

WCBU-FM

ANNUAL FINANCIAL REPORT

May 31, 2020



WCBU-FM

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May 31, 2020

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INDEPENDENT AUDITORS' REPORT

WCBU-FM
Peoria, Illinois

We have audited the accompanying financial statements of WCBU-FM (Bradley University licensee), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCBU-FM as of May 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of Bradley University 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, 2020 and 2019, 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.

Prior Period Financial Statements

The financial statements of WCBU-FM as of May 31, 2019, were audited by other auditors whose report dated December 13, 2019, expressed an unmodified opinion on those statements.

MCK CPAs & Advisors

Bloomington, Illinois
January 13, 2021

WCBU-FM

STATEMENTS OF FINANCIAL POSITION
May 31, 2020 and 2019

	2020	2019
<u>ASSETS</u>		
Current assets:		
Interest in pooled cash	\$ 120,345	
Accounts receivable	109,557	136,034
Prepaid expenses	8,162	16,859
	<hr/>	<hr/>
Total current assets	238,064	152,893
Noncurrent assets:		
Interest in endowment fund investments	401,503	409,871
Property and equipment	667,460	623,759
Less: accumulated depreciation	(477,848)	(620,147)
	<hr/>	<hr/>
Total noncurrent assets	591,115	413,483
	<hr/>	<hr/>
TOTAL ASSETS	829,179	566,376
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Deferred revenue	54,287	70,938
Accrued vacation and sick pay	19,827	
Due to WGLT-FM Radio	2,235	
	<hr/>	<hr/>
Total current liabilities	76,349	70,938
Long-term liabilities:		
Due to Bradley University	686,552	561,340
	<hr/>	<hr/>
Total liabilities	762,901	632,278
Net Assets:		
Without donor restrictions	(347,225)	(471,933)
With donor restrictions	413,503	406,031
	<hr/>	<hr/>
Total net assets	66,278	(65,902)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 829,179	566,376
	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF ACTIVITIES

Year ended May 31, 2020

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

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF ACTIVITIES

Year ended May 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
Contributions	\$ 591,995		591,995
Government grants	252,905		252,905
University support	354,810		354,810
Unrealized gain (loss) on endowment funds	(14,226)		(14,226)
Other income	69,982	7,195	77,177
			<hr/>
Total support and revenue	1,255,466	7,195	1,262,661
			<hr/>
Expenses:			
Program services:			
Programming and production			
Broadcasting	566,831		566,831
Information and promotion	94,865		94,865
Supporting services:	9,447		9,447
Fundraising and membership development			
Management and general	335,519		335,519
	157,360		157,360
			<hr/>
Total expenses	1,164,022	-	1,164,022
			<hr/>
Increase in net assets	91,444	7,195	98,639
			<hr/>
Net assets, beginning of year	(563,377)	398,836	(164,541)
			<hr/>
Net assets, end of year	\$ (471,933)	406,031	(65,902)
			<hr/> <hr/>

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF FUNCTIONAL EXPENSES
Year ended May 31, 2020

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

See Notes to Financial Statements.

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

WCBU-FM

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2019

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Information and Promotion	
Salaries, payroll taxes, and employee benefits	\$ 181,683	70,528	6,749	258,960
Student wages	1,936	666	61	2,663
Postage	8	3		11
Telephone	329	113	10	452
Contractual	309,000	298	9	309,307
Repairs and maintenance	4,006	1,327	3	5,336
Dues and subscriptions	860			860
Marketing and promotion			621	621
Information technology	2,242			2,242
Bank card				-
Legal and accounting services	376	129	11	516
Indirect costs				-
Institutional support	50,561	17,380	1,580	69,521
Plant operations	8,096	2,783	253	11,132
Occupancy	1,946	669	61	2,676
Supplies	3,244	545	50	3,839
Printing and copying				-
Travel and entertainment	1,403	32	3	1,438
Gifts-in-kind				-
Trade outs				-
Totals before depreciation	565,690	94,473	9,411	669,574
Depreciation expense	1,141	392	36	1,569
Total expenses	\$ 566,831	94,865	9,447	671,143

See Notes to Financial Statements.

Total Supporting Services				
	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
\$	212,050	106,174	318,224	577,184
	2,239	1,150	3,389	6,052
	128	2,268	2,396	2,407
	381	219	600	1,052
	1,112	177	1,289	310,596
	120	62	182	5,518
		1,460	1,460	2,320
	(96)	139	43	664
		95	95	2,337
	6,479	88	6,567	6,567
	435	3,146	3,581	4,097
		3,129	3,129	3,129
	58,461	30,021	88,482	158,003
	9,361	4,807	14,168	25,300
	2,250	1,155	3,405	6,081
	2,047	1,090	3,137	6,976
	2,489	789	3,278	3,278
	5,304	713	6,017	7,455
	1,248		1,248	1,248
	30,191		30,191	30,191
	334,199	156,682	490,881	1,160,455
	1,320	678	1,998	3,567
\$	335,519	157,360	492,879	1,164,022

WCBU-FM

STATEMENTS OF CASH FLOWS
Years ended May 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 132,180	98,639
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	9,308	3,567
Net unrealized (gain) loss on endowment funds	8,368	14,226
(Gain) loss on disposal of equipment	543	
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	26,477	(17,193)
(Increase) decrease in prepaid expenses	8,697	7,304
Increase (decrease) in accrued vacation and sick pay	19,827	
Increase (decrease) in deferred revenue	(16,651)	(47,209)
Net cash flows from operating activities	188,749	59,334
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from (to) Bradley University	125,212	(59,334)
Proceeds from (to) WGLT-FM Radio	2,235	
Net cash flows from non-capital financing activities	127,447	(59,334)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of property and equipment	(195,851)	
Net increase (decrease) in cash and cash equivalents	120,345	-
Cash, beginning of year	-	-
Cash, end of year	\$ 120,345	-

See Notes to Financial Statements.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS May 31, 2020

Note 1 - Summary of Operations

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

WCBU is part of Bradley University as a whole and Illinois State University as a whole, and as such, for financial reporting purposes the financial balances and activities included in these financial statements are also included in Bradley University's and Illinois State University's financial statements. These financial statements present only WCBU, and do not purport to, and do not, present fairly the financial positions of Bradley University or Illinois State University as of May 31, 2020 or 2019, 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 WCBU employees are now employees of Illinois State University and are part of WGLT's organization chart. All funds raised by WCBU are segregated from those raised by WGLT and must be used for WCBU operations. Bradley University remains WCBU's license holder and is responsible for ensuring the station is FCC compliant.

Note 2 - Significant Accounting Policies

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

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

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

Interest in pooled cash: Illinois State University has pooled its cash, including accounts held for WCBU operations. Bradley University also performs and records cash transactions and retains cash on behalf of WCBU. The receivable or payable from Bradley University presented on the statement of financial position generally represents cash for the purpose of supporting WCBU operations.

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 cash, and at the day of purchase, have a maturity date no longer than 90 days.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2020

Note 2 - Significant Accounting Policies, continued

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.

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, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements totaled \$ 20,310 and \$ 1,248, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at its facilities.

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

Accounts receivable: Accounts receivable represents uncollected underwriting revenue and the Endowment investment spending amount balance held by Bradley University on behalf of WCBU. See Note 7 for additional information.

Pensions and Other Postemployment Benefits (OPEB): With the management agreement with WGLT, all WCBU employees are now 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.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2020

Note 2 - Significant Accounting Policies, continued

Impairment of Long-Lived Assets: WCBU reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

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.

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 \$ 593,584 and \$ 1,055,575 for the years ended May 31, 2020 and 2019, respectively.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued)
 May 31, 2020

Note 4 - Compensated Absences

The liability for compensated absences at May 31, 2020 and 2019 was \$ 19,827 and \$ -0-, 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 5 - Property and Equipment

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

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

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

A summary of property and equipment activity for the year ended May 31, 2019, was as follows:

	June 1, 2018 Beginning Balance	Additions	Reductions	May 31, 2019 Ending Balance
Transmitters, antenna and towers	341,107			341,107
Studios and other broad- casting equipment	264,078			264,078
Furniture and fixtures	18,574			18,574
Total	623,759			623,759
Less accumulated depreciation:				
Transmitters, antenna and towers	341,107			341,107
Studio and other broad- casting equipment	256,899	3,567		260,466
Furniture and fixtures	18,574			18,574
Total	616,580	3,567		620,147
Property and equipment, net	7,179	(3,567)		3,612

Depreciation expense for the years ended May 31, 2020 and 2019 was \$ 9,308 and \$ 3,567, 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. For the year ended May 31, 2020, indirect support was calculated using a standard method introduced by CPB during the year as a simpler alternative to the old method, based on institutional support and physical plant support of Bradley University (the Licensee) and the operating expenses of WCBU. For the year ended May 31, 2019, indirect support was calculated by Bradley University based on the net assignable square footage of the radio station, and a formula reflecting Bradley University operating expenses benefiting the station. The value of this support included in the Statement of Activities was \$ 63,530 and \$ 190,324 for the years ended May 31, 2020 and 2019, respectively.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2020

Note 7 - Investments

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

A summary of the fair values of WCBU's interest in endowment investments at May 31, 2020 and 2019 follows:

	2020	2019
Equities and Equity Mutual Funds	\$ 279,018	245,959
Fixed Income Securities	38,095	37,978
Alternative Investments	84,390	125,934
	<hr/>	
Total	\$ 401,503	409,871
	<hr/>	

Investment income of \$ 16,734 and \$ 16,114 is reported in interest and dividends on endowment funds in the statement of activities for the year ended May 31, 2020 and in other income in the statement of activities for the years ended May 31, 2019. Unrealized net gain (loss) on investments of \$ (8,368) and \$ (14,226) for the years ended May 31, 2020 and 2019, 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, 2020 or 2019.

Interpretation of Relevant Law: WCBU has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the historical cost 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, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts [or, if the fair value election has been made, including promises to give at fair value]) donated to the Endowment and (b) any 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 us in a manner consistent with the standard of prudence prescribed by UMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued)
 May 31, 2020

Note 7 - Investments, continued

- 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, 2020 consisted of \$ 401,503 in Endowment fund investments and \$ 91,163 in accounts receivable, the balance of the Endowment investment spending amount balance held by Bradley University on behalf of WCBU, for a total of \$ 492,666. Endowment assets as of May 31, 2019 consisted of \$ 409,871 in Endowment fund investments and \$ 114,292 in accounts receivable, for a total of \$ 524,163.

2020 endowment net asset composition by type of fund as of May 31, 2020 and 2019:

May 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds:			
Accumulated Investment Gains	\$ 25,501		25,501
Unrealized Investment Gains	56,085		56,085
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor		345,419	345,419
Accumulated Investment Gains		65,661	65,661
Total	\$ 81,586	411,080	492,666

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NOTES TO FINANCIAL STATEMENTS (Continued)
 May 31, 2020

Note 7 - Investments, continued

May 31, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds:			
Accumulated Investment Gains	\$ 56,102		56,102
Unrealized Investment Gains	64,453		64,453
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		58,189	58,189
Total	\$ 120,555	403,608	524,163

Changes in endowment net assets for the years ended May 31, 2020 and 2019:

May 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 120,555	403,608	524,163
Investment Return, Net			
Investment Income	9,262	7,472	16,734
Amount appropriated for expenditure	(39,863)		(39,863)
Net Appreciation (Depreciation)	(8,368)		(8,368)
Endowment Net Assets - End of Year	\$ 81,586	411,080	492,666
May 31, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 125,862	396,413	522,275
Investment Return, Net			
Investment Income	8,919	7,195	16,144
Net Appreciation (Depreciation)	(14,226)		(14,226)
Endowment Net Assets - End of Year	\$ 120,555	403,608	524,163

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2020

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.

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, 2020 and 2019:

	Fair Value at 5/31/2020	Level 1	Level 2	Level 3
Equities and Equity Mutual Funds	\$ 279,017	279,017		
Fixed Income Securities	38,096	38,096		
Alternative Investments:	84,390	84,390		
Total Assets as Fair Value	\$ 401,503	401,503		
	Fair Value at 5/31/2019	Level 1	Level 2	Level 3
Equities and Equity Mutual Funds	\$ 245,959	245,959		
Fixed Income Securities	37,978	37,978		
Alternative Investments:	125,934	125,934		
Total Assets as Fair Value	\$ 409,871	409,871		

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NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2020

Note 9 - Net Asset with Donor Restrictions

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

	<u>2020</u>	<u>2019</u>
Endowments:		
Subject to Expenditure for Specified Purpose:		
Equipment Acquisition, Maintenance, and Programming	\$ 65,661	58,189
Subject to NFP Endowment Spending Policy and Appropriation:		
Programming and Operations	<u>345,419</u>	<u>345,419</u>
Total Endowments	411,080	403,608
Other:		
Subject to Expenditure for Specified Purpose:		
Equipment Acquisition, Maintenance, and Programming	<u>2,423</u>	<u>2,423</u>
Total Net Assets with Donor Restrictions	<u>\$ 413,503</u>	<u>406,031</u>

No net assets were released from donor restrictions during the year.

Note 10 - Liquidity and Availability

WCBU has \$ 238,064 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 \$ 81,586 is subject to an annual spending rate up to 5% as described in Note 7. Although there is no intention to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of Bradley University's annual budget approval and appropriation), these amounts could be made available if necessary.

Note 11 - Related Parties

WGLT is the licensed manager of WCBU, as mentioned in Note 1. WGLT paid for equipment purchases and other expenses incurred by WCBU, resulting in a balance due to WGLT as of May 31, 2020 in the amount of \$ 2,235. There was no balance due as of May 31, 2019.

WCBU is the licensee of Bradley University, as mentioned in Note 1. The payable to Bradley University represents WCBU's interest in Bradley University's pooled cash. As of May 31, 2020 and 2019, the balance was in the amount of \$ 686,552 and \$ 561,340, respectively.

NOTES TO FINANCIAL STATEMENTS (Continued)
May 31, 2020

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.

A summary of the contributed support received in the years ended May 31, 2020 and 2019 was as follows:

The amount of donated materials and services recognized in the years ended May 31, 2020 and 2019 was \$ 20,310 and \$ 1,248, respectively.

Bradley University contributed professional services consisting of direct operating support and general administrative services. The value of these professional services recognized in the years ended May 31, 2020 and 2019 was \$ -0- and \$ 164,486, 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, 2020 and 2019 was \$ 38,178 and \$ -0-, respectively.

Note 13 - Subsequent Events

The spread of COVID-19, a novel strain of coronavirus, is altering the behavior of entities and individuals throughout the United States. The spread of COVID-19 has adversely impacted the local, regional, and national economies. The extent to which the coronavirus impacts WCBU's results will depend on future developments, which are highly uncertain and cannot be predicted. The future impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to WCBU.

WCBU has evaluated events occurring subsequent to May 31, 2020 as to their potential impact to the financial statements through January 13, 2021, which is the date the financial statements were available to be issued.