Illinois State University and Bradley University, the Station assumed responsibility for managing day-to-day operations for WCBU-FM (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-FM Radio and must be used for WCBU operations. Bradley University remains WCBU's license holder and is responsible for ensuring they are FCC compliant.

The Station also assumed responsibility for managing day-to-day operations for the Illinois State University Vidette on July 1, 2021. All funds raised by the Vidette are segregated from those raised by WGLT-FM Radio and must be used for Vidette operations.

Note 2 - Significant Accounting Policies

Basis of Presentation: The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities. The Station follows the business type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of the Station's financial activities. The Station maintains the following fund type:

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2023

Note 2 - Significant Accounting Policies, continued

Basis of Presentation, continued

Proprietary Fund: For financial reporting purposes, the Station is considered a part of the University, and thus, like the University, is a special purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources management focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred.

The accounts of the Station are maintained internally in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting purposes into funds according to specified activities or objectives.

Pooled Cash: The University has pooled its cash and investments, except for certain funds that are required by bond resolution to be in separate accounts. Interest in pooled cash at June 30, 2023 represents the Station's share of this pooled cash. A summary of interest in pooled cash for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Held at Illinois State University	\$ 156,103	133,697
Held at Illinois State University Foundation	46,593	107,159
Total	<u>\$ 202,696</u>	<u>240,856</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.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or at the fair value at the date of donation in the case of gifts. In accordance with accounting principles generally accepted in the United States of America, 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 operating expense as incurred.

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023

Note 2 - Significant Accounting Policies, continued

Indirect/In-kind contributions of Services, Materials and Supplies: During the years ended June 30, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements totaled \$ 43,622 and \$ 45,964, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at its facilities.

Contributed materials, supplies, and facilities are recorded at their estimated fair value at the date of donation. The Station reports gifts of professional services, materials, and other nonmonetary contributions as revenue in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

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.

Contributed support from the State of Illinois consists of benefit contributions on behalf of the Station. The value of the on-behalf contributions recognized in the years ended June 30, 2023 and 2022 was \$ 197,982 and \$ 199,305, respectively.

Facilities allocated from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense on a prorated basis. Administrative support from the University consists of adjusted allocated financial and physical plant charges incurred by the University on behalf of the Station. See Note 7 for additional information.

Promises to Give: At various times during the year, the Friends of WGLT solicit promises to give on behalf of the Station. If these promises to give are not collected in a reasonable period, they are written off as uncollectible. Contributions and collected promises to give are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Station; if the contribution is for a specific purpose, then their usage is restricted for that purpose. Unconditional promises to give are recognized as revenue when the promise is received. Conditional promises are not recognized until they become unconditional, that is, in the period in which the conditions on which they depend are substantially met.

Accounts Receivable: Accounts receivable represents uncollected underwriting revenue and are carried at fair value. Receivables are recorded when revenue is earned and are presented net of any allowance for doubtful accounts. The Station believes all receivables are collectible. A provision for uncollectible accounts has not been recorded.

Net Position: The Station's net position is classified as follows:

Net investment in capital assets: This represents the total investment in capital assets, net of accumulated depreciation.

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023

Note 2 - Significant Accounting Policies, continued

Net Position: The Station's net position is classified as follows, continued:

Restricted net position, non-expendable: Restricted non-expendable net position consists of endowments with specific restrictions requiring that the principal be invested and only the earnings be used.

Restricted net position, expendable: Restricted expendable net position includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represents resources that have not been restricted by external parties and are available for use by the Station. It is the Station's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for the purposes for which both restricted and unrestricted net position are available.

Revenue Recognition: The Station has classified its revenues as either operating or non-operating revenues as follows:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as providing educational programs, goods and production services to the public and private sector, and include most grants and contracts.

Non-operating revenue: Non-operating revenues include activities that have the characteristics of non-exchange transactions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting, and GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities - An Amendment of GASB Statement No. 34, such as state appropriations, investment income, and capital grants. Non-operating revenues include transactions relating to capital and financing activities, non-capital financing activities, and investing activities.

Restricted Support: The Station reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net positions are reclassified to unrestricted net position. The Station applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Advertising Costs: Advertising costs are expensed in the period in which they are incurred.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023

Note 2 - Significant Accounting Policies, continued

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 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.

New Accounting Standards: During the year ended June 30, 2023, the Station adopted Governmental Accounting Standards Board Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Station also adopted Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The Station has adopted these new standards retrospectively; however, implementation did not have a material impact on the Station's financial statements.

Note 3 - Compensated Absences

The liability for compensated absences at June 30, 2023 and 2022 was \$ 120,413 and \$ 125,070, 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. Sick leave hours earned prior to January 1, 1984 and after January 1, 1998 are not payable to the employees. However, one-half of the hours earned between January 1, 1984 and January 1, 1998 are payable to employees upon death, retirement, resignation, or termination.

Note 4 - Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying radio stations. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of the public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of the recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain the activities begun with CSGs awarded in prior years.

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

WGLT-FM RADIO**NOTES TO FINANCIAL STATEMENTS (Continued)****June 30, 2023****Note 4 - Grants, continued**

The grant period for the grant obtained during the year ended June 30, 2023 is October 1, 2022 through September 30, 2024. The Community Service Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grant Received	Expended		Unspent Funding Returned	Uncommitted Balance at June 30, 2023
		2022	2023		
2020	\$	23,473			
2021		36,148			
2022		99,442	51,294		
2023	145,488		103,891		41,597

The grant period for the grant obtained during the year ended June 30, 2021 is October 1, 2021 through September 30, 2023. The Community Service Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grant Received	Expended		Unspent Funding Returned	Uncommitted Balance at June 30, 2022
		2021	2022		
2020	\$	41,726	23,473		
2021		108,445	36,148		
2022	150,736		99,442		51,294

The Illinois Arts Council also provides a source of funding for the Station. The Grant period for the grant obtained during the year ended June 30, 2023 is October 1, 2022 through August 31, 2023. The purpose of this grant is to supplement the cost of operating and maintaining a public broadcasting station. The Illinois Public Broadcasting Grant received and expended during the most recent fiscal years were as follows:

Year of Grant	Grant Received	Expended		Unspent Funding Returned	Uncommitted Balance at June 30, 2023
		2022	2023		
2022	\$	7,472	12,313		
2023	21,150		7,658		13,492

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023

Note 4 - Grants, continued

The grant period for the grant obtained during the year ended June 30, 2022 is January 1, 2022 through August 31, 2022, and was received and expended as follows:

Year of Grant	Grant Received	Expended 2021	2022	Unspent Funding Returned	Uncommitted Balance at June 30, 2022
2021	\$		16,315	4,080	
2022	19,785		7,472		20,395

The above grants are recorded as revenue when the funding was expended. Funding received but not yet expended is considered unearned income. The Station had \$ 55,089 and \$ 63,607 in unearned income from unspent grant funds as of June 30, 2023 and 2022, respectively.

Note 5 - 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 the Station was \$ 1,700,539 and \$ 1,769,463 for the years ended June 30, 2023 and 2022, respectively.

WGLT-FM RADIO**NOTES TO FINANCIAL STATEMENTS (Continued)****June 30, 2023**

Note 6 - Property and Equipment

A summary of property and equipment activity for the year ended June 30, 2023, was as follows:

	June 30, 2023			June 30, 2022
	Ending	Additions	Reductions	Ending
	Balance			Balance
Building improvement	\$ 24,083			24,083
Transmitters, antenna and towers	381,224	60,000		321,224
Studios and other broad-casting equipment	262,948	45,111	(3,083)	220,920
Furniture and fixtures	203,568			203,568
Total	871,823	105,111	(3,083)	769,795
Less accumulated depreciation:				
Building improvements	11,038	899		10,139
Transmitters, antenna and towers				244,883
Studio and other broad-casting equipment	261,931	17,048		
Furniture and fixtures	182,411	27,063	(2,756)	158,104
	203,518	194		203,324
Total	658,898	45,204	(2,756)	616,450
Property and equipment, net	\$ 212,925	59,907	(327)	153,345

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2023

Note 6 - Property and Equipment, continued

A summary of property and equipment activity for the year ended June 30, 2022, was as follows:

	June 30, 2022 Ending Balance	Additions	Reductions	June 30, 2021 Ending Balance
Building improvement	\$ 24,083			24,083
Transmitters, antenna and towers	321,224			321,224
Studios and other broad- casting equipment	220,920	21,621	1,857	201,156
Furniture and fixtures	203,568			203,568
Total	769,795	21,621	1,857	750,031
Less accumulated depreciation:				
Building improvements	10,139	900		9,239
Transmitters, antenna and towers	244,883	17,515		227,368
Studio and other broad- casting equipment	158,104	25,738	1,857	134,223
Furniture and fixtures	203,324	289		203,035
Total	616,450	44,442	1,857	573,865
Property and equipment, net	\$ 153,345	(22,821)	-	176,166

Depreciation expense for the years ended June 30, 2023 and 2022 was \$ 45,204 and \$ 44,442, respectively.

Note 7 - Indirect Administrative Support

Indirect support from other state agencies consists of allocated institutional support and physical plant costs incurred by the State for which the Station receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses, and Changes in Net Position as indirect administrative support and also as expense in functional expense categories. Indirect support was calculated using a standard method, based on institutional support and physical plant support of ISU (the Licensee) and the operating expenses of the Station. The value of this support included in the Statement of Revenues, Expenses, and Changes in Net Position was \$ 277,634 and \$ 337,804 for the years ended June 30, 2023 and 2022, respectively.

Note 8 - State Appropriations

This classification includes financial resources provided to the Station through budgetary authorizations of the State Assembly. State appropriations utilized during the fiscal year ended June 30, 2023 and June 30, 2022 totaled \$ 355,656 and \$ 359,325, respectively.

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2023

Note 9 - Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description: The Station contributes to the State Universities Retirement System (SURS) of Illinois, 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. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2022 can be found in the financial Section of SURS ACFR.

Contributions: The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2022 and 2023 respectively, was 12.32% and 12.83% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2023

Note 9 - Defined Benefit Pension Plans, continued

General Information about the Pension Plan, continued

Pension Expense: For the year ended June 30, 2023, the Station recognized SURS pension expense of \$ 17,346 (2022 - \$ 16,783).

The Station participates in SURS by virtue of being part of Illinois State University; however, pension liabilities are not reported herein. See the University's Financial audit report for the full disclosure.

Note 10 - Other Post-employment Benefits

General Information on the Post-Employment Plan

Plan Description: The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the Station's full-time employees are members of SEGIP. Members receiving monthly benefits from SURS are eligible for these other post-employment benefits (OPEB). The eligibility provisions for SURS are defined within Note 9.

The Department of Central Management Services (CMS) administers these benefits for annuitants with the assistance of SURS. The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits Provided: The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the Station's employees in accordance with limitations established by the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes \$ 5,000.

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued) June 30, 2023

Note 10 - Other Post-employment Benefits, continued

General Information on the Post-Employment Plan

Funding Policy and Annual OPEB Cost: OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in SURS, do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date.

The Director of CMS shall, on an annual basis, determines the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefits and a separate trust has not been established for the funding of OPEB.

For fiscal year 2023, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was \$ 12,636 (\$ 6,990 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$ 14,646 (\$ 5,882 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

The Station participated in SURS OPEB by virtue of being part of the Illinois State University; however, OPEB liabilities are not recorded herein. See the University's Financial audit report for the full disclosure.

Note 11 - On-behalf Payments

The State of Illinois paid the following benefits and contributions on-behalf of the Station, and included these payments in their revenue and expenses:

	2023	2022
Benefits	\$ 180,636	182,522
SURS contributions	17,346	16,783
Total	<u>\$ 197,982</u>	<u>199,305</u>

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023

Note 12 - Radio Tower Lease

The Station has a license agreement with High Rise Communications for space on their radio tower to operate the Station's transmitter and antenna. The lease terms require annual payments due on July 31st and terminates June 30, 2026, with the option to renew for an additional five years. Annual implied interest expense was calculated using an incremental borrowing rate of 4%. Lease payments were \$ 37,700 and \$ 35,000 for the years ended June 30, 2023 and 2022, respectively. The lease liability at June 30, 2023 and 2022 was \$ 242,220 and \$ 277,075, respectively. The right-to-use asset under the lease is \$ 248,583 (\$310,729 less accumulated amortization of \$ 62,146) at June 30, 2023 and \$ 279,656 (\$ 310,729 less accumulated amortization of \$ 31,073) at June 30, 2022.

Future maturities for this lease are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 32,372	4,042	36,414
2025	31,750	5,393	37,143
2026	31,140	6,746	37,886
2027	30,557	8,107	38,664
2028	29,954	9,463	39,417
Thereafter	86,447	36,596	123,043
Total	\$ 242,220	70,347	312,567

Note 13 - Endowment Funds

During fiscal year 2012, three endowment funds were created for the Station through the Illinois State University (ISU) Foundation. The Station endowment funds are pooled with the ISU Endowment Fund and are tracked as separate units of the Fund. The ISU Endowment Fund is a diversified portfolio consisting of equities, fixed income, and alternative investment strategies, with the objective of growing assets and income at a rate in excess of inflation and distributions. Required disclosure about the fair value of the investments is contained in the separate Illinois State University Foundation Financial Statements and Independent Auditors' Report, June 30, 2023 and 2022, which can be obtained from the ISU Foundation. The Station has the following endowment agreements:

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2023

Note 13 - Endowment Funds, continued

WGLT Future Endowment Fund: This fund is fully funded with an estate gift in the amount of \$ 20,000. It will be used for the general operating expenses of the Station as determined by the General Manager of WGLT in consultation with the Executive Director of the School of Communication. Fund activity was as follows:

	2023	2022
Beginning balance	\$ 72,946	74,215
Contributions	1,000	1,000
Expenses	(1,736)	(2,307)
Unrealized gains	2,676	38
Ending balance	<u>\$ 74,886</u>	<u>72,946</u>

Albert Attaway Fund: This fund was created through a transfer of a pre-existing endowment in the College of Business. The funds will be used for the general operating costs of the Station as determined by the fiscal agent for the Station, including, but not limited to, the maintenance and enhancement of the Station music library. Fund activity was as follows:

	2023	2022
Beginning balance	\$ 39,607	39,982
Expenses	(495)	(422)
Unrealized gains	1,347	47
Ending balance	<u>\$ 40,459</u>	<u>39,607</u>

Sutherland Endowment: This fund was established with initial contributions of \$ 10,000, and became fully endowed in FY14 when all gifts to the fund met the minimum funding level of \$ 20,000. Funds from this endowment will be used for the general operating costs of the Station as determined by the fiscal agent for the Station. Fund activity was as follows:

	2023	2022
Beginning balance	\$ 40,246	41,654
Contributions		
Expenses	(1,768)	(1,460)
Unrealized gains	1,473	52
Ending balance	<u>\$ 39,951</u>	<u>40,246</u>

WGLT-FM RADIO

NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2023

Note 13 - Endowment Funds, continued

Endowment funds are divided into expendable and nonexpendable as follows:

	<u>Expendable</u>	<u>Nonexpendable</u>	<u>Total</u>
WGLT Future Endowment Fund	\$ 1,871	73,015	74,886
Albert Attaway Fund	3,907	36,552	40,459
Sutherland Endowment		39,951	39,951
Total	<u>\$ 5,778</u>	<u>149,518</u>	<u>155,296</u>

Note 14 - Subsequent Events

The Station has evaluated events occurring subsequent to June 30, 2023 as to their potential impact to the financial statements through February 8, 2024, which is the date the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

WGLT-FM RADIO**STATEMENT OF FUNCTIONAL EXPENSES****Year ended June 30, 2023**

	Program Services			Total Program Services
	Programming & Production		Broadcasting	
	National	Local & Other		
Salaries	\$ -	487,700	24,920	512,620
Employee benefits		176,218	10,696	186,914
Consulting fees		167		167
Professional fees		180	405	585
Occupancy	27,763	138,817	64,501	231,081
Production costs		2,552	27,861	30,413
Programming costs	187,953	14,897	118	202,968
Promotional costs				-
Repairs and maintenance			61	61
Equipment expense			70,423	70,423
Memberships		5,946	12,758	18,704
Subscriptions		14,285		14,285
Postage				-
Printing				-
Telephone			5,390	5,390
Auto expense				-
Travel		1,171		1,171
Advertising				-
Other		4,924	78	5,002
Bank charges				-
Supplies				-
Totals before depreciation	215,716	846,857	217,211	1,279,784
Depreciation expense	22,602	22,602		45,204
Total expenses	\$ 238,318	869,459	217,211	1,324,988

Total Supporting Services				
Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
53,027	112,650	120,295	285,972	798,592
7,067	29,940	42,137	79,144	266,058
		18,064	18,064	18,231
1,756	421	8,438	10,615	11,200
27,763	27,763	27,763	83,289	314,370
	13,684		13,684	44,097
994			994	203,962
	939		939	939
		1,028	1,028	1,089
			-	70,423
	8,448	3,295	11,743	30,447
			-	14,285
2	1,084		1,086	1,086
	4,313		4,313	4,313
		2,080	2,080	7,470
		224	224	224
	2,212	180	2,392	3,563
	17,565	16,550	34,115	34,115
1,233	3,625	4,645	9,503	14,505
		1,999	1,999	1,999
		1,000	1,000	1,000
91,842	222,644	247,698	562,184	1,841,968
			-	45,204
91,842	222,644	247,698	562,184	1,887,172

WGLT-FM RADIO

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	Program Services			Total Program Services
	Programming & Production		Broadcasting	
	National	Local & Other		
Salaries	\$ -	419,695	43,971	463,666
Employee benefits		135,792	6,981	142,773
Consulting fees				-
Professional fees			1,757	1,757
Occupancy	33,780	168,902	69,020	271,702
Production costs	1,245	3,736		4,981
Programming costs	205,868	12,922		218,790
Promotional costs				-
Repairs and maintenance			850	850
Equipment expense			38,825	38,825
Memberships		33,512	8,873	42,385
Subscriptions		13,151	1,818	14,969
Postage				-
Printing				-
Telephone			3,476	3,476
Auto expense				-
Travel		1,184		1,184
Advertising				-
Other	11,385	15,938	11,385	38,708
Bank charges				-
Supplies				-
Totals before depreciation	252,278	804,832	186,956	1,244,066
Depreciation expense	22,221	22,221		44,442
Total expenses	\$ 274,499	827,053	186,956	1,288,508

Total Supporting Services				
Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
88,687	108,142	118,751	315,580	779,246
25,500	32,688	38,773	96,961	239,734
		23,013	23,013	23,013
432	9,560	9,810	19,802	21,559
33,780	33,780	33,780	101,340	373,042
	44,043	1,000	45,043	50,024
994	1,641		2,635	221,425
	35,624		35,624	35,624
		2,571	2,571	3,421
			-	38,825
	12,485		12,485	54,870
	887	183	1,070	16,039
3	564		567	567
	5,965		5,965	5,965
		2,695	2,695	6,171
		703	703	703
			-	1,184
	8,500	13,880	22,380	22,380
11,900	20,134	16,288	48,322	87,030
		1,689	1,689	1,689
		708	708	708
161,296	314,013	263,844	739,153	1,983,219
			-	44,442
161,296	314,013	263,844	739,153	2,027,661



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

Management and Station Manager
WGLT-FM Radio
Illinois State University
Campus Box 8910
Normal, Illinois 61790-8910

In planning and performing our audit of the financial statements of the business-type activities of WGLT-FM Radio (the Station) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be material weaknesses:

- Preparation of Financial Statements and Disclosures: Management has the ultimate responsibility for the Station's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The Station engages MCK to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, MCK cannot be considered part of the Station's internal control. As part of its internal control over the preparation of its financial statements, including disclosures, the Station has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are complete and accurate.

Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the Station's activities and operations.

- Internal Controls Over Financial Accounting Process: The Station maintains their accounting records on the cash basis of accounting. While the Station maintains controls over the processing of most accounting transactions, there is a lack of recording GAAP basis year-end accounting entries. The Station provided the auditors with the information to record various items, but does not record these items themselves, such as:
 - Accounts receivable and accounts payable;
 - In-kind donations, from both the University and other outside donors;
 - Salaries and employee benefits paid by University general appropriations; and
 - Fixed asset purchases and disposals

In addition, the Station's process regarding the completion of bank reconciliations for cash accounts, in particular those held by the Illinois State University Foundation, has resulted in reconciliations which do not agree with Illinois State University Foundation balances. The Station should amend this process to include confirmation of the monthly ending cash balances with the Illinois State University Foundation before performing the bank reconciliations.

- Incomplete Accounting Records: The Station has various funds held with both Illinois State University and the Illinois State University Foundation. The Station maintains its own accounting records to combine the information from these multiple sources for its report; however, the accounting records were incomplete, resulting in the need for the auditors to record various receipt and expenditure items. The Station should endeavor to ensure all funds held across Illinois State University and the Illinois State University Foundation are recorded in their accounting records, including all grant funds and endowment funds.

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.

This communication is intended solely for the information and use of management and the Station Manager, and others within the Station, and is not intended to be, and should not be, used by anyone other than these specified parties.

MCK CPAs & Advisors