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Board of Trustees of University of Illinois
NPR Illinois
Springfield, Illinois

We have audited the financial statements of NPR Illinois, a public media entity operated by the University of Illinois (the University) as of and for the year ended June 30, 2024 and have issued our report thereon dated November 21, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards

Financial Statements

As stated in our engagement letter dated May 10, 2024, our responsibility, as described by professional standards, was to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Reporting on Internal Control and Compliance Matters

As part of our audit, we considered the internal control of NPR Illinois. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements were free of material misstatement, we performed tests of NPR Illinois' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objectives of our tests were not to provide an opinion on compliance with such provisions.

Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Our audit included obtaining an understanding of NPR Illinois and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to NPR Illinois or to acts by management or employees acting on behalf of NPR Illinois.

We performed the audit according to the planned scope and timing.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by NPR Illinois are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by NPR Illinois during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures affecting the financial statements. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter effective as of November 21, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to NPR Illinois' financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there was no such consultation with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as NPR Illinois' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the Board of Trustees and management of NPR Illinois and is not intended to be, and should not be, used by anyone other than these specified parties.

Eck, Schaffer + Punkle, LLP

Springfield, Illinois
November 21, 2024



FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2024 and 2023

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Independent Auditors' Report

Board of Trustees of University of Illinois
NPR Illinois
Springfield, Illinois

Opinion

We have audited the accompanying financial statements of NPR Illinois, a public media entity operated by the University of Illinois (the University), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise NPR Illinois' 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 respective financial position of NPR Illinois, as of June 30, 2024 and 2023, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements of NPR Illinois are intended to present the financial position, the changes in financial position, and cash flows of only NPR Illinois' portion of the University's financial position, the changes in financial position, and cash flows attributable to the transactions of NPR Illinois. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024 and 2023, the changes in its financial position or its 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.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 NPR Illinois 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.

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 NPR Illinois' 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 and *Government 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 and *Government 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 NPR Illinois' 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.

- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NPR Illinois' 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 information on pages 6 - 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of NPR Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NPR Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NPR Illinois' internal control over financial reporting and compliance.



Springfield, Illinois
November 21, 2024

University of Illinois-Springfield
NPR Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

INTRODUCTION

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of NPR Illinois as of and for the year ended June 30, 2024. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The discussion and analysis are designed to focus on current activities, resulting changes, and currently known facts. The financial statements, footnotes, and this discussion are the responsibility of NPR Illinois management.

BACKGROUND

NPR Illinois engages our communities to inform each other, amplify progress, and provide companionship. Our work reflects the quality of life in our communities in context with Illinois, the nation, and the world; and explores how residents may improve it.

We inform conversations and work to find solutions by delivering our work through public media across Illinois, including broadcasts from our studios in the state capital of Springfield along with digital content distributed through nprillinois.org. The NPR Illinois radio signals, WUIS Springfield and WIPA Pittsfield, broadcast to central and west central Illinois and are licensed to the University of Illinois Board of Trustees (the University). NPR Illinois is a unit within the University of Illinois Springfield (UIS) Center for State Policy and Leadership.

NPR Illinois delivers news, information, and entertainment through two main platforms, broadcast and digital. The broadcast platform audience is transitioning to on-demand use of digital products such as streaming, podcasts, and web posts at nprillinois.org.

NPR Illinois will celebrate 50 years of broadcasting in 2025.

University of Illinois-Springfield
NPR Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

USING THE FINANCIAL STATEMENTS

NPR Illinois' financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented to focus on NPR Illinois as a whole.

STATEMENT OF NET POSITION

The Statement of Net Position presents the financial position of NPR Illinois at the end of the fiscal year and includes all assets and deferred outflows and liabilities and deferred inflows of NPR Illinois using the accrual basis of accounting. A summarized comparison of NPR Illinois' assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Assets and deferred outflows		
Interest in pooled cash and investments	\$ 2,807,912	\$ 2,508,281
Accounts receivable	3,120	-
Prepaid expenses	198	-
Capital assets, net	230,959	266,938
Lease receivable	21,842	36,278
Deferred outflows of resources	<u>37,664</u>	<u>29,550</u>
Total assets and deferred outflows	<u>\$ 3,101,695</u>	<u>\$ 2,841,047</u>
Liabilities and deferred inflows		
Accounts payable	\$ 7,792	\$ 9,340
Accrued salaries	18,211	15,449
Deferred revenue	496,760	345,265
Accrued compensated absences	72,426	66,736
Deferred inflows of resources	<u>21,669</u>	<u>36,105</u>
Total liabilities and deferred inflows	616,858	472,895
Net position	<u>2,484,837</u>	<u>2,368,152</u>
Total liabilities and net position	<u>\$ 3,101,695</u>	<u>\$ 2,841,047</u>

University of Illinois-Springfield
NPR Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

STATEMENT OF NET POSITION - Continued

The change in total assets and deferred outflows for FY24 was the result of an increase in current assets of \$ 303,049, a decrease in capital assets of \$ 35,979 and an increase in deferred outflows of \$ 8,114, for an overall increase in total assets and deferred outflows of \$ 260,648. The change in total liabilities and deferred inflows was the result of an increase in current liabilities of \$ 152,709, an increase of \$ 5,690 in noncurrent liabilities, and a decrease in deferred inflows of \$ 14,436 for an overall increase in total liabilities and deferred inflows of \$ 143,963. The change in total net position for FY24 is \$ 116,685.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the results of NPR Illinois' revenue and expense activity as operating or non-operating. The following schedule summarizes NPR Illinois' fiscal year 2024 and 2023 activity:

	<u>2024</u>	<u>2023</u>
Operating revenues		
Community service grants	\$ 214,229	\$ 202,097
State and other grants	50,491	25,095
Other operating income	<u>30,008</u>	<u>17,173</u>
Total operating revenues	<u>294,728</u>	<u>244,365</u>
Total operating expenses	<u>(1,608,318)</u>	<u>(1,722,585)</u>
Operating loss	<u>(1,313,590)</u>	<u>(1,478,220)</u>
Non-operating revenues		
State appropriations	250,045	350,942
Contributions		
Individual contributions and membership income	572,090	538,693
Business and industry contributions	122,916	88,546
In-kind contributions	162,870	155,060
Indirect administrative support	141,101	142,335
On-behalf payments for fringe benefits	74,178	131,362
Investment income	50,991	50,150
Net increase in fair value of investments	55,879	33,538
Interest income - leases	<u>205</u>	<u>304</u>
Net non-operating revenues	<u>1,430,275</u>	<u>1,490,930</u>
Change in net position	<u>116,685</u>	<u>12,710</u>
Net position at beginning of year	<u>2,368,152</u>	<u>2,355,442</u>
Net position at end of year	<u>\$ 2,484,837</u>	<u>\$ 2,368,152</u>

University of Illinois-Springfield
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - Continued

Increases in prices due to inflation have not abated. Careful cost containment keeps the budget balanced. Improvements in fundraising continue but do not meet the continued decrease in licensee funding. A significant, one-year reduction in the CPB Community Service Grant due to delays in filing impacted cash resources.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about NPR Illinois' financial results, by reporting the major sources and uses of cash. A summary of cash flows for the years ended June 30, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Total sources	\$ 443,103	\$ 141,687
Total uses	<u>(1,189,818)</u>	<u>(1,251,391)</u>
Net cash flows from operating activities	(746,715)	(1,109,704)
Cash flows from noncapital financing activities		
Total sources	945,051	978,181
Cash flows from capital and related financing activities		
Total uses	(5,780)	(42,305)
Cash flows from investing activities		
Total sources	51,196	50,454
Total uses	<u>(72,781)</u>	<u>(64,819)</u>
Net cash flows from investing activities	<u>(21,585)</u>	<u>(14,365)</u>
Change in cash and cash equivalents	170,971	(188,193)
Cash and cash equivalents at beginning of year	<u>1,449,993</u>	<u>1,638,186</u>
Cash and cash equivalents at end of year	<u>\$ 1,620,964</u>	<u>\$ 1,449,993</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

STATEMENT OF CASH FLOWS - Continued

The revenue sources for the cash flows from operating activities include federal grants, public broadcasting entities, state departments, and other operating receipts. The uses for cash flows from operating activities include payments to employees/benefits and payments to suppliers (less capital expenses).

Cash flows from noncapital financing activities include state appropriations and cash received from contributors.

Cash flows from capital and related financing activities includes acquisition of property and equipment.

Cash flows from investing activities include earnings on cash and investments and purchases of investments.

CAPITAL ASSETS AND RELATED FINANCING ACTIVITIES

NPR Illinois depreciates its capital assets on a straight-line basis, using estimated useful lives ranging from five to fifty years.

	Beginning Balance at <u>July 1, 2023</u>	Additions	Retirements	Ending Balance at <u>June 30, 2024</u>
Capital assets				
Land	\$ 6,180	\$ -	\$ -	\$ 6,180
Building	410,239	-	-	410,239
Equipment	<u>726,492</u>	<u>5,780</u>	<u>-</u>	<u>732,272</u>
Total capital assets	1,142,911	5,780	-	1,148,691
Less accumulated depreciation				
Building	313,632	8,205	-	321,837
Equipment	<u>562,341</u>	<u>33,554</u>	<u>-</u>	<u>595,895</u>
Total accumulated depreciation	<u>875,973</u>	<u>41,759</u>	<u>-</u>	<u>917,732</u>
Capital assets, net	<u>\$ 266,938</u>	<u>\$ (35,979)</u>	<u>\$ -</u>	<u>\$ 230,959</u>

University of Illinois-Springfield
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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

ECONOMIC OUTLOOK

The broadcast audience research is not robust due to other media in the market no longer subscribing to it. The Radio Research Consortium (RRC) does provide public radio with some Nielsen audience measurement statistics from a small sample in the market with significant period-to-period volatility. That research shows a shrinking broadcast audience of 277,000 annually (Champaign & Springfield-Decatur DMA Gross Persons 12+ in Total Market, Two Survey average, Spring 2024, Fall 2023). This is down 41% compared to the 10-year average. Concerning changes in broadcast medium use patterns have been increasing at a critical rate. Broadcast is still important as it reaches many people, especially those who cannot afford data plans or smart devices. In recent emergencies, it also tends to have more reliability than cellular and broadband delivery. In the aftermath of Hurricane Helene's impact on North Carolina, radio was broadcasting for several days before cellular service returned.

Where is the broadcast audience going? Post-pandemic work-from-home status has reduced the commutes of listeners. In-car listening is radio's top generator of time spent listening. Additionally, Paragon Research indicates that the adoption of on-demand digital delivery platforms has increased, especially by younger demographics. Paragon sees the media's scarcity of content advantage as being lost. A similar impact happened to broadcast television when expanding cable channels led to fragmentation of audiences in past decades. Jacobs Media research indicates most households under age 40 don't have a radio in the home (only in the car).

Over 50% of nprillinois.org traffic now comes from mobile devices. The smart phone dominates competition for audience. Overall nprillinois.org increased its reach to 2,725,477 unique users in the past year (Oct. 2023 through Sep. 2024, Chartbeat). The audience increasingly uses text stories posted on nprillinois.org and shared on social media platforms. Broadcast audio stories still reach more audience than digital audio stories.

NPR Illinois' current digital capacity is derived from a branded, hybrid national/local website and content management system provided as part of its NPR membership and is administered by a portion of several existing staff. When additional funding is found, a dedicated lead for digital will help NPR Illinois better adapt to digital transitions.

NPR Illinois is changing focus from state coverage which we will still provide through partners, to filling the local/regional journalism vacuum. Our reporting capacity is challenged and is directly connected to our ability to raise additional funds as University cash support winds down.

University of Illinois-Springfield
NPR Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

ECONOMIC OUTLOOK - Continued

Our most efficient and successful initiative is *Community Voices*. With a two-person full-time staff and some contributions from students, the program allows us to feature hundreds of area individuals and organizations. From the arts to economic development to the environment and zoology, many topics are covered through the interview format that would not meet the news threshold or the existing reporting capacity.

To improve local coverage, a plan to activate interested citizen and student journalists to cover their communities and report back to an NPR Illinois editor is envisioned if resources become available for two editor/hosts. This additional local coverage would be featured in a daily one-hour local news interview program and soundbites from those interviews would be used for newscast stories in morning and afternoon drive.

Beyond *Community Voices* and citizen/student stringers, other NPR Illinois produced projects continue to thrive.

Statewide is a weekly news magazine featuring the best public media journalism in the state and *State Week* is a weekly state political analysis program. NPR Illinois produces and public stations across Illinois broadcast both programs. The Listen engagement program convened seven audience cohorts this year and the Illinois Department of Public Health partially funded it through a Healing Grant. Locally hosted music programs *Nightsounds*, *Nightsounds Jazz*, and *Bluegrass Breakdown* continue years of service. Additionally, NPR Illinois streams and broadcasts on HD channels a 24/7 classical service, *NPR Illinois Classic*; and *The X*, a locally curated 24/7 Adult Album Alternative (AAA) multi-genre format, emphasizing local artist music.

NPR Illinois is a part of the Emergency Alert System (EAS) keeping people in cities and rural areas informed during emergencies. Battery operated broadcast radios are a lifeline for many when power or internet service is down. NPR Illinois in collaboration with other Illinois public media through the Illinois Public Broadcasting Council (IPBC) is working with the Illinois Emergency Management Agency (IEMA) to harden and improve emergency response and preparation.

University of Illinois-Springfield
NPR Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2024

ECONOMIC OUTLOOK - Continued

The public media service of NPR Illinois to central Illinois is necessary and relevant. Headwinds are being navigated as digital adoption increases. Funding challenges for higher education licensees, like ours, and changes in media business models are challenging the funds available to meet the needs of the community. Fortunately, our multiple funding streams, in particular fundraising, continues to provide enough funding to meet some of the need. National philanthropic organizations and the state have recognized the challenge to democracy that these changes are having for journalism focused media and have begun some funding relief. It is not known if Press Forward will provide help to public media on a national or local level yet. The first grant was not one public media stations were able to qualify for as most exceeded the \$1-million operating budget limit. State legislation passed providing tax credits which provide minimal help for nonprofits. A journalism scholarship program may help but although passed, it hasn't been funded yet.

NPR Illinois will be working to secure additional funds to meet community demands. This is the narrow path forward for NPR Illinois. Donors and sponsors are its most reliable funding sources. Grants can frequently require increased expenses but are being sought when aligned with mission. Any additional loss in funding levels would require significant changes in operation and delivery of local services.

University of Illinois-Springfield
NPR Illinois

STATEMENTS OF NET POSITION

June 30

	<u>2024</u>	<u>2023</u>
CURRENT ASSETS		
Interest in pooled cash	\$ 1,620,964	\$ 1,449,993
Interest in pooled investments	1,186,948	1,058,288
Accounts receivable	3,120	-
Prepaid expenses	198	-
Lease receivable	<u>14,536</u>	<u>14,436</u>
Total current assets	2,825,766	2,522,717
NONCURRENT ASSETS		
Capital assets, net	230,959	266,938
Lease receivable, less current portion	<u>7,306</u>	<u>21,842</u>
Total noncurrent assets	238,265	288,780
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	<u>37,664</u>	<u>29,550</u>
Total assets and deferred outflows of resources	<u>\$ 3,101,695</u>	<u>\$ 2,841,047</u>
CURRENT LIABILITIES		
Accounts payable	\$ 7,792	\$ 9,340
Accrued salaries	18,211	15,449
Deferred revenue	<u>496,760</u>	<u>345,265</u>
Total current liabilities	522,763	370,054
NONCURRENT LIABILITIES		
Accrued compensated absences	72,426	66,736
DEFERRED INFLOWS OF RESOURCES - LEASE	<u>21,669</u>	<u>36,105</u>
Total liabilities and deferred inflows of resources	616,858	472,895
NET POSITION		
Net investment in capital assets	230,959	266,938
Restricted, expendable	2,125,840	1,979,096
Unrestricted	<u>128,038</u>	<u>122,118</u>
Total net position	<u>2,484,837</u>	<u>2,368,152</u>
Total liabilities and net position	<u>\$ 3,101,695</u>	<u>\$ 2,841,047</u>

The accompanying notes are an integral part of these financial statements.

University of Illinois-Springfield
NPR Illinois

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Community service grants	\$ 214,229	\$ 202,097
State and other grants	50,491	25,095
Other operating income	<u>30,008</u>	<u>17,173</u>
Total operating revenues	<u>294,728</u>	<u>244,365</u>
OPERATING EXPENSES		
Local programming and production	781,372	832,755
Broadcasting	130,845	177,715
Program information	48,870	76,060
Fundraising and membership development	250,253	237,113
Grant and underwriting solicitation	87,514	67,373
Management and general	267,705	289,629
Unallocated depreciation	<u>41,759</u>	<u>41,940</u>
Total operating expenses	<u>1,608,318</u>	<u>1,722,585</u>
Operating loss	(1,313,590)	(1,478,220)
NON-OPERATING REVENUES		
State appropriations	250,045	350,942
Contributions		
Individual contributions and membership income	572,090	538,693
Business and industry contributions	122,916	88,546
In-kind contributions	162,870	155,060
Indirect administrative support	141,101	142,335
On-behalf payments for fringe benefits	74,178	131,362
Investment income	50,991	50,150
Net increase in fair value of investments	55,879	33,538
Interest income - leases	<u>205</u>	<u>304</u>
Total non-operating revenues	<u>1,430,275</u>	<u>1,490,930</u>
CHANGE IN NET POSITION	116,685	12,710
NET POSITION AT BEGINNING OF YEAR	<u>2,368,152</u>	<u>2,355,442</u>
NET POSITION AT END OF YEAR	<u>\$ 2,484,837</u>	<u>\$ 2,368,152</u>

The accompanying notes are an integral part of these financial statements.

University of Illinois-Springfield
NPR Illinois

STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Community service grants receipts	\$ 365,724	\$ -
State and other grants receipts	50,491	25,095
Other public broadcasting support receipts	-	99,419
Other operating receipts	26,888	17,173
Payments to employees and related benefits	(763,746)	(604,688)
Payments to suppliers	<u>(426,072)</u>	<u>(646,703)</u>
Net cash flows from operating activities	(746,715)	(1,109,704)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	250,045	350,942
Cash received from contributors	<u>695,006</u>	<u>627,239</u>
Net cash flows from noncapital financing activities	945,051	978,181
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of property and equipment	(5,780)	(42,305)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(72,781)	(64,819)
Earnings on cash and investments	<u>51,196</u>	<u>50,454</u>
Net cash flows from investing activities	<u>(21,585)</u>	<u>(14,365)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	170,971	(188,193)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,449,993</u>	<u>1,638,186</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,620,964</u>	<u>\$ 1,449,993</u>

University of Illinois-Springfield
NPR Illinois

STATEMENTS OF CASH FLOWS - CONTINUED

For the Years Ended June 30

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	\$ (1,313,590)	\$ (1,478,220)
Adjustments to reconcile the net operating loss to net cash flows from operating activities		
Operating expenses arising from indirect administrative support from the University	141,101	142,335
Operating expenses arising from on-behalf payments from the State of Illinois	74,178	131,362
Operating expenses arising from in-kind contributions	162,870	155,060
Depreciation expense	41,759	41,940
Changes in assets, deferred outflows, liabilities and deferred inflows		
Accounts receivable	(3,120)	99,419
Lease receivable	14,436	14,337
Other current assets	(198)	-
Deferred outflows - pension	(8,114)	(11,881)
Accounts payable	(1,548)	(2,197)
Accrued salaries	2,762	4,338
Deferred revenue	151,495	(202,097)
Accrued compensated absences	5,690	10,236
Deferred inflows - lease	<u>(14,436)</u>	<u>(14,336)</u>
Net cash flows from operating activities	<u>\$ (746,715)</u>	<u>\$ (1,109,704)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
On-behalf contributions from the University for indirect administrative support	\$ 141,101	\$ 142,335
On-behalf contributions from the State of Illinois for the payment of employee fringe benefits	74,178	131,362
In-kind contributions of goods and services	162,870	155,060

The accompanying notes are an integral part of these financial statements.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE A - NATURE OF OPERATIONS

NPR Illinois is a public media entity operated by the University of Illinois (the University). NPR Illinois is part of the University as a whole, and thus, 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 NPR Illinois, and do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024 and 2023, and changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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*. NPR Illinois follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of NPR Illinois' financial activities.

For financial reporting purposes, NPR Illinois is considered part of the University, and thus, like the University is a special-purpose government engaged only in business-type activities. Accordingly, NPR Illinois' financial statements have been presented using the economic resources measurement 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 NPR Illinois 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.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Pooled Cash and Investments

To provide for efficiencies and economies in their management, 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 and investments at June 30, 2024 and 2023 represents NPR Illinois' share of these pooled accounts.

Cash deposits and cash equivalents of the University include bank accounts and investments with original maturities of ninety days or less at the time of purchase, primarily U.S. Treasury Bills.

The University's investments are reported at fair value. The fair value is determined to be the amount at which financial instruments could be exchanged in current transactions between willing partners, usually quoted at market prices. It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and confirming to all statutes governing the investment of funds.

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

Additional information regarding the University's deposits and investments may be obtained from the financial statements of the University.

3. Receivables

Receivables are carried at fair value. Receivables are recorded when revenue is earned and are presented net of any allowance for doubtful accounts. NPR Illinois believes all receivables are collectible, as such, a provision for uncollectable accounts has not been recorded.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Capital Assets

Capital assets are recorded at cost at the date of acquisition or at the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets valued at \$ 5,000 or more are capitalized. The range of estimated useful lives is as follows:

Buildings and improvements	50 years
Machinery, furniture, and equipment	5-20 years
Vehicles	5 years

5. Net Position

NPR Illinois' net position is classified as follows:

- a. Net investment in capital assets: This represents the total investment in capital assets, net of accumulated depreciation.
- b. 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. There was no non-expendable, restricted net position for the years ended June 30, 2024 and 2023.
- c. Restricted net position, expendable: Restricted expendable net position include resources in which NPR Illinois is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- d. Unrestricted net position: Unrestricted net position represents resources that have not been restricted by external parties and are available for use by NPR Illinois.

It is NPR Illinois' policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Revenue Recognition

NPR Illinois has classified its revenues as either operating or non-operating revenues as follows:

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. Grants are recorded as revenue when all applicable eligibility requirements have been met.

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 Government Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments*, such as state appropriations, investment income, and capital gains. Appropriations made to the University from the State of Illinois General Revenue Fund are recognized as non-operating revenues in the year appropriated to the extent expended. Other non-operating revenues include transactions relating to capital and financial activities, non-capital financing activities, and investing activities.

7. Pledges and Contributions

NPR Illinois engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to NPR Illinois for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. Contributions, including unconditional promises to give, and membership receipts are recognized as revenue in the period received. However, uncollected pledges are not enforceable against contributors. Contributions and collected pledges are components of the unrestricted operating fund since their usage is not limited to specific activities of NPR Illinois.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. 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, using estimates if necessary.

9. Corporation for Public Broadcasting Community Service 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 public broadcasting entities. CSGs are used to augment the resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act 47, United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communication Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain 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.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS or the System) and additions to/deductions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

11. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the period. Actual results could differ from those estimates.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Subsequent Events

NPR Illinois assessed events that have occurred subsequent to June 30, 2024 through November 21, 2024, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

NOTE C - INTEREST IN POOLED INVESTMENTS

Investments consist of shares of an investment pool which are held and administered by the University of Illinois Foundation. NPR Illinois' share of the investment pool is stated at fair value. Fair value is generally determined by quoted market prices for the University of Illinois Foundation's investments.

Changes in fair value during the reporting period are reported as a net increase (decrease) in the fair value of investments. Investment income includes interest, dividends, and realized gains and losses.

At June 30, 2024 and 2023 the fair value of NPR Illinois' share of the University of Illinois Foundation investment pool was \$ 1,186,948 and \$ 1,058,288, respectively. The investments carry donor restrictions and therefore are included in restricted, expendable net position.

Further information regarding the investments held by the University of Illinois Foundation may be obtained from the financial statements of the University.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE D - CAPITAL ASSETS

Capital assets activity for NPR Illinois is summarized below:

	Balances July 1, <u>2023</u>	Additions	Retirements	Balances June 30, <u>2024</u>
Land	\$ 6,180	\$ -	\$ -	\$ 6,180
Building	410,239	-	-	410,239
Equipment	<u>726,492</u>	<u>5,780</u>	<u>-</u>	<u>732,272</u>
	1,142,911	5,780	-	1,148,691
Less accumulated depreciation	<u>875,973</u>	<u>41,759</u>	<u>-</u>	<u>917,732</u>
Capital assets, net	<u>\$ 266,938</u>	<u>\$ (35,979)</u>	<u>\$ -</u>	<u>\$ 230,959</u>

NOTE E - LEASES

NPR Illinois is lessor for a noncancelable lease of tower space. Effective with the implementation of GASB No. 87, NPR Illinois recognized a lease receivable and a deferred inflow of resources in the financial statements. NPR Illinois initially measured the lease receivable at the present value of payments expected to be received during the remaining lease terms. The lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the implementation or lease commencement date. The deferred inflow of resources is recognized as revenue over the remaining life of the lease terms.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE E - LEASES - Continued

NPR Illinois recognized \$ 14,454 and \$ 14,412 in lease revenue and \$ 205 and \$ 304 in interest income during the years ended June 30, 2024 and 2023, respectively, related to this lease. As of June 30, 2024, NPR Illinois' receivable for lease payments was \$ 21,842 and deferred inflow of resources from leases was \$ 21,669.

Future scheduled lease payments to be received by NPR Illinois are as follows:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 14,536	\$ 105	\$ 14,641
2026	<u>7,306</u>	<u>15</u>	<u>7,321</u>
Total	<u>\$ 21,842</u>	<u>\$ 120</u>	<u>\$ 21,962</u>

NPR Illinois monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE F - RESTRICTED EXPENDABLE NET POSITION

Restricted expendable net position is available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Support Fund	\$ 702,471	\$ 674,748
Fundraising/RIS Gifts	17,330	6,477
Legacy Endowment	131,505	179,433
Music Studio Fund	15,160	15,554
Bedrock 66 Live! Gift Fund	9,099	9,099
U of I Foundation Funds	1,213,387	1,059,067
Illinois Issues	31,210	30,882
Illinois Issues Paul Simon Policy	2,943	2,943
This I Believe	<u>2,735</u>	<u>893</u>
	<u>\$ 2,125,840</u>	<u>\$ 1,979,096</u>

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM

1. General Information about the Pension Plan

Plan Description: The University contributes to the State University Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby 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's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, 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, 2023 can be found in the SURS' comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Eligible employees must participate upon initial employment. Employees are ineligible to participate if (a) employed after having attained age 68; (b) employed less than 50% of full time; or (c) employed less than full time and attending classes with an employer. Of those employees ineligible to participate, the majority are students at the University.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

1. General Information about the Pension Plan - Continued

Contributions: The State is primarily responsible for funding the 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 SURS 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 2024 and 2023 respectively, was 12.53% and 12.83% of employees’ payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for 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), and Section 15-155 (j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

2. Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability: At June 30, 2023, SURS reported a net pension liability (NPL) of \$ 29,444,538,000. The net pension liability was measured as of June 30, 2023.

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized for the University is \$ -0-. The proportionate share of the State’s net pension liability associated with the University is \$ 13,570,417,000. This amount should not be recognized in the financial statement. The net pension liability and the total pension liability as of June 30, 2023 was determined based on the June 30, 2022 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2022.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

2. Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Pension Expense: At June 30, 2023 SURS reported a collective net pension expense of \$ 1,884,389,000.

Employer Proportionate Share of Defined Benefit Pension Expense: The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2022. As a result, the University recognized revenue and pension expense of \$ 868,478,000 from this special funding situation during the year ended June 30, 2024.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Deferred outflows of resources are the consumption of net position by the System that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

SURS collective deferred outflows and deferred inflows of resources by sources (nearest thousand) is as follows:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 62,592	\$ 12,278
Changes in assumptions	70,958	420,881
Net difference between projected and actual earnings on pension plan investments	<u>187,992</u>	-
Total	<u>\$ 321,542</u>	<u>\$ 433,159</u>

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

3. Deferral of Fiscal Year 2024 Pension Expense

NPR Illinois paid \$ 37,664 in federal, trust or grant contributions for fiscal year ended June 30, 2024. These contributions were made subsequent to the pension liability measurement date of June 30, 2023 and are recognized as Deferred Outflows of Resources as of June 30, 2024.

4. Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2017 - 2020. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent

Mortality rates were based on the Pub-2010 Employee and Retiree Gender District Tables, with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs - Continued

Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Strategic Policy Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	36.00%	7.97%
Public core real assets	8.00	4.68
Credit fixed income	6.50	4.52
Private equity	11.00	11.32
Private credit	2.50	7.36
Non-core real assets	4.00	8.67
U.S. TIPS	5.00	2.09
Core fixed income	10.00	1.13
Systemic trend following	10.00	3.18
Alternative risk premia	3.00	3.27
Long duration	2.00	3.02
Long volatility/talk risk	<u>2.00</u>	<u>(1.14)</u>
Total	<u>100.00%</u>	5.98%
Inflation		<u>2.60</u>
Expected Arithmetic Return		<u>8.58%</u>

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs - Continued

Discount Rate: A single discount rate of 6.37% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.86% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2023). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the SURS' Net Pension Liability to Changes in the Discount Rate: Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.37%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease - 5.37%	Current Single Discount Rate Assumption - 6.37%	1% Increase - 7.37%
(In Thousands)	(In Thousands)	(In Thousands)
<u>\$ 35,695,435</u>	<u>\$ 29,444,538</u>	<u>\$ 24,236,489</u>

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE G - POSTEMPLOYMENT BENEFITS

The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially, all State and University employees become eligible for these other postemployment benefits (OPEB) if they eventually become annuitants of one of the State sponsored pension plans. The Department of Central Management Services administer these benefits for annuitants with the assistance of the State's sponsored pension plans. The portions of the Act related to OPEB establish a cost-sharing multiple-employer defined-benefit OPEB plan with a special funding situation in which the State funds substantially all nonparticipant contributions. The plan does not issue a stand-alone financial report but is included as a part of the State's financial statements. A copy of the financial statements of the State can be obtained at www.ioc.state.il.us.

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and various unions that represent the State's and the University's employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. The Act also 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.

The State makes substantially all of the contributions for OPEB on behalf of the State universities. Since the State contributes substantially all of the employer contributions, the single-employer provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, have been followed for reporting the plan. The State is not required to and does not fund the plan other than the pay-as-you-go amount necessary to provide the current benefits.

NOTE H - INDIRECT ADMINISTRATIVE SUPPORT

Indirect administrative support from the University consists of allocated institutional support and physical plant costs incurred by the University for which NPR Illinois receives benefits. The fair value of this support is recognized in the Statement of Revenues, Expenses and Changes in Net Position. The value of this support for the years ended June 30, 2024 and 2023 was \$ 141,101 and \$ 142,335, respectively.

University of Illinois-Springfield
NPR Illinois

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2024 and 2023

NOTE I - CONTRIBUTED IN-KIND SUPPORT

Contributed materials, supplies, and facilities are recorded at their estimated fair value at the date of donation. NPR Illinois 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.

A summary of the contributed support received was as follows:

The amount of donated materials and services recognized in the years ended June 30, 2024 and 2023 was \$ 48,870 and \$ 76,060, respectively.

The University of Illinois Foundation contributed professional services consisting of processing donations, records maintenance, fund-raising expertise, and administrative services. The value of these professional services recognized in the years ended June 30, 2024 and 2023 was \$ 114,000 and \$ 79,000, respectively.

Contributed support from the State of Illinois consists of fringe benefit contributions on behalf of NPR Illinois. The value of the on-behalf contributions recognized in the years ended June 30, 2024 and 2023 was \$ 74,178 and \$ 131,362, respectively.

OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

Board of Trustees of University of Illinois
NPR Illinois
Springfield, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of NPR Illinois as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise NPR Illinois' basic financial statements, and have issued our report thereon dated November 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NPR Illinois' 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 NPR Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the NPR Illinois' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Ech. Schafle + Pumbe, LLP". The signature is fluid and cursive, with "Ech." on the first line, "Schafle + Pumbe" on the second line, and "LLP" on the third line.

Springfield, Illinois

November 21, 2024