

***WCBU-FM***

***ANNUAL FINANCIAL REPORT***

***For the fiscal year ended May 31, 2024***



**WCBU-FM**

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**May 31, 2024**

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## **INDEPENDENT AUDITORS' REPORT**

**WCBU-FM**  
**Peoria, Illinois**

### **Opinion**

We have audited the accompanying financial statements of WCBU-FM (Bradley University licensee), which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WCBU-FM as of May 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Emphasis of Matter**

As discussed in Note 1, the financial statements of WCBU-FM are intended to present the financial position, the changes in financial position, and cash flows of only WCBU-FM's portion of Bradley University's and Illinois State University's financial positions, the changes in financial positions, and cash flows attributable to the transactions of WCBU-FM. They do not purport to, and do not, present fairly the financial positions of Bradley University or Illinois State University as of May 31, 2024 and 2023, the changes in their respective financial positions or their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WCBU-FM's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, no such opinion is expressed
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment there are conditions or events considered in the aggregate, that raise substantial doubt about WCBU-FM's ability to continue as a going concern for a reasonable period of time.

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

*MCK CPAs & Advisors*

Bloomington, Illinois  
January 6, 2025

WCBU-FM

STATEMENTS OF FINANCIAL POSITION  
May 31, 2024 and 2023

	2024	2023
<b><u>ASSETS</u></b>		
Current assets:		
Interest in pooled cash	\$ 204,058	278,989
Accounts receivable	26,594	19,855
Prepaid expenses	8,049	6,446
Total current assets	238,701	305,290
Noncurrent assets:		
Interest in endowment fund investments	462,617	427,417
Property and equipment	736,078	727,625
Less: accumulated depreciation	(555,840)	(530,510)
Total noncurrent assets	642,855	624,532
TOTAL ASSETS	881,556	929,822
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current liabilities:		
Deferred revenue	26,328	358
Accounts payable and accrued expense	4,541	44,433
Accrued vacation and sick pay	64,389	43,270
Due to WGLT-FM Radio	4,687	
Total current liabilities	99,945	88,061
Long-term liabilities:		
Due to Bradley University	810,529	810,529
Total liabilities	910,474	898,590
Net Assets:		
Without donor restrictions	(477,012)	(425,606)
With donor restrictions	448,094	456,838
Total net assets	(28,918)	31,232
TOTAL LIABILITIES AND NET ASSETS	\$ 881,556	929,822

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF ACTIVITIES

Year ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:			
On-behalf of state - general	\$ 72,538		72,538
Business underwriting	242,660		242,660
Donated facilities and administrative support from Bradley University	153,802		153,802
Donated materials and other services	18,915		18,915
Corporate giving	42,108		42,108
Individual giving	339,351		339,351
Government grants	95,985	30,352	126,337
Other grants		10,000	10,000
Unrealized gain on endowment funds	35,200		35,200
Interest and dividends on endowment funds	12,717	10,256	22,973
Other income	288		288
Net assets released from restrictions:			
Restrictions satisfied by payments	59,352	(59,352)	-
Total support and revenue	1,072,916	(8,744)	1,064,172
Expenses:			
Program services:			
Programming and production:			
National	192,281		192,281
Local and other	539,158		539,158
Broadcasting	59,037		59,037
Supporting services:			
Underwriting and grant solicitation	66,371		66,371
Fundraising and membership development	109,792		109,792
Management and general	157,683		157,683
Total expenses	1,124,322	-	1,124,322
Change in net assets	(51,406)	(8,744)	(60,150)
Net assets, beginning of year	(425,606)	456,838	31,232
Net assets, end of year	\$ (477,012)	448,094	(28,918)

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF ACTIVITIES

Year ended May 31, 2023

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

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2024

	Program Services			Total Program Services
	Programming & Production		Broadcasting	
	National	Local & Other		
Salaries	\$	298,692	10,241	308,933
Employee benefits		124,108	4,733	128,841
Consulting				-
Professional fees		100		100
Occupancy - in-kind	15,380	76,901	15,380	107,661
Production costs		1,125		1,125
Programming costs	160,631	2,681	9,878	173,190
Promotional costs				-
Equipment expense			14,612	14,612
Memberships	3,605	15,003	3,451	22,059
Subscriptions		3,284		3,284
Postage				-
Printing				-
Telephone		1,025	742	1,767
Travel		23		23
Advertising		2,950		2,950
Other		601		601
Bank charges				-
Supplies				-
Totals before depreciation	179,616	526,493	59,037	765,146
Depreciation expense	12,665	12,665		25,330
Total expenses	\$ 192,281	539,158	59,037	790,476

See Notes to Financial Statements.



Total Supporting Services				
Underwriting & Grant Solicitation	Fundraising & Membership Development	Management & General	Total Supporting Services	Total
36,090	53,062	58,612	147,764	456,697
13,424	22,708	31,030	67,162	196,003
		4,857	4,857	4,857
335		20,268	20,603	20,703
15,380	15,380	15,381	46,141	153,802
			-	1,125
		350	350	173,540
	2,385		2,385	2,385
			-	14,612
347	3,427	3,535	7,309	29,368
	276	1,820	2,096	5,380
	89		89	89
	662		662	662
		370	370	2,137
	525	1,129	1,654	1,677
		17,790	17,790	20,740
	71	1,990	2,061	2,662
795	11,207		12,002	12,002
		551	551	551
66,371	109,792	157,683	333,846	1,098,992
			-	25,330
66,371	109,792	157,683	333,846	1,124,322

See Notes to Financial Statements.

WCBU-FM

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2023

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

See Notes to Financial Statements.

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

See Notes to Financial Statements.

WCBU-FM

STATEMENTS OF CASH FLOWS

Years ended May 31, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (60,150)	(35,065)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	25,330	20,844
Net unrealized loss on endowment funds	(35,200)	14,634
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,739)	9,882
(Increase) decrease in prepaid expenses	(1,603)	3,699
Increase (decrease) in accounts payable and accrued expense	(39,892)	30,817
Increase (decrease) in accrued vacation and sick pay	21,119	(6,036)
Increase (decrease) in deferred revenue	25,970	(3,013)
Net cash flows from operating activities	(71,165)	35,762
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from WGLT-FM Radio	4,687	
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Acquisition of property and equipment	(8,453)	(40,870)
Net decrease in cash and cash equivalents	(74,931)	(5,108)
Interest in pooled cash, beginning of year	278,989	284,097
Interest in pooled cash, end of year	\$ 204,058	278,989

See Notes to Financial Statements.

## WCBU-FM

### NOTES TO FINANCIAL STATEMENTS

May 31, 2024 and 2023

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#### 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, 2024 or 2023, and changes in their financial positions and their cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

#### Note 2 - Significant Accounting Policies

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

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

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

**Interest in pooled cash:** Illinois State University has pooled its cash, including accounts held for WCBU operations. Bradley University also records cash transactions and retains cash on behalf of WCBU. A summary of interest in pooled cash for the years ended May 31, 2024 and 2023 is as follows:

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued)

May 31, 2024 and 2023

Note 2 - Significant Accounting Policies, continued

	2024	2023
Held at Bradley University	\$ 140,148	116,241
Held at Illinois State University	56,896	47,139
Held at Illinois State University Foundation	7,014	115,609
Total	\$ 204,058	278,989

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

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

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

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

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

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

**Indirect/In-Kind Contributions of Services, Materials and Supplies:** During the years ended May 31, 2024 and 2023, the value of contributed services meeting the requirements for recognition in the financial statements totaled \$ 18,915 and \$ 25,955, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Station at its facilities. No amounts have been recognized in the Statement of Activities since the criteria for recognition have not been satisfied.

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**May 31, 2024 and 2023**

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**Note 2 - Significant Accounting Policies, continued**

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

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

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

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

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

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

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

**Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**WCBU-FM**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**May 31, 2024 and 2023**

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**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 \$ 913,836 and \$ 930,047 for the years ended May 31, 2024 and 2023, respectively.

**Note 4 - Compensated Absences**

The liability for compensated absences at May 31, 2024 and 2023 was \$ 64,389 and \$ 43,270, respectively. Illinois State University policy allows employees to accumulate 360 hours of vacation time, 420 hours for faculty employees. All accrued vacation is payable upon termination.



**WCBU-FM****NOTES TO FINANCIAL STATEMENTS (Continued)**  
**May 31, 2024 and 2023****Note 5 - Property and Equipment**

A summary of property and equipment activity for the year ended May 31, 2024, was as follows:

	May 31, 2023		May 31, 2024	
	Ending Balance	Additions	Reductions	Ending Balance
Studio improvement	\$ 174,378			174,378
Transmitters, antenna and towers	341,107			341,107
Studios and other broad- casting equipment	189,576	4,688		194,264
Furniture and fixtures	22,564	3,765		26,329
Total	727,625	8,453		736,078
Less accumulated depreciation:				
Studio improvements	31,242	8,720		39,962
Transmitters, antenna and towers	341,107			341,107
Studio and other broad- casting equipment	145,232	14,619		159,851
Furniture and fixtures	12,929	1,991		14,920
Total	530,510	25,330		555,840
Property and equipment, net	\$ 197,115	(16,877)		180,238

**WCBU-FM****NOTES TO FINANCIAL STATEMENTS (Continued)**  
**May 31, 2024 and 2023****Note 5 - Property and Equipment, continued**

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

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

Depreciation expense for the years ended May 31, 2024 and 2023 was \$ 25,330 and \$ 20,844, respectively.

**Note 6 - Indirect Administrative Support**

Indirect support from Bradley University consists of allocated institutional support and physical plant costs incurred by Bradley University for which WCBU receives benefits. The fair value of this support is recognized in the Statement of Activities as indirect administrative support and also as expense in functional expense categories. Indirect administrative support is calculated based on institutional support and physical plant support of Bradley University (the Licensee) and the operating expenses of WCBU. The value of this support included in the Statement of Activities was \$ 152,802 and \$ 133,656 for the years ended May 31, 2024 and 2023, respectively.

WCBU-FM

NOTES TO FINANCIAL STATEMENTS (Continued)  
May 31, 2024 and 2023

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**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, 2024 and 2023 follows:

	2024	2023
Equities and Equity Mutual Funds	\$ 292,554	277,069
Fixed Income Securities	93,353	75,169
Alternative Investments	76,710	75,179
Total	<u>\$ 462,617</u>	<u>427,417</u>

Investment income of \$ 22,973 and \$ 18,875 is reported as interest and dividends on endowment funds in the statement of activities for the year ended May 31, 2024 and 2023, respectively. Unrealized net gain (loss) on investments of \$ 35,200 and \$ (14,634) for the years ended May 31, 2024 and 2023, 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, 2024 or 2023.

**Interpretation of Relevant Law:** WCBU has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WCBU classifies as net assets with donor restrictions (a) the original value of initial and subsequent gift amounts and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by WCBU in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, WCBU considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**May 31, 2024 and 2023**

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**Note 7 - Investments, continued**

**Interpretation of Relevant Law, continued:**

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

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

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

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

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

Endowment assets as of May 31, 2024 consisted of \$ 462,617 in Endowment fund investments and \$ 129,851 in interest in pooled cash, the balance of the Endowment investment spending amount balance held by Bradley University on behalf of WCBU, for a total of \$ 592,468. Endowment assets as of May 31, 2023 consisted of \$ 427,417 in Endowment fund investments and \$ 111,909 in interest in pooled cash, for a total of \$ 539,326.

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NOTES TO FINANCIAL STATEMENTS (Continued)  
May 31, 2024 and 2023

Note 7 - Investments, continued

The endowment net asset composition by type of fund as of May 31, 2024 and 2023 was as follows:

May 31, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds:			
Accumulated investment gains	\$ 29,153		29,153
Unrealized investment gains	117,049		117,049
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		345,567	345,567
Accumulated investment gains		100,699	100,699
Total	\$ 146,202	446,266	592,468
May 31, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds:			
Accumulated investment gains	\$ 21,466		21,466
Unrealized investment gains	81,850		81,850
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		345,567	345,567
Accumulated investment gains		90,443	90,443
Total	\$ 103,316	436,010	539,326

**WCBU-FM****NOTES TO FINANCIAL STATEMENTS (Continued)****May 31, 2024 and 2023****Note 7 - Investments, continued**

The changes in endowment net assets for the years ended May 31, 2024 and 2023 were as follows:

<b>May 31, 2024</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets - beginning of year	\$ 103,316	436,010	539,326
Investment return, net			
Investment income	12,717	10,256	22,973
Amount appropriated for expenditure	(5,031)		(5,031)
Net appreciation (depreciation)	35,200		35,200
Endowment net assets - end of year	\$ 146,202	446,266	592,468
<b>May 31, 2023</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets - beginning of year	\$ 113,804	427,435	541,239
Investment return, net			
Investment income	10,300	8,575	18,875
Amount appropriated for expenditure	(6,154)		(6,154)
Net appreciation (depreciation)	(14,634)		(14,634)
Endowment net assets - end of year	\$ 103,316	436,010	539,326

**Note 8 - Fair Value Measurements**

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**May 31, 2024 and 2023**

**Note 8 - Fair Value Measurements, continued**

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

The following tables set forth by level, within the fair value hierarchy, WCBU's assets at fair value as of May 31, 2024 and 2023:

	Fair Value at 5/31/2024	Level 1	Level 2	Level 3
Equities and Equity Mutual Funds	\$ 292,554	292,554		
Fixed Income Securities	93,353	93,353		
Alternative Investments	76,710	76,710		
Total assets at fair value	\$ 462,617	462,617		
	Fair Value at 5/31/2023	Level 1	Level 2	Level 3
Equities and Equity Mutual Funds	\$ 277,069	277,069		
Fixed Income Securities	75,169	75,169		
Alternative Investments	75,179	75,179		
Total assets at fair value	\$ 427,417	427,417		

**WCBU-FM****NOTES TO FINANCIAL STATEMENTS (Continued)****May 31, 2024 and 2023**

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**Note 9 - Net Assets with Donor Restrictions**

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

	<u>2024</u>	<u>2023</u>
Endowments:		
Subject to expenditure for specified purpose:		
Equipment acquisition, maintenance, and programming	\$ 100,699	90,443
Subject to endowment spending policy and appropriation:		
Programming and operations	<u>345,567</u>	<u>345,567</u>
Total endowments	446,266	436,010
Grants:		
Subject to expenditure for specified purpose:		
Reporter salary		19,000
Other:		
Subject to expenditure for specified purpose:		
Equipment acquisition, maintenance, and programming	<u>1,828</u>	<u>1,828</u>
Total net assets with donor restrictions	<u>\$ 448,094</u>	<u>456,838</u>

**Note 10 - Liquidity and Availability**

WCBU has \$ 238,701 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 \$ 146,202 is subject to an annual spending rate up to 5% as described in Note 7. Although there is no intention to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of Bradley University's annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 11 - Related Parties**

WCBU is the licensee of Bradley University, as mentioned in Note 1. The payable to Bradley University represents the costs incurred by Bradley University in support of WCBU programs and activities. As of May 31, 2024 and 2023, the balance is \$ 810,529 and is not expected to be repaid currently.

WGLT is the licensed manager of WCBU, as mentioned in Note 1. WGLT paid for equipment purchases incurred by WCBU, resulting in a balance due to WGLT as of May 31, 2024 in the amount of \$ 4,687. There was no balance due as of May 31, 2023.



**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**May 31, 2024 and 2023**

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**Note 12 - Contributed In-Kind Support**

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

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

The amount of donated materials and services recognized in the years ended May 31, 2024 and 2023 was \$ 18,915 and \$ 25,955, 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, 2024 and 2023 was \$ 72,538 and \$ 79,770, respectively.

**Note 13 - Subsequent Events**

WCBU has evaluated events occurring subsequent to May 31, 2024 as to their potential impact to the financial statements through January 6, 2025, which is the date the financial statements were available to be issued.