

WCBU-FM

ANNUAL FINANCIAL REPORT

For the fiscal year ended May 31, 2023



WCBU-FM

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INDEPENDENT AUDITORS' REPORT

WCBU-FM
Peoria, Illinois

Opinion

We have audited the accompanying financial statements of WCBU-FM (Bradley University licensee), which comprise the statements of financial position as of May 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities 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 WCBU-FM 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 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, 2023 and 2022, 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.

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 WCBU-FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 the entity'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 WCBU-FM'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.

MCK CPAs & Advisors

Bloomington, Illinois
January 8, 2024

WCBU-FM**STATEMENTS OF FINANCIAL POSITION****May 31, 2023 and 2022**

	2023	2022
<u>ASSETS</u>		
Current assets:		
Interest in pooled cash	\$ 278,989	284,097
Accounts receivable	19,855	29,737
Prepaid expenses	6,446	10,145
Total current assets	305,290	323,979
Noncurrent assets:		
Interest in endowment fund investments	427,417	442,051
Property and equipment	727,625	686,755
Less: accumulated depreciation	(530,510)	(509,666)
Total noncurrent assets	624,532	619,140
TOTAL ASSETS	929,822	943,119
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Deferred revenue	358	3,371
Accounts payable and accrued expense	44,433	13,616
Accrued vacation and sick pay	43,270	49,306
Total current liabilities	88,061	66,293
Long-term liabilities:		
Due to Bradley University	810,529	810,529
Total liabilities	898,590	876,822
Net Assets:		
Without donor restrictions	(425,606)	(376,966)
With donor restrictions	456,838	443,263
Total net assets	31,232	66,297
TOTAL LIABILITIES AND NET ASSETS	\$ 929,822	943,119

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF ACTIVITIES
Year ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
On-behalf of state - general	\$ 79,770		79,770
Business underwriting	217,867		217,867
Donated facilities and administrative support from Bradley University	133,656		133,656
Donated materials and other services	25,955		25,955
Corporate giving	38,608		38,608
Individual giving	383,280		383,280
Government grants	118,037	19,000	137,037
Unrealized loss on endowment funds	(14,634)		(14,634)
Interest and dividends on endowment funds	10,300	8,575	18,875
Other income	226		226
Net assets released from restrictions:			
Restrictions satisfied by payments	14,000	(14,000)	-
Total support and revenue	1,007,065	13,575	1,020,640
Expenses:			
Program services:			
Programming and production:			
National	192,084		192,084
Local and other	500,549		500,549
Broadcasting	68,848		68,848
Supporting services:			
Underwriting and grant solicitation	121,802		121,802
Fundraising and membership development	68,965		68,965
Management and general	103,457		103,457
Total expenses	1,055,705	-	1,055,705
Decrease in net assets	(48,640)	13,575	(35,065)
Net assets, beginning of year	(376,966)	443,263	66,297
Net assets, end of year	\$ (425,606)	456,838	31,232

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF ACTIVITIES
Year ended May 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
On-behalf of state - general	\$ 99,630		99,630
Business underwriting	227,375		227,375
Donated facilities and administrative support from Bradley University	130,821		130,821
Donated materials and other services	13,455		13,455
Corporate giving	35,933		35,933
Individual giving	325,931		325,931
Government grants	129,492		129,492
Other grants		14,000	14,000
Unrealized loss on endowment funds	(60,147)		(60,147)
Interest and dividends on endowment funds	10,569	8,526	19,095
Loss on disposal of property and equipment	(1,746)		(1,746)
Other income	680		680
Net assets released from restrictions:			
Restrictions satisfied by payments	-	-	-
Total support and revenue	911,993	22,526	934,519
Expenses:			
Program services:			
Programming and production:			
National	211,932		211,932
Local and other	515,775		515,775
Broadcasting	42,716		42,716
Supporting services:			
Underwriting and grant solicitation	133,164		133,164
Fundraising and membership development	82,764		82,764
Management and general	118,946		118,946
Total expenses	1,105,297	-	1,105,297
Increase (decrease) in net assets	(193,304)	22,526	(170,778)
Net assets, beginning of year	(183,662)	420,737	237,075
Net assets, end of year	\$ (376,966)	443,263	66,297

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2023

	Program Services			Total Program Services
	Programming & Production		Broadcasting	
	National	Local & Other		
Salaries	\$	285,605	759	286,364
Employee benefits		95,805	361	96,166
Consulting				-
Professional fees		167		167
Occupancy - in-kind	13,366	66,828	13,365	93,559
Production costs		441	6,836	7,277
Programming costs	165,744	9,618	76	175,438
Promotional costs				-
Training			41,287	41,287
Memberships	2,552	22,516	4,612	29,680
Subscriptions		3,978		3,978
Postage				-
Telephone		-		-
Travel		123		123
Advertising - in-kind				-
Other		5,046	1,552	6,598
Bank charges				-
Supplies				-
Totals before depreciation	181,662	490,127	68,848	740,637
Depreciation expense	10,422	10,422		20,844
Total expenses	\$ 192,084	500,549	68,848	761,481

See Notes to Financial Statements.

Total Supporting Services				
Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
76,056	36,364	20,304	132,724	419,088
30,926	7,824	7,266	46,016	142,182
		11,464	11,464	11,464
249		20,324	20,573	20,740
13,366	13,365	13,366	40,097	133,656
	1,452		1,452	8,729
		850	850	176,288
	3,695		3,695	3,695
			-	41,287
	3,934	905	4,839	34,519
			-	3,978
	313	-	313	313
		277	277	277
	18	28	46	169
		25,955	25,955	25,955
	586	2,546	3,132	9,730
1,205	1,414		2,619	2,619
		172	172	172
121,802	68,965	103,457	294,224	1,034,861
			-	20,844
121,802	68,965	103,457	294,224	1,055,705

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2022

	Program Services			
	Programming & Production			Total Program Services
	National	Local & Other	Broadcasting	
Salaries	\$	290,566	16,676	307,242
Employee benefits		109,346	1,483	110,829
Consulting				-
Professional fees				-
Occupancy	13,082	65,411	13,082	91,575
Programming costs	188,999	6,125		195,124
Promotional costs				-
Equipment expense			4,641	4,641
Memberships	1,245	26,233	6,834	34,312
Subscriptions		1,787		1,787
Postage				-
Printing				-
Telephone		728		728
Travel				-
Advertising				-
Other		6,972		6,972
Bank charges				-
Supplies				-
Totals before depreciation	203,326	507,168	42,716	753,210
Depreciation expense	8,606	8,607		17,213
Total expenses	\$ 211,932	515,775	42,716	770,423

See Notes to Financial Statements.

Total Supporting Services				
Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
65,960	35,031	40,572	141,563	448,805
33,437	11,554	8,348	53,339	164,168
		5,000	5,000	5,000
		28,163	28,163	28,163
13,082	13,082	13,082	39,246	130,821
			-	195,124
	2,234	250	2,484	2,484
			-	4,641
	485	331	816	35,128
	5,638		5,638	7,425
	52	2	54	54
	3,224		3,224	3,224
		327	327	1,055
		20	20	20
		13,455	13,455	13,455
20,661	6,979	8,849	36,489	43,461
24	4,485		4,509	4,509
		547	547	547
133,164	82,764	118,946	334,874	1,088,084
			-	17,213
133,164	82,764	118,946	334,874	1,105,297

See Notes to Financial Statements.

WCBU-FM

STATEMENTS OF CASH FLOWS

Years ended May 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (35,065)	(170,778)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	20,844	17,213
Net unrealized loss on endowment funds	14,634	60,147
Loss on disposal of equipment		1,746
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	9,882	(17,888)
(Increase) decrease in prepaid expenses	3,699	(969)
Increase in accounts payable and accrued expense	30,817	13,616
Increase (decrease) in accrued vacation and sick pay	(6,036)	3,852
Decrease in deferred revenue	(3,013)	(24,824)
Net cash flows from operating activities	35,762	(117,885)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of property and equipment	(40,870)	(4,950)
Net decrease in cash and cash equivalents	(5,108)	(122,835)
Interest in pooled cash, beginning of year	284,097	406,932
Interest in pooled cash, end of year	\$ 278,989	284,097

See Notes to Financial Statements.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS May 31, 2023 and 2022

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, 2023 or 2022, 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 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 records cash transactions and retains cash on behalf of WCBU. A summary of interest in pooled cash for the years ended May 31, 2023 and 2022 is as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 2 - Significant Accounting Policies, continued

	2023	2022
Held at Bradley University	\$ 116,241	148,839
Held at Illinois State University	47,139	39,473
Held at Illinois State University Foundation	115,609	95,785
Total	<u>\$ 278,989</u>	<u>284,097</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, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements totaled \$ 25,955 and \$ 13,455, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at its facilities. No amounts have been recognized in the Statement of Activities since the criteria for recognition have not been satisfied.

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 2 - Significant Accounting Policies, continued

Indirect/In-Kind Contributions of Services, Materials and Supplies, continued

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.

All donated services, materials, and supplies are used by the programs and supporting services of WCBU and are recognized as in kind contributions in the Statement of Activities and as occupancy and advertising in the Statement of Functional Expenses.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 2 - Significant Accounting Policies, continued

New Accounting Pronouncement: Effective June 1 2022, WCBU adopted the new guidance of Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. Topic 958 requires the presentation of contributed nonfinancial assets as a separate line item in the Statement of Activities, as well as disclosure of the disaggregated amount by type, disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period, and a description of the programs or other activities in which the assets were used. Topic 958 also requires disclosure of any donor-imposed restrictions and a description of valuation techniques.

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 \$ 930,047 and \$ 883,361 for the years ended May 31, 2023 and 2022, respectively.

Note 4 - Compensated Absences

The liability for compensated absences at May 31, 2023 and 2022 was \$ 43,270 and \$ 49,306, 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 5 - Property and Equipment

A summary of property and equipment activity for the year ended May 31, 2023, was as follows:

	May 31, 2022 Ending Balance	Additions	Reductions	May 31, 2023 Ending Balance
Studio improvement	\$ 174,378			174,378
Transmitters, antenna and towers	341,107			341,107
Studios and other broad- casting equipment	157,810	31,766		189,576
Furniture and fixtures	13,460	9,104		22,564
Total	686,755	40,870		727,625
Less accumulated depreciation:				
Studio improvements	22,523	8,719		31,242
Transmitters, antenna and towers	341,107			341,107
Studio and other broad- casting equipment	134,721	10,511		145,232
Furniture and fixtures	11,315	1,614		12,929
Total	509,666	20,844		530,510
Property and equipment, net	\$ 177,089	20,026		197,115

WCBU-FM**NOTES TO FINANCIAL STATEMENTS (Continued)**
May 31, 2023 and 2022**Note 5 - Property and Equipment, continued**

A summary of property and equipment activity for the year ended May 31, 2022, was as follows:

	May 31, 2021 Ending Balance	Additions	Reductions	May 31, 2022 Ending Balance
Studio improvement	\$ 174,378			174,378
Transmitters, antenna and towers	341,107			341,107
Studios and other broad-casting equipment	156,472	4,950	3,612	157,810
Furniture and fixtures	13,460			13,460
Total	685,417	4,950	3,612	686,755
Less accumulated depreciation:				
Studio improvements	13,804	8,719		22,523
Transmitters, antenna and towers	341,107			341,107
Studio and other broad-casting equipment	128,515	8,072	1,866	134,721
Furniture and fixtures	10,893	422		11,315
Total	494,319	17,213	1,866	509,666
Property and equipment, net	\$ 191,098	(12,263)	1,746	177,089

Depreciation expense for the years ended May 31, 2023 and 2022 was \$ 20,844 and \$ 17,213, 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 \$ 133,656 and \$ 130,821 for the years ended May 31, 2023 and 2022, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

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, 2023 and 2022 follows:

	2023	2022
Equities and Equity Mutual Funds	\$ 277,069	254,913
Fixed Income Securities	75,169	105,522
Alternative Investments	75,179	81,616
Total	<u>\$ 427,417</u>	<u>442,051</u>

Investment income of \$ 18,875 and \$ 19,095 is reported as interest and dividends on endowment funds in the statement of activities for the year ended May 31, 2023 and 2022, respectively. Unrealized net gain (loss) on investments of \$(14,634) and \$(60,147) for the years ended May 31, 2023 and 2022, 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, 2023 or 2022.

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, 2023 and 2022

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, 2023 consisted of \$ 427,417 in Endowment fund investments and \$ 111,909 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 \$ 539,326. Endowment assets as of May 31, 2022 consisted of \$ 442,051 in Endowment fund investments and \$ 99,188 in interest in pooled cash, for a total of \$ 541,239.

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 7 - Investments, continued

The endowment net asset composition by type of fund as of May 31, 2023 and 2022 was as follows:

May 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds:			
Accumulated investment gains	\$ 21,466		21,466
Unrealized investment gains	81,850		81,850
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		345,567	345,567
Accumulated investment gains		90,443	90,443
Total	\$ 103,316	436,010	539,326
May 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds:			
Accumulated investment gains	\$ 17,172		17,172
Unrealized investment gains	96,632		96,632
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		82,016	82,016
Total	\$ 113,804	427,435	541,239

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 7 - Investments, continued

The changes in endowment net assets for the years ended May 31, 2023 and 2022 were as follows:

May 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 113,804	427,435	541,239
Investment return, net			
Investment income	10,300	8,575	18,875
Amount appropriated for expenditure	(6,154)		(6,154)
Net appreciation (depreciation)	(14,634)		(14,634)
Endowment net assets - end of year	\$ 103,316	436,010	539,326
May 31, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 173,971	418,909	592,880
Investment return, net			
Investment income	10,569	8,526	19,095
Amount appropriated for expenditure	(10,589)		(10,589)
Net appreciation (depreciation)	(60,147)		(60,147)
Endowment net assets - end of year	\$ 113,804	427,435	541,239

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

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, 2023 and 2022:

	Fair Value at 5/31/2023	Level 1	Level 2	Level 3
Equities and Equity Mutual Funds	\$ 277,069	277,069		
Fixed Income Securities	75,169	75,169		
Alternative Investments	75,179	75,179		
Total assets at fair value	\$ 427,417	427,417		
	Fair Value at 5/31/2022	Level 1	Level 2	Level 3
Equities and Equity Mutual Funds	\$ 254,913	254,913		
Fixed Income Securities	105,522	105,522		
Alternative Investments	81,616	81,616		
Total assets at fair value	\$ 442,051	\$442,051		

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

Note 9 - Net Assets with Donor Restrictions

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

	2023	2022
Endowments:		
Subject to expenditure for specified purpose:		
Equipment acquisition, maintenance, and programming	\$ 90,443	82,016
Subject to endowment spending policy and appropriation:		
Programming and operations	345,567	345,419
Total endowments	436,010	427,435
Grants:		
Subject to expenditure for specified purpose:		
Reporter salary	19,000	14,000
Other:		
Subject to expenditure for specified purpose:		
Equipment acquisition, maintenance, and programming	1,828	1,828
Total net assets with donor restrictions	\$ 456,838	443,263

Note 10 - Liquidity and Availability

WCBU has \$ 305,290 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 \$ 103,316 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

WCBU is the licensee of Bradley University, as mentioned in Note 1. The payable to Bradley University represents the costs incurred by Bradley University in support of WCBU programs and activities. As of May 31, 2023 and 2022, the balance is \$ 810,529 and is not expected to be repaid currently.

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2023 and 2022

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, 2023 and 2022 was \$ 25,955 and \$ 13,455, 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, 2023 and 2022 was \$ 79,770 and \$ 99,630, respectively.

Note 13 - Subsequent Events

WCBU has evaluated events occurring subsequent to May 31, 2023 as to their potential impact to the financial statements through January 8, 2024, which is the date the financial statements were available to be issued.