UNIVERSITY OF ILLINOIS
ILLINOIS PUBLIC MEDIA

Financial Statements and Supplementary Information

For the Years Ended June 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Illinois Public Media, Illinois ("IPM"), as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

1701 Broadmoor, Suite 200 • Champaign, IL 61821
Phone: (217) 351-2073 Fax: (217) 351-3487 kempercpa.com

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of IPM, as of June 30, 2015 and 2014, and the respective changes financial position, and where applicable, cash flows thereof 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 1, the financial statements of IPM are intended to present the financial position, the changes in financial position, and cash flows of on IPM's portion of the University of Illinois'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 of Illinois as of June 30, 2015 and 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 29-30 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 10, 2016, 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 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 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.

Kemper CPA Group LLP

Kemper CPA Group, LLP
Champaign, Illinois
February 10, 2016

Management's 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 year ended June 30, 2015. 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-Online) 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 Web-content users across a wide area of central and east central Illinois. WILL-AM began broadcasting in 1922; WILL-FM signed on the air in 1941 with the first FM license issued to a university; WILL-TV first went on the air in 1955. WILL-TV has a long history of serving central Illinois with local programs that tell the story of our regions' people, places and history. The IPM stations employ 35 full-time equivalent employees. The IPM budget contains four major sources of revenue: the Corporation for Public Broadcasting, the Illinois Arts Council, the University of Illinois, and Contributions/Private Gifts.

IPM continues to find ways to attract audiences that are increasing using mobile devices and the Web to access content, with particular emphasis on reaching viewers and listeners using social media platforms to showcase audio and video content. The organization continues to build on the strength of its legacy broadcast platforms and its strong national content by producing local programs and Web content, collaborating with community organizations, and working with teachers and students to have an impact. The stations have placed an increased emphasis on marketing the institutional value of IPM, better promotion of programming across all audience platforms, and finding more meaningful and successful partnerships with our College, the University at large, and other stations, illustrated best by our continuing collaboration with Peoria's WTVP.

IPM addressed several infrastructure projects in 2015, including the updating of transmitter and satellite dish equipment, as well as replacement of the radio automation system for WILL-FM and AM.

A fiber link between WILL and WTVP was created as part of our ongoing collaboration with that station, and a major rebuild of IPM's website was completed in 2015. We also merged our IT department with that of the College of Media to create a more efficient and effective organization to better serve the station and College.

IPM received several grants in support of production. The Illinois Art Council provided funds to produce a new series of artist and creative profiles. The series was well received and in 2016 the series will be funded by IPM. Other grants supported production efforts with the American Graduate Project, PBS Learning Media, and the Central Illinois Vietnam Stories Project. PBS Digital Studios awarded IPM a production training grant. Several members of our and WTVP's production staff took part in the training.

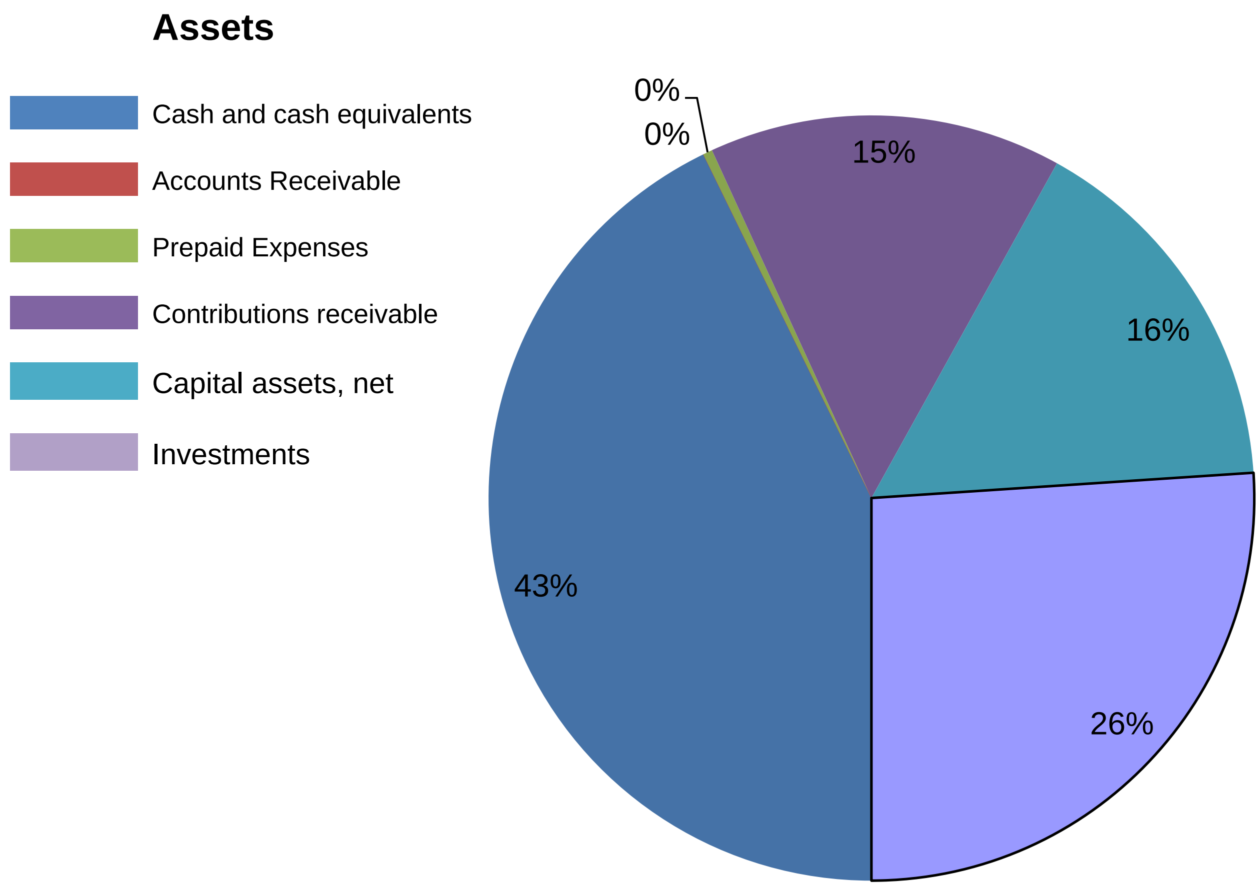
USING THE FINANCIAL STATEMENTS

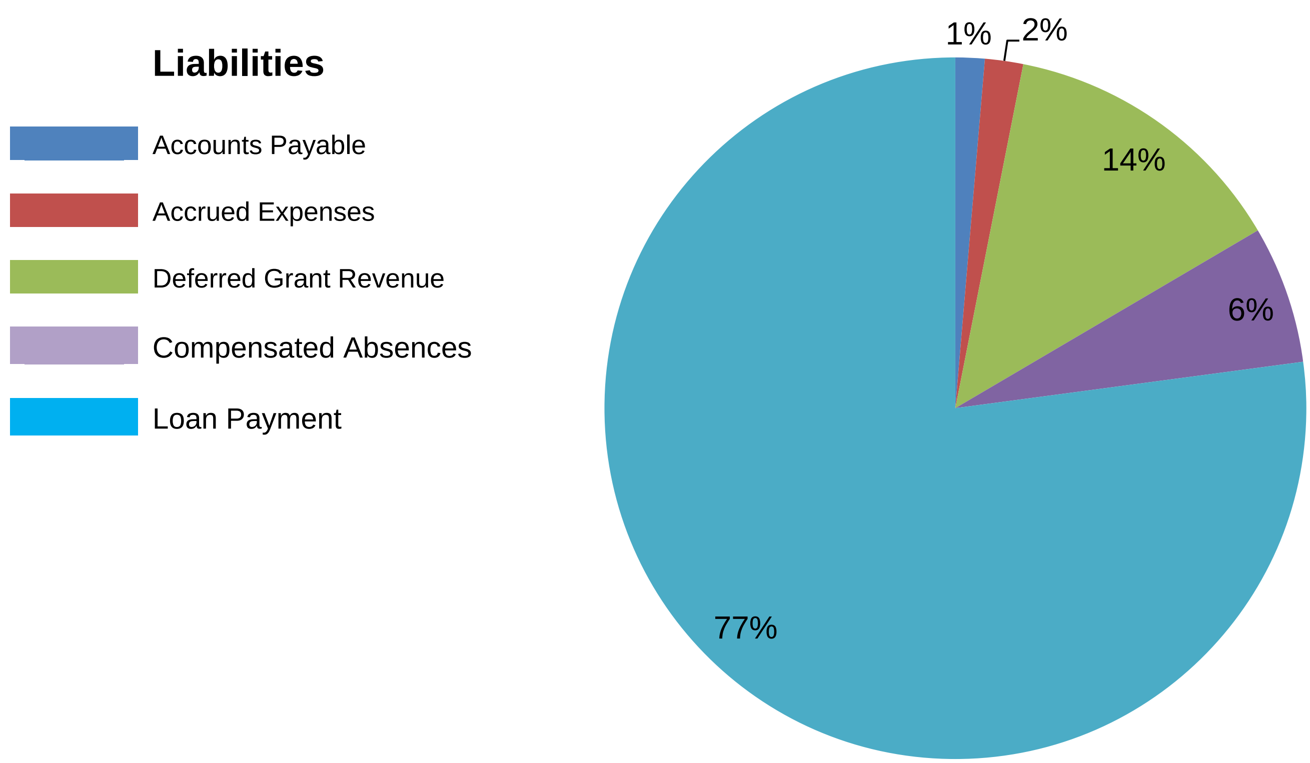
Illinois Public Media's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB)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

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of Illinois Public Media at the end of the fiscal year and includes all assets and liabilities of Illinois Public Media using the accrual basis of accounting. Generally assets and liabilities are reported at cost. A summarized comparison of the University's assets, liabilities and net assets at June 30, 2015 and 2014 is as follows:

	2015	2014
Current assets:		
Cash and cash equivalent	8,507,620	$ 6,401,048
Accounts receivable	11	414,247
Prepaid expenses	79,438	70,222
Noncurrent assets:		
Contributions receivable	2,963,857	2,964,831
Pooled Investments	3,162,173	2,671,986
Capital assets, net	5,183,092	5,368,409
Deferrent outflows	79,872	0
Total assets	$ 19,976,063	$ 17,890,743
Current liabilities:		
Accounts payable	51,537	$ 26,915
Accrued expenses	67,787	58,121
Deferred grant revenue	516,474	330,574
Noncurrent liabilities:		
Accrued compensated absences	243,761	305,762
Loan payable	2,963,857	2,964,831
Total liabilities	3,843,416	3,686,203
Total net assets	$ 16,132,647	$ 14,204,540


Assets
Cash and cash equivalents
Accounts Receivable
Prepaid Expenses
Contributions receivable
Capital assets, net
Investments
0%
0%
15%
16%
43%
26%

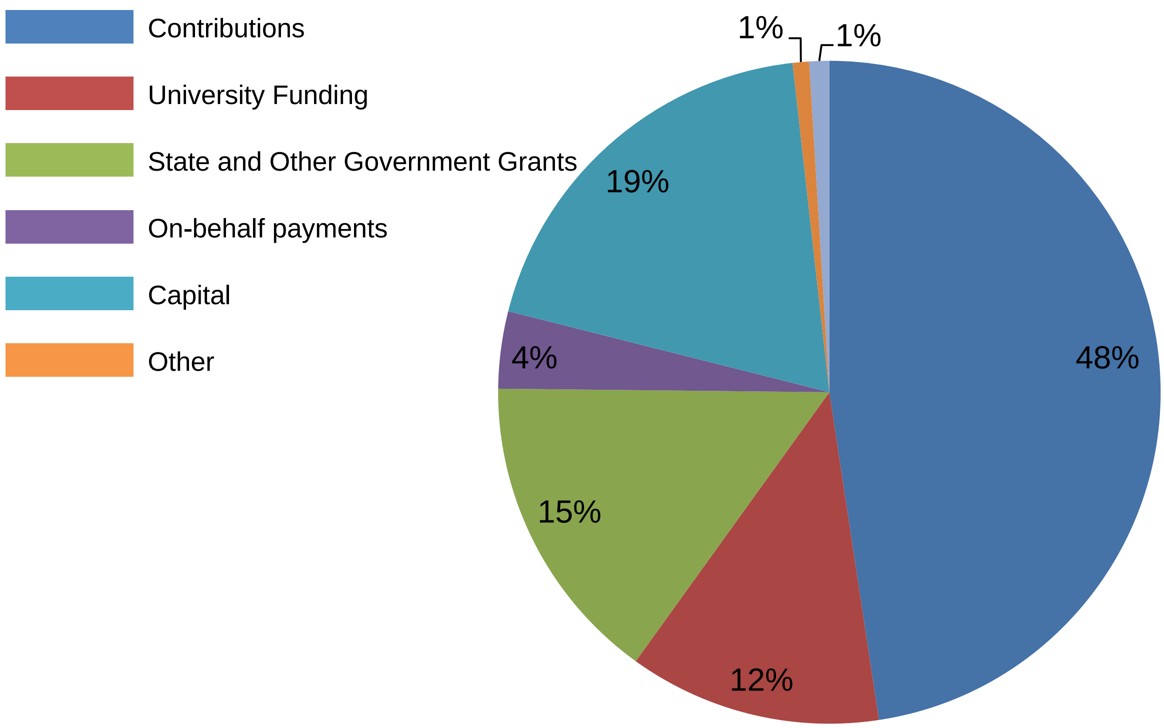

Liabilities
Accounts Payable
Accrued Expenses
Deferred Grant Revenue
Compensated Absences
Loan Payment
1%
2%
14%
6%
77%

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

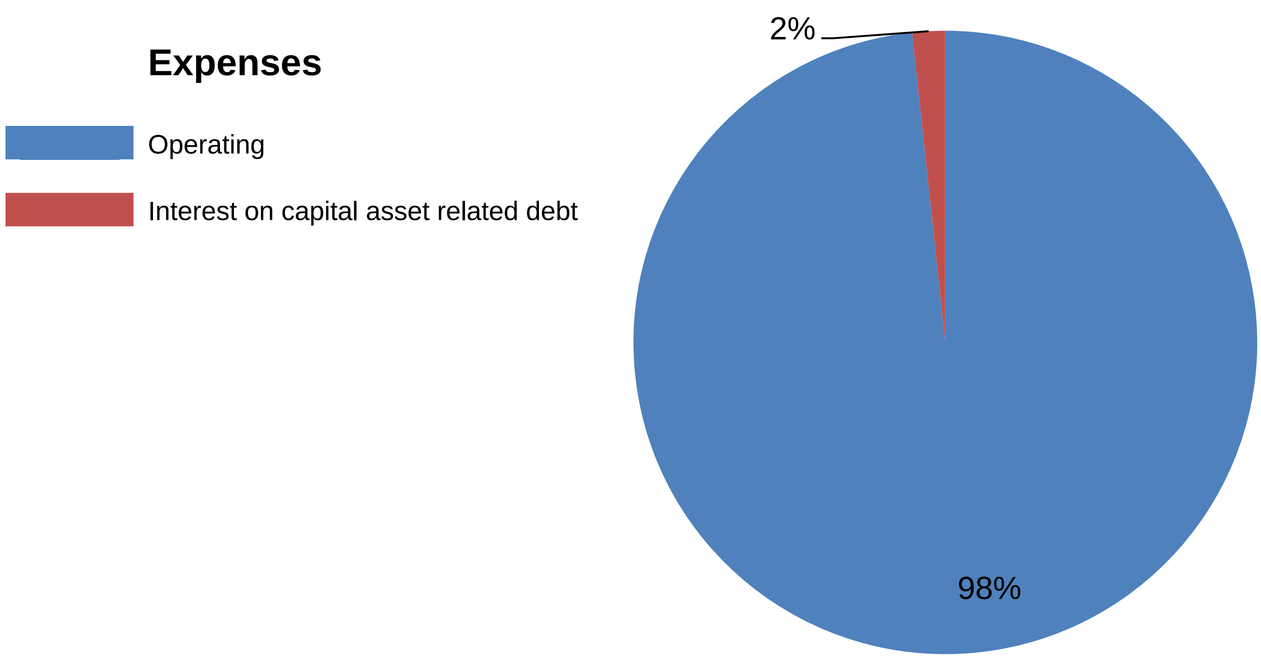
The Statement of Revenues, Expenses and Changes in Net Assets present the results of Illinois Public Media's revenue and expense activity as operating or non-operating. The following schedule summarizes Illinois Public Media's fiscal year 2015 and 2014 activity:

	2015	2014
Operating revenues:		
General appropriation from University of Illinois	1,296,130	$ 1,256,798
Contributions and membership income	5,006,163	5,839,028
State and Other government grants	1,583,687	1,975,893
Other income	102,643	129,471
Total operating revenues	7,988,623	9,201,189
Total operating expenses	8,535,008	9,559,577
Operating income (loss)	-546,385	-358,383
Nonoperating revenues (expenses):		
Investment income	$ 102,209	$ 570,924
On behalf payments for fringe benefits	395,853	538472
Interest on capital asset related debt	-149,216	$ (149,216)
Net nonoperating revenues (expenses)	348,846	960,180
Capital gifts	2,028,537	443,489
Increase in net assets	1,830,998	1,045,286
Net position, beginning of year, as originally stated	14,204,540	14,948,835
Prior period adjustment	0	-1,789,576
Change in accounting principal	97,109	0
Net position, beginning of year, as restated	$ 14,301,649	$ 13,159,259
Net position, end of year	$ 16,132,647	$ 14,204,545

Revenues



Expenses



STATEMENT OF CASH FLOWS

The Statement 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 statement of cash flows for the years ended June 30, 2015 and 2014 is as follows:

	2015	2014
Cash flows from operating activities:		
Total sources	$ 5,989,223	$ 5,699,970
Total uses	(5,363,900)	(5,770,318)
Net cash provided (used) by operating activities	625,323	(70,348)
Cash flows from capital and related financing activities:		
Capital gifts and contributions	1,579,770	443,489
Purchase of capital assets	(27,331)	(63,945)
Interest payments on loan payable	(149,216)	(149,216)
Net cash provided (used) by capital and related financing activities	1,403,223	230,328
Cash flows from investing activities:		
Investment income	102,209	570,923
Net cash provided (used) by investing activities	102,209	570,923
Net increase (decrease) in cash	2,130,755	730,903
Cash and cash equivalents, beg.of the year, as originally stated	2,786,042	2,055,139
Cash and cash equivalents, beg.of the year, as restated	2,786,042	2,055,139
Cash and cash equivalents, end of the year	$ 4,916,797	$ 2,786,042

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.

	2015	2014
Equipment	$185,317	$186,902
Building	4,997,774	5,181,507
Total	$5,183,091	$5,368,409

The University of Illinois Foundation (the Foundation) loaned Illinois Public Media $4 million as an advance on a charitable remainder trust. Illinois Public Media constructed Campbell Hall with the proceeds of the loan. Illinois Public Media pays only interest on the loan and the loan balance varies based upon the value of the charitable remainder trust.

	2015	2014
Foundation building loan	$2,963,857	$2,964,831

ECONOMIC OUTLOOK

IPM has the benefit of being funded by several revenue streams. Those include listener and business contributions, grants through the Corporation for Public Broadcasting, the Illinois Arts Council Agency, the Illinois State Library, and support from its licensee--the University of Illinois, along with major gifts and bequests.

Approximately one-third of IPMs operating budget is appropriated by the State of Illinois. Currently, the Illinois budget impasse is in its eighth month. The absence of a state budget has made it difficult to track FY16. This uncertainty also could impact FY2017 budgeting.

IPM expects to raise more money in 2016. Several new IPM programs and projects that have been in development will come to fruition. We believe they will attract new investment from partners, corporate supporters and listeners and viewers.
Our colleagues in the Illinois Public Media newsroom have put together a dynamic new collaboration to share resources and deliver more news and public affairs programs to more people in Illinois. Likewise, we have begun to work on new fundraising collaborations within the University of Illinois and other stations in downstate Illinois. These will help us identify new contributors and to reduce overall spending on fundraising resources.

Collaboration projects are being investigated to provide capacity and/or budget relief. CPB has awarded a grant over the next two years. The grant will provide budget relief and additional capacity over the next two years. Future sustainability of this project is being developed.

IPM's revenue future is building its non-governmental revenue sources based on a public journalism mission. IPM must attract larger gifts from donors and continue to seek grant and external funding for service and staff expansion. The station continues to prioritize news coverage which is seeing the most interest from philanthropies.

IPM has deferred maintenance over the years to make budgets meet. We will be investing is large capital projects in FY16. The station reserve will cover what funding cannot be found elsewhere.

IPM fiscal position is positive. IPM been a good steward of its resources in recent years and is working to continue to be in the black.

CONTACTING IPM'S OFFICES OF FINANCIAL MANAGEMENT

This financial report was designed to provide our donors, listeners and viewers with a general overview of IPM's finances and to demonstrate IPM's accountability for the money it receives. If you have any questions about this report, please contact the IPM Business Office at 300 N. Goodwin Avenue, Urbana, IL 61801, or via telephone at 217-333-7300.

UNIVERSITY OF ILLINOIS - ILLINOIS PUBLIC MEDIA

Statements of Net Position

June 30, 2015 and 2014

	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Interest in pooled cash	$ 4,916,797	$ 2,786,042
Interest in pooled investments	3,590,823	3,615,006
Accounts receivable	11	414,247
Prepaid expenses	79,438	70,222
Total current assets	8,587,069	6,885,517
Noncurrent Assets:		
Contributions receivable and beneficial interest in charitable remainder trust	2,963,857	2,964,831
Interest in pooled investments	3,162,173	2,671,986
Capital assets, net	5,183,092	5,368,409
Total noncurrent assets	11,309,122	11,005,226
Total assets	19,896,191	17,890,743
Deferred outflows of resources	79,872	-
Total assets and deferred outflows of resources	$ 19,976,063	$ 17,890,743
LIABILITIES AND NET POSITION		
Liabilities		
Current Liabilities:		
Accounts payable	$ 51,537	$ 26,915
Accrued expenses	67,787	58,121
Deferred grant revenue	516,474	330,574
Total current liabilities	635,798	415,610
Noncurrent Liabilities:		
Accrued compensated absences	243,761	305,762
Loan payable	2,963,857	2,964,831
Total liabilities	3,843,416	3,686,203
Net Position		
Invested in capital assets, net of related debt	2,219,235	2,403,578
Restricted, expendable	6,447,465	5,000,636
Restricted, non-expendable	3,162,173	2,671,986
Unrestricted	4,303,774	4,128,340
Total net position	16,132,647	14,204,540
Total liabilities and net position	$ 19,976,063	$ 17,890,743

The notes to financial statements are an integral part of this statement.

UNIVERSITY OF ILLINOIS - ILLINOIS PUBLIC MEDIA

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2015 and 2014

	2015	2014
Operating Revenues:		
University funding	$ 1,296,130	$ 1,256,798
Contributions and membership income	4,681,764	5,440,243
Community service grants	1,390,769	1,697,404
State and other government grants	192,918	230,149
Other grants	18,431	48,340
Business and industry contributions	324,399	398,785
Other income	84,212	129,471
Total operating revenues	7,988,623	9,201,190
Operating Expenses:		
Local programming and production	3,343,676	3,925,514
Broadcasting	1,917,183	1,965,809
Program information	629,760	549,108
Fundraising and membership development	1,312,425	1,506,348
Grant and underwriting solicitation	417,612	502,542
Management and general	701,704	881,803
Unallocated depreciation	212,648	228,453
Total operating expenses	8,535,008	9,559,577
Operating income (loss)	(546,385)	(358,387)
Nonoperating Revenues (Expenses):		
Investment income	102,209	570,923
On behalf payments for fringe benefits	395,853	538,472
Interest on capital asset related debt	(149,216)	(149,216)
Net nonoperating revenues (expenses)	348,846	960,179
Income (loss) before other revenues, expenses, gains or losses	(197,539)	601,792
Capital gifts	2,028,537	443,489
Increase in net position	1,830,998	1,045,281
Net position, beginning of year	14,204,540	14,948,835
Cumulative effect of change in accounting principle	97,109	-
Prior period adjustment	-	(1,789,576)
Net position, beginning of year, adjusted	14,301,649	13,159,259
Net position, end of year	$ 16,132,647	$ 14,204,540

The notes to financial statements are an integral part of this statement.

UNIVERSITY OF ILLINOIS - ILLINOIS PUBLIC MEDIA

Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities:		
University funding	$ 1,296,130	$ 1,256,798
Community service grants and other grants	2,202,254	1,511,490
Contributions and membership income	2,516,738	3,484,757
Other income	84,212	129,471
Payments to employees and benefits	(2,392,672)	(2,762,343)
Payments to suppliers	(3,081,339)	(3,690,521)
Net cash provided (used) by operating activities	625,323	(70,348)
Cash Flows from Capital and Related Financing Activities:		
Capital gifts and contributions	1,579,770	443,489
Purchase of capital assets	(27,331)	(63,945)
Interest payments on loan payable	(149,216)	(149,216)
Net cash provided (used) by capital and related financing activities	1,403,223	230,328
Cash Flows from Investing Activities:		
Investment income	102,209	570,923
Net cash provided (used) by investing activities	102,209	570,923
Net increase (decrease) in cash	2,130,755	730,903
Interest in pooled cash, beginning of the year	2,786,042	2,055,139
Interest in pooled cash, end of the year	$ 4,916,797	$ 2,786,042
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (546,385)	$ (358,387)
Adjustments to reconcile excess (deficit) of support and revenues over expenses to net cash provided (used) by operating activities:		
On behalf payments for fringe benefits	395,853	538,472
Depreciation	212,648	228,453
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	414,236	(388,802)
(Increase) decrease in prepaid expenses	(9,216)	29,872
Increase (decrease) in accounts payable	24,622	(26,572)
Increase (decrease) in accrued expenses	9,666	(4,773)
Increase (decrease) in deferred revenue	185,900	(75,601)
Increase (decrease) in accrued compensated absences	(62,001)	(13,010)
Net cash provided (used) by operating activities	$ 625,323	$ (70,348)
Noncash investing, capital and financing activities:		
On behalf payments for fringe benefits	$ 395,853	$ 538,472

The notes to financial statements are an integral part of this statement.

Notes to Financial Statements
June 30, 2015 and 2014

NOTE 1. ORGANIZATION DESCRIPTION

Illinois Public Media (WILL) ("IPM") is a public telecommunications service owned and operated by the University of Illinois-Urbana ("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, 2015 and 2014, and changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's Review of Subsequent Events

Management has evaluated subsequent events through February 10, 2016, which is the date the financial statements were available to be issued.

Basis of Presentation

This accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of American 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.

Cash and Cash Equivalents

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 at June 30, 2015 and 2014 represents IPM's share of this pooled cash account.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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.

Capital Assets

Capital assets are recorded at cost at the date of acquisition of at the fair market value at the date of donation in the case of gifts. In accordance with accounting principles generally accepted in the United States of America for public colleges and universities, depreciation is computed using the straight-line method over the estimated useful lives of the assets. Capital assets valued at $5,000 or more are capitalized. The range of estimated useful lives is as follows:

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

IPM's net position is classified as follows:

a. Invested in capital assets: This represents the total investment in capital assets, net of accumulated depreciation.
b. Restricted net position, non-expendable: Restricted non-expendable net position consist 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 include resources in which IPM is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
d. Unrestricted net position: Unrestricted net position represents resources that have not been restricted by external parties and are available for use by 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.

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 Statements – 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.

University Support

Facilities allocated from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expenses on a prorated basis. Administrative support from the University consists of adjusted allocated financial and physical plant charges incurred by the University on behalf of IPM.

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. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received. However, uncollected pledges are not enforceable against contributors. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of IPM.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communication Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

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.

New Accounting Pronouncements

IPM adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which was effective for periods beginning after June 15, 2014. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Implementation of this pronouncement required a change to IPM's financial statements.

IPM adopted the provisions of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which was effective for periods beginning after June 15, 2014. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. Implementation of this pronouncement required a change to IPM's financial statements.

Change in Accounting Principle

The implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, resulted in a cumulative effect of change in accounting principle of $97,109. This amount represents the pension expense payments made during the year ending June 30, 2014, which under GASB 68 would have been booked as deferred outflows of resources as of June 30, 2014.

Notes to Financial Statements
June 30, 2015 and 2014

NOTE 3. 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 quoted market prices for the University of Illinois Foundation's investments. The fair value of farm properties held as investments by donor-restricted endowments are determined by a periodic appraisal of the property by a certified real estate appraiser.

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

The investments carry donor restrictions and therefore are included in restricted, expendable or restricted, non-expendable net position. At June 30, 2015, and 2014 the total fair value of IPM's share of the University of Illinois Foundation investment pool was $6,752,996 and $6,286,992, respectively.

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

NOTE 4. CAPITAL ASSETS

Capital assets activity for IPM is summarized below:

	Balances July 1, 2014	Additions	Retirements	Balances June 30, 2015
Buildings	$ 7,299,797	$ -	$ -	$ 7,299,797
Equipment	4,362,254	27,331	-	4,389,585
Subtotal	11,662,051	27,331	-	11,689,382
Less accum. depreciation	6,293,642	212,648	-	6,506,290
Net	$5,368,409	$(185,317)	$ -	$5,183,092

Notes to Financial Statements
June 30, 2015 and 2014

NOTE 5. EXPENDABLE RESTRICTED NET POSITION

Expendable restricted net position is available for the following purposes at June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
Corporate Support	$ 158,528	$ 214,150
Special Projects	28,000	9,925
Membership	1,276,451	1,257,203
Capital Acquisitions	161,437	117,079
Momentum Fund	76,697	76,697
Friends Dollars	1,036,666	1,036,742
Public Service	1,872,703	1,905,874
Academic Support	323,894	329,949
Joint Master Control Gifts	24,179	52,925
McCollum Documentary	92	92
Created Content Admin	60,661	-
General Admin Friends	231,908	-
IPM Belford Fund	1,192,917	-
Rutan Broadcasing Fund	3,332	-
	$ 6,447,465	$ 5,000,636

NOTE 6. NON-EXPENDABLE RESTRICTED NET POSITION

Non-Expendable restricted net position is available for the following purposes at June 30, 2015 and 2014:

	June 30, 2015	June 30, 2014
Academic Support	$ 2,523,273	$ 2,538,428
Special Projects	638,900	133,558
	$ 3,162,173	$ 2,671,986

Notes to Financial Statements
June 30, 2015 and 2014

NOTE 7. STATE UNIVERSITIES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description: The University contributes to the State University Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents and other beneficiaries of such employees. SURS is considered a component unit of the State's financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 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 Entity employees ineligible to participate, the majority are students at the University.

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 2014 and 2015 respectively, was 11.91% and 11.71% 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.

NOTE 7. STATE UNIVERSITIES RETIREMENT SYSTEM (CONTINUED)

General Information about the Pension Plan (Continued)

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).

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

Net Pension Liability: At June 30, 2014, SURS reported a net pension liability (NPL) of $21,790,983,000. The net pension liability was measured as of June 30, 2013.

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 $8,995,845,000. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 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 2014.

Pension Expense: At June 30, 2014 SURS reported a collective net pension expense of $1,650,338,000.

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 2014. As a result, the University recognized on-behalf revenue and pension expense of $681,300,000 for fiscal year ended June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

**SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources
(nearest thousand)**

		Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$	88,941	
Net difference between projected and actual earnings on pension plan investments			1,271,106
Total	$	88,941	1,271,106

Deferral of Fiscal Year 2015 Pension Expense

The University paid $33,473,000 in federal, trust or grant contributions for fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

NOTE 7. STATE UNIVERSITIES RETIREMENT SYSTEM (CONTINUED)

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 – 2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females. The only change in assumptions from the year ended June 30, 2013, is the investment rate of return, which was changed from 7.75 percent to 7.25 percent.

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, 2014, these best estimates are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
U.S. Equity	31%	7.65%
Private Equity	6%	8.65%
Non-U.S. Equity	21%	7.85%
Global Equity	8%	7.90%
Fixed Income	19%	2.50%
Treasury-Inflation Protected Securities	4%	2.30%
Real Estate	6%	6.20%
REITS	4%	6.20%
Opportunity Fund	1%	2.50%
Total	100%	5.00%
Inflation		2.75%
Expected Geometrical Normal Return		**7.75%**

NOTE 7. STATE UNIVERSITIES RETIREMENT SYSTEM (CONTINUED)

Assumptions and Other Inputs (Continued)

Discount Rate: A single discount rate of 7.090% 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 7.250% and a municipal bond rate of 4.290% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). 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 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, 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 7.09%, 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 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
$26,583,701,000	$21,790,983,000	$17,796,571,000

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 8. 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 is to be paid upon the receipt of deferred gifts which have been designated for IPM through contributions receivable and a charitable remainder trust, all of which are held by the University of Illinois Foundation.

The principal balance of the loan was $2,963,857 and $2,964,831 as of June 30, 2015 and 2014, respectively. The University allocates the principal balance of the loan to IPM's balance sheet and IPM recognizes a corresponding non-current asset which it classifies as contributions receivable and beneficial interest in charitable remainder trust. Management believes 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.

NOTE 8. NOTE PAYABLE, CONTRIBUTIONS RECEIVABLE, AND BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUST (CONTINUED)

The annual interest payment and the principal balance is adjusted accordingly on an annual basis as deferred gifts are received and until the loan is paid in full. The University of Illinois Foundation pays the interest annually on the outstanding balance of the loan from endowment funds, and the interest expense is allocated to IPM. The University of Illinois Foundation also allocates 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, 2015 and 2014 was $149,216. The revenue is included in capital gifts on the statements of revenues, expenses, and changes in net position for the years ended June 30, 2015, and 2014.

Under the terms of the financing agreement, if any sources of interest or principal payments change or do not materialize, the College of Media/IPM is responsible for any shortfalls.

NOTE 9. 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 (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 employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. The Act 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 10. 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 Statement of Revenues, Expenses and Changes in Net Position. The value of this support included in the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2015 and 2014 was $1,945,359 and $2,694,839, respectively.

NOTE 11. 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 statement of revenues, expenses, and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

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

A summary of the contributed support received in the years ended June 30, 2015 and 2014 was as follows:

> The amount of donated materials and services recognized in the years ended June 30, 2015 and 2014 was $16,066 and $68,544, respectively.
>
> The University of Illinois Foundation contributed professional services consisting of processing donations, records maintenance, fund-raising expertise, and administrative services. The value of these professional services recognized in the years ended June 30, 2015 and 2014 was $528,000 and $437,000, 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, 2015 and 2014 was $395,853 and $538,472, respectively.

NOTE 12. RECLASSIFICAION

Certain amounts in the June 30, 2014, prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

NOTE 13. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2015 it was discovered that one the investments held by University of Illinois Foundation was improperly stated in the previously issued June 30, 2014 financial statements. A prior period adjustment of $1,789,576 was made which reflects the prior year overstatement of the fair value of investments held by the University of Illinois Foundation on behalf of IPM.

UNIVERSITY OF ILLINOIS - ILLINOIS PUBLIC MEDIA

Combining Schedule of Revenues and Expenses
For the Year Ended June 30, 2015

	Total AM/FM	Total TV	Total AM/FM/TV
Operating Revenues:			
University funding	$ 576,422	$ 719,708	$ 1,296,130
Contributions and membership income	2,255,252	2,426,512	4,681,764
Community service grants	424,296	966,473	1,390,769
State and other government grants	69,329	123,589	192,918
Other grants	8,294	10,137	18,431
Business and industry contributions	269,668	54,731	324,399
Other income	34,297	49,915	84,212
Total operating revenues	3,637,558	4,351,065	7,988,623
Operating Expenses:			
Local programming and production	1,561,772	1,781,904	3,343,676
Broadcasting	794,133	1,123,050	1,917,183
Program information	300,924	328,836	629,760
Fund raising and membership development	593,302	719,123	1,312,425
Grant and underwriting solicitation	237,026	180,586	417,612
Management and general	336,196	365,508	701,704
Unallocated depreciation	106,324	106,324	212,648
Total operating expenses	3,929,677	4,605,331	8,535,008
Operating income (loss)	(292,119)	(254,266)	(546,385)
Nonoperating Revenues (Expenses):			
Investment income	28,998	73,211	102,209
On behalf payments for fringe benefits	170,162	225,691	395,853
Interest on capital asset related debt	(67,147)	(82,069)	(149,216)
Net nonoperating revenues (expenses)	132,013	216,833	348,846
Income (loss) before other revenues, expenses, gains or losses	(160,106)	(37,433)	(197,539)
Capital gifts	912,842	1,115,695	2,028,537
Increase (decrease) in net assets	$ 752,736	$ 1,078,262	$ 1,830,998

UNIVERSITY OF ILLINOIS - ILLINOIS PUBLIC MEDIA

Combining Schedule of Revenues and Expenses
For the Year Ended June 30, 2014

	Total AM/FM	Total TV	Total AM/FM/TV
Operating Revenues:			
University funding	$ 565,546	$ 691,252	$ 1,256,798
Contributions and membership income	2,733,225	2,707,018	5,440,243
Community service grants	467,926	1,229,478	1,697,404
State and other government grants	87,882	142,267	230,149
Other grants	21,753	26,587	48,340
Business and industry contributions	249,208	149,577	398,785
Other income	54,387	75,084	129,471
Total operating revenues	4,179,927	5,021,263	9,201,190
Operating Expenses:			
Local programming and production	1,961,017	1,964,497	3,925,514
Broadcasting	696,047	1,269,762	1,965,809
Program information	265,690	283,418	549,108
Fund raising and membership development	706,150	800,198	1,506,348
Grant and underwriting solicitation	301,178	201,364	502,542
Management and general	432,804	448,999	881,803
Unallocated depreciation	102,804	125,649	228,453
Total operating expenses	4,465,690	5,093,887	9,559,577
Operating income (loss)	(285,763)	(72,624)	(358,387)
Nonoperating Revenues (Expenses):			
Investment income	190,345	380,578	570,923
On behalf payments for fringe benefits	255,470	283,002	538,472
Interest on capital asset related debt	(67,147)	(82,069)	(149,216)
Net nonoperating revenues (expenses)	378,668	581,511	960,179
Income (loss) before other revenues, expenses, gains or losses	92,905	508,887	601,792
Capital gifts	197,320	246,169	443,489
Increase (decrease) in net assets	$ 290,225	$ 755,056	$ 1,045,281

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S 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
Illinois Public Media (WILL)
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 (WILL) ("IPM"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise IPM's basic financial statements, and have issued our report thereon dated February 10, 2016.

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) to determine the 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 the Organization'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 or 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 may exist that have not been identified.

1701 Broadmoor, Suite 200 • Champaign, IL 61821
Phone: (217) 351-2073 Fax: (217) 351-3487 kempercpa.com

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Kemper CPA Group LLP

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants
Champaign, Illinois
February 10, 2016