Illinois Public Media

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FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2023 and 2022

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Independent Auditors' Report

Board of Trustees of University of Illinois
Illinois Public Media
Urbana, Illinois

Opinion

We have audited the accompanying financial statements of Illinois Public Media (IPM), a public media entity operated by the University of Illinois (the University), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise IPM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of IPM, as of June 30, 2023 and 2022, 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 IPM are intended to present the financial position, the changes in financial position, and cash flows of only IPM's portion of the University's financial position, the changes in financial position, and cash flows attributable to the transactions of IPM. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2023 and 2022, the changes in its financial position or its cash flows for the years then ended in 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 IPM 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 IPM's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 IPM'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.

- Consider whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IPM's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 7 - 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information on pages 37 and 38 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2024, on our consideration of IPM's 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 IPM's 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 IPM's internal control over financial reporting and compliance.

Eck, Schafer & Punke, LLP

Springfield, Illinois
February 23, 2024

University of Illinois
Illinois Public Media

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of Illinois Public Media for the years ended June 30, 2023 and 2022. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

INTRODUCTION

Illinois Public Media (WILL AM-FM-TV-Digital) is a unit of the College of Media at the University of Illinois at Urbana-Champaign—a land grant, public state institution of higher education. The stations are licensed to the Board of Trustees of the University of Illinois and are full-service PBS and NPR member stations serving viewers, listeners, and communities across a wide area of central and east central Illinois, and beyond. WILL-AM, our news and public affairs service, began broadcasting in 1922, and has celebrated its 100th anniversary; WILL-FM, our classical music and news service, signed on the air in 1941 with the first FM license issued to a university; and WILL-TV first signed on the air in 1955. Illinois Public Media has a long history of serving central Illinois with local programs that tell the story of our regions' people, places, events, and history. Illinois Public Media employs 39 full-time equivalent employees, and the budget contains four major sources of revenue: The Corporation for Public Broadcasting, the Illinois Arts Council, the University of Illinois, and Contributions/Private Gifts.

Illinois Public Media is always striving to meet audiences where they are, from smart speakers to streaming services, to podcasts, web series, and social media platforms. For example, with the formation of a live stream of WILL-TV, we are now streaming all our broadcast signals via our website; and with a growing number of people moving away from traditional "cable packages" to live streaming services, WILL-TV is excited to also be available as a channel on YouTube TV, Hulu Live, Local Now, and DirecTV Stream. Social media continues to be a useful tool in bringing our content to new audiences, tracking insights, and being experimental in enhancing the user experience and ways they can interact with the organization.

INTRODUCTION - Continued

2023 still brought with it a need for some virtual and hybrid approaches to the ways we connect with our audiences and the services we provided for the community. These needs could often be met with platforms like Facebook Live, YouTube Live, Zoom, and other online learning tools. We were able to build on top of an already solid national base of content to produce multiplatform local content, collaborate with community organizations, and work with teachers and students to have an impact across local communities. Illinois Public Media also works hard to highlight our value as a public service through promotion of organizational activities and programming across all audience platforms, engaging audiences on social media and through in-person and virtual events, symposia, and listening sessions, and developing successful ongoing partnerships with our College, the University of Illinois, content collaborations, and other stations. Illinois Public Media's news team collaborates on public health reporting with Side Effects Public Media and is a part of Harvest Public Media, which is a collaborative network of reporters and partner stations that focuses on food systems, agriculture, and rural issues. We also continue to grow our relationships with WUIS (Springfield), WGLT (Bloomington-Normal), WNIJ (DeKalb/northern Illinois), WVIK (Quad Cities), and WCBU (Peoria), and WSIU (Carbondale) to mutually share locally created content, including Illinois Public Media's flagship talk program, *The 21st*.

We continue to prioritize creating local placemaking video content. This includes our weekly gardening show, *Mid-American Gardener,* now in its the 32nd season; our third installment of *State of Change*, which focuses on taking a look at climate change and how it is effecting Illinois now and how it will in the future; and our revamped monthly magazine program *Prairie Fire*.

Illinois Public Media continued curating our Social Justice Learning space to help guide children, families, and educators in exploring critical conversations about race, ethnicity, and national origin; varying degrees of mental, emotional, and physical abilities; sexual orientation; and gender and gender identity/expression. New lessons included curated materials on homelessness in America, the AAPI experience, as well as the LGBTQ+ and allyship experience across the country. With age-specific resources broken out by early childhood, adolescent, and adult learning levels, each section of the learning space features something to watch with videos from PBS and other national learning partners, something to listen to with audio from experts like NPR *Code Switch,* and something to read with articles and book selections from various public sources.

INTRODUCTION - Continued

A group of dedicated volunteers continued to keep Illinois Public Media's Book Mentor Project going strong by reading books that support social emotional learning, diversity, math, and social studies. Supported by annual grants from PNC Bank's Grow Up Great Foundation since 2004, the Book Mentor Project is a vital resource for Head Start families in Champaign County who otherwise might not have access to books or at-home learning resources. The volunteers also work on an activity that connects the children with the book. Each child gets to take a copy of the book home with them to add to their personal libraries, along with activities that parents can do at home with their child.

In 2023, Illinois Public Media continued their community event News, Brews & Beatz. These quarterly community conversations are focused on serving the Black community here in central Illinois and strive to provide a space for diverse voices to engage in breakthrough conversations regarding pressing community issues and allow for realistic solutions to be identified. The events focused on the gun violence crisis here in Champaign-Urbana, and much of the solution-based work discussed at these events could be applied to communities across the country. So far, Illinois Public Media has hosted nine News, Brews & Beatz in-person conversations with topics including housing, youth programs, trauma, and education and featured dynamic educators, researchers, professionals across a myriad of fields, members of the local housing authority, and many more. One of these conversations invited three local superintendents—all of whom are women of color, a first for our region's history - into our studio for a special broadcast edition. This conversation was broadcast on WILL-TV, but all events are offered live through Facebook and YouTube. On top of solution-based community conversations, News, Brews & Beatz works to highlight the diverse and impactful work of Black artists throughout our region at each public event. In early 2024, IPM launched Illinois Soul. Illinois Soul is a not-for-profit public radio station licensed to Illinois Public Media and the College of Media at the University of Illinois at Urbana-Champaign. FM 101.1 elevates Black voices, music, and culture throughout central Illinois, and online, with the power of public media. Illinois Soul airs NPR shows, produces local news for broadcast and the Web, and works hand-in-hand with the community to address their needs and concerns.

STATEMENTS OF NET POSITION

The Statements of Net Position presents the financial position of Illinois Public Media at the end of the fiscal year and includes all assets, liabilities and deferred outflows and inflows of Illinois Public Media using the accrual basis of accounting. A summarized comparison of the Illinois Public Media's assets and deferred outflows, liabilities and net position at June 30, 2023 and 2022 is as follows:

	2023	2022
Current Assets:		
Interest in pooled cash	$ 10,496,373	$ 10,544,652
Interest in pooled investments	3,838,576	3,541,186
Accounts receivable	19,200	-
Interest receivable - investments	11,362	-
Prepaid expenses	65,764	45,729
Leases receivable	35,901	32,055
Accrued interest receivable - leases	8,140	8,627
Due from University state funds	-	150,778
Noncurrent Assets:		
Interest in pooled investments	10,640,161	9,363,501
Leases receivable, less current portion	657,900	682,409
Capital assets, net	4,068,656	4,359,275
Deferred outflows of resources - pensions	154,289	161,001
Total assets and deferred outflows	$ 29,996,322	$ 28,889,213
Current liabilities:		
Accounts payable	$ 55,568	$ 306,964
Accrued salaries	69,079	65,260
Deferred revenue	2,099,050	2,208,960
Due to University gift funds	175,000	-
Noncurrent liabilities:		
Accrued compensated absences	302,839	295,609
Deferred inflows of resources - leases	665,157	702,866
Total liabilities and deferred inflows	3,366,693	3,579,659
Total net position	26,629,629	25,309,554
Total liabilities, deferred inflows and net position	$ 29,996,322	$ 28,889,213

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statements of Revenues, Expenses and Changes in Net Position present the results of Illinois Public Media's revenue and expense activity as operating or non-operating. The following schedule summarizes Illinois Public Media's fiscal year 2023 and 2022 activity:

	2023	2022
Total operating revenues	$ 1,975,467	$ 1,661,405
Total operating expenses	8,432,544	7,025,093
Operating loss	(6,457,077)	(5,363,688)
Non-operating revenues (expenses):		
State appropriations	1,076,320	1,095,465
Contributions	4,150,621	3,167,671
Indirect administrative support	733,471	586,256
On behalf payments for fringe benefits	395,187	288,683
Net investment income	535,296	514,941
Net increase (decrease) in fair value of investments	867,800	(844,240)
Interest income-leases	18,457	21,598
Interest expense	-	(148,193)
Net non-operating revenues	7,777,152	4,682,181
Income (loss) before other revenues	1,320,075	(681,507)
Capital gifts	-	148,193
Increase (decrease) in net position	1,320,075	(533,314)
Net position, beginning of year	25,309,554	25,842,868
Net position, end of year	$ 26,629,629	$ 25,309,554

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows provides information about Illinois Public Media's financial results, by reporting the major sources and uses of cash. A summary of the statements of cash flows for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Cash flows from operating activities:		
Total operating sources	$ 1,818,436	$ 1,508,939
Total operating uses	(6,541,200)	(5,497,809)
Net cash flows from operating activities	(4,722,764)	(3,988,870)
Cash flows from noncapital financing activities:		
State appropriations	1,076,320	1,095,465
Cash received from contributors	3,769,621	2,882,671
Net cash flows from noncapital financing activities	4,845,941	3,978,136
Cash flows from capital and related financing activities		
Capital gifts	-	148,193
Purchase of capital assets	(18,959)	-
Interest payments on loan payable	-	(148,193)
Net cash flows from capital and related financing activities	(18,959)	-
Cash flows from investing activities:		
Earnings on cash and investments, net	553,753	489,320
Purchases of investments, net	(706,250)	(233,861)
Net cash flows from investing activities	(152,497)	255,459
Change in cash and cash equivalents	(48,279)	244,725
Cash and cash equivalents, beginning of year	10,544,652	10,299,927
Cash and cash equivalents, end of year	$ 10,496,373	$ 10,544,652

CAPITAL ASSETS AND RELATED FINANCING ACTIVITIES

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

	2023	2022
Equipment, net	$ 130,850	$ 246,107
Building, net	3,810,902	3,963,191
Improvements, net	126,904	149,977
Total capital assets, net	$ 4,068,656	$ 4,359,275

ECONOMIC OUTLOOK

In FY24, Illinois Public Media will continue to focus on several infrastructure projects that will prepare the organization to be compatible with the upcoming change to the new broadcast standard, ATSC 3.0. The organization will continue to work on the technological infrastructure and capacity of workflow of all our platforms. Furthermore, Illinois Public Media hopes to hire several new staff in the digital team, video content creation, and in classical music content creation throughout the rest of FY24, increasing capacity for local content creation and support.

CONTACTING IPM'S OFFICES OF FINANCIAL MANAGEMENT

This financial report was designed to provide our donors, listeners, and viewers with a general overview of Illinois Public Media's finances and to demonstrate the organization's accountability for the money it receives. If you have any questions about this report, please contact the Illinois Public Media Business Office at 300 N. Goodwin Avenue, Urbana, IL 61801, or via telephone at 217-300-5340.

University of Illinois
Illinois Public Media

STATEMENTS OF NET POSITION

June 30

	2023	2022
CURRENT ASSETS		
Interest in pooled cash	$ 10,496,373	$ 10,544,652
Interest in pooled investments	3,838,576	3,541,186
Grants receivable	19,200	-
Interest receivable - investments	11,362	-
Leases receivable	35,901	32,055
Interest receivable - leases	8,140	8,627
Prepaid expenses	65,764	45,729
Due from University state funds	-	150,778
Total current assets	14,475,316	14,323,027
NONCURRENT ASSETS		
Interest in pooled investments	10,640,161	9,363,501
Capital assets, net	4,068,656	4,359,275
Leases receivable, less current portion	657,900	682,409
Total noncurrent assets	15,366,717	14,405,185
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	154,289	161,001
Total assets and deferred outflows of resources	$ 29,996,322	$ 28,889,213
CURRENT LIABILITIES		
Accounts payable	$ 55,568	$ 306,964
Accrued salaries	69,079	65,260
Deferred revenue	2,099,050	2,208,960
Due to University gift funds	175,000	-
Total current liabilities	2,398,697	2,581,184
NONCURRENT LIABILITIES		
Accrued compensated absences	302,839	295,609
Total liabilities	2,701,536	2,876,793
DEFERRED INFLOWS OF RESOURCES - LEASES	665,157	702,866
NET POSITION		
Net investment in capital assets	4,068,656	4,359,275
Restricted		
Non-expendable	11,280,701	9,363,501
Expendable	11,243,851	11,372,951
Unrestricted	36,421	213,827
Total net position	26,629,629	25,309,554
Total liabilities, deferred inflows and net position	$ 29,996,322	$ 28,889,213

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

University of Illinois
Illinois Public Media

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30

	2023	2022
OPERATING REVENUES		
Community service grants	$ 1,653,945	$ 1,445,379
State and other government grants	218,687	112,909
Other grants	35,000	35,001
University support	7,455	(6,565)
Other income	60,380	74,681
Total operating revenues	1,975,467	1,661,405
OPERATING EXPENSES		
Local programming and production	4,258,186	3,304,201
Broadcasting	1,144,683	904,171
Program information	401,707	287,866
Fundraising and membership development	903,450	775,283
Grant and underwriting solicitation	195,849	245,697
Management and general	1,219,091	1,194,323
Unallocated depreciation	309,578	313,552
Total operating expenses	8,432,544	7,025,093
NET OPERATING LOSS	(6,457,077)	(5,363,688)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	1,076,320	1,095,465
Contributions	4,150,621	3,167,671
Indirect administrative support	733,471	586,256
On behalf payments for fringe benefits	395,187	288,683
Net investment income	535,296	514,941
Net increase (decrease) in fair value of investments	867,800	(844,240)
Interest income - leases	18,457	21,598
Interest expense	-	(148,193)
Net non-operating revenues	7,777,152	4,682,181
Income (loss) before capital gifts	1,320,075	(681,507)
Capital gifts	-	148,193
INCREASE (DECREASE) IN NET POSITION	1,320,075	(533,314)
NET POSITION AT BEGINNING OF YEAR	25,309,554	25,842,868
NET POSITION AT END OF YEAR	$ 26,629,629	$ 25,309,554

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

University of Illinois
Illinois Public Media

STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Community service grants receipts	$ 1,555,080	$ 1,324,689
State and other government grants receipts	193,695	120,426
Other grants receipts	29,747	15,933
University support	7,455	(6,565)
Other operating receipts	32,459	54,456
Payments to employees and related benefits	(2,656,063)	(2,727,758)
Payments to suppliers	(3,885,137)	(2,770,051)
Net cash flows from operating activities	(4,722,764)	(3,988,870)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	1,076,320	1,095,465
Cash received from contributors	3,769,621	2,882,671
Net cash flows from noncapital financing activities	4,845,941	3,978,136
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital gifts	-	148,193
Purchase of capital assets	(18,959)	-
Interest payments on loan payable	-	(148,193)
Net cash flows from capital and related financing activities	(18,959)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on cash and investments, net	553,753	489,320
Purchases of investments, net	(706,250)	(233,861)
Net cash flows from investing activities	(152,497)	255,459
CHANGE IN CASH AND CASH EQUIVALENTS	(48,279)	244,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,544,652	10,299,927
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,496,373	$ 10,544,652

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

University of Illinois
Illinois Public Media

STATEMENTS OF CASH FLOWS - CONTINUED

For the Years Ended June 30

	2023	2022
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	$ (6,457,077)	$ (5,363,688)
Adjustments to reconcile the net operating loss to net cash flows from operating activities:		
Operating expenses arising from indirect administrative support from the University	733,471	586,256
Operating expenses arising from on behalf payments from the State of Illinois	395,187	288,683
Operating expenses arising from in-kind contributions	381,000	285,000
Depreciation expense	309,578	313,552
Changes in assets, deferred outflows/inflows and liabilities		
Grants receivable	(19,200)	12,430
Interest receivable - investments	(11,362)	-
Leases receivable	20,663	(714,464)
Interest receivable - leases	487	(8,627)
Prepaid expenses	(20,035)	(6,766)
Due from University state funds	150,778	(150,778)
Deferred outflow of resources - pensions	6,712	(22,167)
Accounts payable	(251,396)	287,873
Accrued salaries	3,819	(14,253)
Deferred revenue	(109,910)	(144,671)
Due to University gift funds	175,000	-
Accrued compensated absences	7,230	(40,116)
Deferred inflow of resources - leases	(37,709)	702,866
Net cash flows from operating activities	$ (4,722,764)	$ (3,988,870)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
On behalf contributions from the University for indirect administrative support	$ 733,471	$ 586,256
On behalf contributions from the State of Illinois for the payment of employee fringe benefits	395,187	288,683
In-kind contributions of goods and services	381,000	285,000

University of Illinois
Illinois Public Media

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - NATURE OF OPERATIONS

Illinois Public Media (IPM) is a public media service owned and operated by the University of Illinois at Urbana-Champaign (University). IPM 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 IPM, and do not purport to, and do not, present fairly the financial position of the University as of June 30, 2023 and 2022, and changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. <u>Basis of Presentation</u>

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

For financial reporting purposes, IPM is considered part of the University, and thus, like the University, is a special-purpose government engaged only in business-type activities. Accordingly, IPM's 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 IPM 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.

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, 2023 and 2022 represents IPM's 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. IPM believes all receivables are collectible. A provision for uncollectable accounts has not been recorded.

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

5. Net Position

IPM's net position is classified as follows:

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

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.

c. Restricted net position, expendable: Restricted expendable net position includes resources in which IPM is legally or contractually obligated to spend 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 IPM.

It is IPM's 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Donor-Restricted Endowments

Donor-restricted endowments are held and administered by the University of Illinois Foundation. The University of Illinois Foundation holds the funds as agency funds based upon and consistent with the desire of the donor.

The State of Illinois adopted the Uniform Prudent Managements of Institutional Funds Act (UPMIFA), effective June 30, 2009. UPMIFA added certain prudent spending measures to the Uniform Management of Institutional Funds Act. In accordance with UPMIFA, the Board of Directors of the University of Illinois Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds; general economic conditions; the possibility of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the institution; and the investment policies of the University of Illinois Foundation.

7. Revenue Recognition

IPM 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.

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.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Pledges and Contributions

IPM 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 IPM for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. However, uncollected pledges are not enforceable against contributors. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received. Contributions and collected pledges from these fundraising campaigns are components of the unrestricted operating fund since their usage is not limited to specific activities of IPM.

9. 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.

10. 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 Communications 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Corporation for Public Broadcasting Community Service Grants - Continued

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.

11. 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. Investments are reported at fair value.

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.

12. 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Subsequent Events

IPM assessed events that have occurred subsequent to June 30, 2023 through February 23, 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. IPM's share of the investment pool is stated at fair value. Fair value is generally determined by either quoted market prices or net asset values 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, 2023 and 2022 the fair value of IPM's share of the University of Illinois Foundation investment pool was $ 14,478,737 and $ 12,904,687, respectively. The investments carry donor restrictions and therefore are included in restricted, expendable net position or restricted, non-expendable net position.

Further information regarding the investments held by the University of Illinois Foundation and their fair value measurements may be obtained from the financial statements of the University.

University of Illinois
Illinois Public Media

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE D - CAPITAL ASSETS

Capital assets activity for IPM for the year ended June 30, 2023 is summarized below:

	Balances July 1, 2022	Additions	Retirements	Balances June 30, 2023
Capital assets				
Buildings	$ 7,299,797	$ -	$ -	$ 7,299,797
Equipment	3,574,242	18,959	311,041	3,282,160
Improvements	461,465	-	-	461,465
Total capital assets	11,335,504	18,959	311,041	11,043,422
Less accumulated depreciation				
Buildings	3,336,606	152,289	-	3,488,895
Equipment	3,328,135	134,216	311,041	3,151,310
Improvements	311,488	23,073	-	334,561
Total accumulated depreciation	6,976,229	309,578	311,041	6,974,766
Capital assets, net	$ 4,359,275	$ (290,619)	$ -	$ 4,068,656

NOTE D - CAPITAL ASSETS - Continued

Capital assets activity for IPM for the year ended June 30, 2022 is summarized below:

	Balances July 1, 2021	Additions	Retirements	Balances June 30, 2022
Capital assets				
Buildings	$ 7,299,797	$ -	$ -	$ 7,299,797
Equipment	3,802,900	-	228,658	3,574,242
Improvements	461,465	-	-	461,465
Total capital assets	11,564,162	-	228,658	11,335,504
Less accumulated depreciation				
Buildings	3,184,316	152,290	-	3,336,606
Equipment	3,418,604	138,189	228,658	3,328,135
Improvements	288,415	23,073	-	311,488
Total accumulated depreciation	6,891,335	313,552	228,658	6,976,229
Capital assets, net	$ 4,672,827	$ (313,552)	$ -	$ 4,359,275

NOTE E - LEASES

IPM is lessor for various noncancellable leases of tower space. Effective with the implementation of GASB No. 87, IPM recognized lease receivables and a deferred inflow of resources in the financial statements. IPM initially measured the lease receivables at the present value of payments expected to be received during the remaining lease terms. The lease receivables are reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivables, 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. The remaining lease terms range from five to thirty years.

NOTE E - LEASES - Continued

IPM recognized $ 20,663 and $ 39,116 in lease revenue and $ 18,457 and $ 21,598 in interest income during the years ended June 30, 2023 and 2022, respectively, related to these leases. As of June 30, 2023 and 2022, IPM's receivable for lease payments was $ 693,801 and $ 714,464 and deferred inflow of resources from leases was $ 665,157 and $ 702,866, respectively.

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

Fiscal Year Ending	Principal	Interest	Total
2024	$ 35,901	$ 17,903	$ 53,804
2025	41,251	17,034	58,285
2026	43,238	15,972	59,210
2027	45,269	14,893	60,162
2028	47,366	13,777	61,143
2029-2033	288,556	49,411	337,967
2034-2038	156,944	19,992	176,936
2039-2043	35,276	1,059	36,335
Total	$ 693,801	$ 150,041	$ 843,842

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

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 (SURS), 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, 2021 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.

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 2023 and 2022 respectively, was 12.83% and 12.32% 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, 2022, SURS reported a net pension liability (NPL) of $ 29,078,054,000. The net pension liability was measured as of June 30, 2022.

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 $ 13,329,667,000. This amount should not be recognized in the financial statement. The net pension liability and the total pension liability as of June 30, 2022 was determined based on the June 30, 2021 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.

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, 2022 SURS reported a collective net pension expense of $ 1,903,315,000.

Employer Proportionate Share of Pension Expense: The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure 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 during fiscal year 2022. As a result, the University recognized on-behalf revenue and pension expense of $ 872,498,000 for fiscal year ended June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Deferred outflows of resources are the consumption of net position by SURS 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 Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 31,973	$ 28,675
Changes in assumptions	279,362	982,954
Net difference between projected and actual earnings on pension plan investments	31,629	-
Total	$ 342,964	$ 1,011,629

3. Deferral of Fiscal Year 2023 Pension Expense

IPM paid $ 154,289 in federal, trust or grant contributions for fiscal year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022 and are recognized as Deferred Outflows of Resources as of June 30, 2023.

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2022 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, 2022 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.

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, 2022, these best estimates are summarized in the following table:

Asset Class	Strategic Policy Allocation	Long-Term Expected Real Rate of Return
Global public equity	38.00%	7.62%
Credit fixed income	9.00	4.20
Public credit real assets	4.50	4.98
Options strategies	2.50	4.91
Private equity	10.50	11.91
Private credit	1.00	7.45
Non-core real assets	2.50	9.43
U.S. TIPS	5.00	1.23
Core fixed income	8.00	1.79
Systemic trend following	10.00	4.33

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs - Continued

	Target Allocation	Long-Term Expected Real Rate of Return
Alternative risk premia	5.00%	3.59%
Long duration	4.00	2.16
Total	100.00%	6.08%
Inflation		2.25
Expected Arithmetic Return		8.33%

Discount Rate: A single discount rate of 6.39% 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 3.69% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). 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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, 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 6.39%, 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 - 5.39% (In Thousands)	Current Single Discount Rate Assumption - 6.39% (In Thousands)	1% Increase - 7.39% (In Thousands)
$ 35,261,803	$ 29,078,054	$ 23,928,731

NOTE F - STATE UNIVERSITIES RETIREMENT SYSTEM - Continued

4. Assumptions and Other Inputs - Continued

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.

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 - NOTE PAYABLE, CONTRIBUTIONS RECEIVABLE, AND BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST

In 1999, the University of Illinois administration provided an internal loan to the College of Media/IPM for the construction of Campbell Hall. Under the terms of the related financing agreement, the note bears interest at an annual rate of 5%. The majority of the principal was to be paid upon the receipt of deferred gifts which had been designated for IPM through contributions receivable and a charitable remainder trust, all of which were held by the University of Illinois Foundation. The balance of the loan was paid off with a contribution during the year ended June 30, 2022.

The principal balance of the loan was $ -0- as of June 30, 2023 and 2022. The University allocated the principal balance of the loan to IPM's balance sheet and IPM recognized a corresponding non-current asset which it classified as contributions receivable and beneficial interest in charitable remainder trust. Management believed the principal balance of the loan approximates the net present value of IPM's share of contributions receivable combined with the fair value of IPM's beneficial interest in the charitable remainder trust.

The annual interest payment and the principal balance was adjusted accordingly on an annual basis as deferred gifts were received and until the loan was paid in full. The University of Illinois Foundation paid the interest annually on the outstanding balance of the loan from endowment funds, and the interest expense was allocated to IPM. The University of Illinois Foundation also allocated revenue to IPM annually for the amount of the interest expense. The allocation of revenue and interest expense to IPM for the years ended June 30, 2023 and 2022 was $ -0- and $ 148,193, respectively. The revenue is included in capital gifts on the Statements of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2022.

NOTE I - INDIRECT ADMINISTRATIVE SUPPORT

Indirect administrative support from the University consists of allocated institutional support and physical plant costs incurred by the University for which IPM receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses and Changes in Net Position. The value of this support for the years ended June 30, 2023 and 2022 was $ 733,471 and $ 586,256, respectively.

NOTE J - CONTRIBUTED IN-KIND SUPPORT

Contributed materials, supplies, and facilities are recorded at their estimated fair value at the date of donation. IPM reports gifts of professional services, materials, and other nonmonetary contributions as revenue in the accompanying Statements 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 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, 2023 and 2022 was $ 381,000 and $ 285,000, respectively.

Contributed support from the State of Illinois consists of benefit contributions on behalf of IPM. The value of the on-behalf contributions recognized in the years ended June 30, 2023 and 2022 was $ 395,187 and $ 288,683, respectively.

SUPPLEMENTARY INFORMATION

University of Illinois
Illinois Public Media

COMBINING SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended June 30, 2023

	AM/FM	TV	Total
Operating revenues			
Community service grants	$ 288,344	$ 1,365,601	$ 1,653,945
State and other government grants	113,757	104,930	218,687
Other grants	15,036	19,964	35,000
University support	3,203	4,252	7,455
Other income	25,938	34,442	60,380
Total operating revenues	446,278	1,529,189	1,975,467
Operating expenses			
Local programming and production	2,153,306	2,104,880	4,258,186
Broadcasting	373,826	770,857	1,144,683
Program information	172,631	229,076	401,707
Fundraising and membership development	388,304	515,146	903,450
Grant and underwriting solicitation	116,314	79,535	195,849
Management and general	444,428	774,663	1,219,091
Unallocated depreciation	132,991	176,587	309,578
Total operating expenses	3,781,800	4,650,744	8,432,544
Net operating loss	(3,335,522)	(3,121,555)	(6,457,077)
Non-operating revenues (expenses)			
State appropriations	462,372	613,948	1,076,320
Contributions	1,867,436	2,283,185	4,150,621
Indirect administrative support	330,181	403,290	733,471
On behalf payments for fringe benefits	169,767	225,420	395,187
Net investment income	160,682	374,614	535,296
Net increase in fair value of investments	125,463	742,337	867,800
Interest income - leases	7,929	10,528	18,457
Net non-operating revenues	3,123,830	4,653,322	7,777,152
Income (loss) before capital gifts	(211,692)	1,531,767	1,320,075
Capital gifts	-	-	-
Increase (decrease) in net position	$ (211,692)	$ 1,531,767	$ 1,320,075

University of Illinois
Illinois Public Media

COMBINING SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended June 30, 2022

	AM/FM	TV	Total
Operating revenues			
Community service grants	$ 112,136	$ 1,333,243	$ 1,445,379
State and other government grants	70,673	42,236	112,909
Other grants	10,667	24,334	35,001
University support	(1,748)	(4,817)	(6,565)
Other income	31,076	43,605	74,681
Total operating revenues	222,804	1,438,601	1,661,405
Operating expenses			
Local programming and production	1,777,159	1,527,042	3,304,201
Broadcasting	296,556	607,615	904,171
Program information	112,530	175,336	287,866
Fundraising and membership development	326,136	449,147	775,283
Grant and underwriting solicitation	145,646	100,051	245,697
Management and general	496,236	698,087	1,194,323
Unallocated depreciation	133,780	179,772	313,552
Total operating expenses	3,288,043	3,737,050	7,025,093
Net operating loss	(3,065,239)	(2,298,449)	(5,363,688)
Non-operating revenues (expenses)			
State appropriations	469,110	626,355	1,095,465
Contributions	1,561,686	1,605,985	3,167,671
Indirect administrative support	276,652	309,604	586,256
On behalf payments for fringe benefits	149,427	139,256	288,683
Net investment income	151,626	363,315	514,941
Net decrease in fair value of investments	(465,270)	(378,970)	(844,240)
Interest income - leases	9,287	12,311	21,598
Interest expense	(63,228)	(84,965)	(148,193)
Net non-operating revenues	2,089,290	2,592,891	4,682,181
Income (loss) before capital gifts	(975,949)	294,442	(681,507)
Capital gifts	63,228	84,965	148,193
Increase (decrease) in net position	$ (912,721)	$ 379,407	$ (533,314)

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
Illinois Public Media
Urbana, 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 Illinois Public Media (IPM) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise IPM's basic financial statements, and have issued our report thereon dated February 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IPM's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IPM's internal control. Accordingly, we do not express an opinion on the effectiveness of IPM's 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 IPM's 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 IPM's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IPM's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eck, Schafer & Punke, LLP

Springfield, Illinois
February 23, 2024