



2020–2021 Audited Financial Report



*WQPT PBS is a public media service  
of Western Illinois University.*

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## Independent Auditors' Report

Board of Trustees  
Western Illinois University  
Macomb, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of WQPT-TV, a public broadcasting station operated as a department of Western Illinois University, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise WQPT-TV's basic 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.

### **Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WQPT-TV, as of June 30, 2021 and 2020, and the changes in its financial position and its 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 WQPT-TV are intended to present the financial position, the changes in financial position, and cash flows of only WQPT-TV's portion of the Western Illinois University's financial position, the changes in financial position, and cash flows attributable to the transactions of WQPT-TV. They do not purport to, and do not, present fairly the financial position of the Western Illinois University as of June 30, 2021 and 2020, 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 6-12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of WQPT-TV'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 WQPT-TV's internal control over financial reporting and compliance.

*Eck, Schafer + Pumke, LLP*

Springfield, Illinois  
November 30, 2021

WQPT-TV  
A Public Broadcast Station  
Operated as a Department of Western Illinois University

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Introduction**

WQPT-TV, a public broadcasting station operated as a department of Western Illinois University (the University), provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2021 and 2020. WQPT-TV encourages readers to consider this information in conjunction with WQPT-TV's financial statements, which follow.

**Overview of the Basic Financial Statements**

WQPT-TV presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to WQPT-TV's basic financial statements. This report includes a series of financial statements and other information, as follows:

- The Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of WQPT-TV's financial activities.
- The statements of net position present information on WQPT-TV's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of WQPT-TV is improving or deteriorating.
- The statements of revenues, expenses and changes in net position present information on WQPT-TV's operating revenues and expenses, non-operating revenues and expenses and whether WQPT-TV's financial position has improved or deteriorated as a result of the year's activities.
- The statements of cash flows present the change in WQPT-TV's cash and cash equivalents during the year. This information can assist readers of the report in determining how WQPT-TV financed its activities and how it met its cash requirements.
- Notes to basic financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

**Financial Highlights**

For the year ended June 30, 2021, WQPT-TV recorded total operating revenues of \$ 2,039,596 and total operating expenses of \$ 1,787,503. The difference produced operating income of \$ 252,093. Net non-operating revenue of \$ 441,727 and capital grants and gifts of \$ 394,785 increased this income and resulted in an overall increase in net position of \$ 1,088,605.

Operating revenues accounted for 71 percent of WQPT-TV's total revenue. Primary sources of operating revenues include community service broadcasting grants from the Corporation for Public Broadcasting (CPB) totaling \$ 806,807, viewer memberships totaling \$ 410,287 and other grants totaling \$ 644,363.

Non-operating revenues accounted for 15 percent of WQPT-TV's total revenue and include donated facilities and administrative support of \$ 245,388, investment income of \$ 24,249, and unrealized gains of \$ 172,090. Capital grants and gifts accounted for the remaining 14 percent of WQPT-TV's total revenue.

Operating expenses consisted of all program and support services, expenditures of donated administrative, occupancy and other support, and related depreciation expense. Program services accounted for 60 percent of WQPT-TV's total operating expenses. Program services include WQPT-TV's core activities of programming a public television service, producing local programming and other on-air and web content, engineering, educational services and community outreach, membership services, and related occupancy and depreciation expenses. Support services accounted for 40 percent of WQPT-TV's total operating expenses. Support services consisted of management and administrative costs, fundraising and membership development, and related occupancy and depreciation expenses.

**Economic Factors**

Western Illinois University: WQPT-TV receives no direct cash support from the University. The University's indirect support is based on a percentage of total University and Western Illinois University Foundation (Foundation) expenses.

Support for Fiscal Year 2021 decreased from Fiscal Year 2020 by \$ 45,971. This is a result of a total decrease in expenses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Support from Public Broadcasting Entities: CPB's allocated funding to WQPT-TV increased \$ 249,890 from Fiscal Year 2020 levels. WQPT-TV is planning to continue increasing its Non-Federal Financial Support (NFFS) to grow its annual award.

WQPT-TV was awarded a Brand Refresh grant to help the station offset the cost of adopting the new PBS approved logo.

The American Rescue Plan Act of 2021 was signed into law by the President on March 11, 2021. It provided CPB with \$ 175 million and authorized fiscal stabilization grants (hereinafter "American Rescue Act Stabilization Grants" or "Stabilization Grants") to public telecommunications entities to maintain their programming and services and to prevent, prepare for, and respond to the coronavirus. The station received \$ 467,032 to follow congressional intent to maintain the Grantee's public media station's programming and services impacted by the coronavirus and attendant loss of revenues.

WQPT-TV received a two-year grant as part of the Healthy Network Initiative. This grant is to offset the cost of transitioning to an approved Joint Master Control operator. WQPT-TV received \$ 75,000 in March 2021.

Local Fundraising: WQPT-TV's membership revenue decreased by \$ 36,660 from FY 2020. This is due to an overall decrease in average annual gifts for FY 2021.

WQPT-TV relies on the generous support of its 3,740 members from across the region. This number reflects an increase of 1.8% from prior fiscal year. The goal is to increase the local membership to 4,000 supporters. While continuing to grow membership is crucial to its sustainability, management is aware that achieving this goal will require a determined effort.



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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Capital Campaign: The Signal Improvement (Capital) Campaign was completed in FY 2021. The new ATSC 3.0 transmitter, which was purchased and installed in March 2021, has strengthened the signal and expanded WQPT-TV's reach by potentially 200,000 viewers.

The State of Illinois' House Bill 0062, Section 2020 appropriated \$ 500,000 to WQPT-TV. This is from the Build Illinois Bond Fund of the Illinois Department of Commerce and Economic Opportunity. When the request has been processed, the station will be reimbursed \$ 429,034 for the cost of the transmitter.

**Ownership and Management Factors**

License Ownership and Operational Changes: WQPT-TV's license has been held by Western Illinois University since 2010. We contract with WQAD for production facilities and engineering, The Programming Service for on-air programming and Digital Convergence Alliance for master control and traffic services.

WQPT-TV has operated with two open positions for FY 2021, but plans to fill the General Manager/Director position early in FY 2022.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

**Condensed Statements of Net Position**

	June 30,		
	2021	2020	2019
Current assets	\$ 2,009,520	\$ 1,276,123	\$ 966,694
Capital assets, net	564,814	101,213	133,193
Other assets	724,926	559,795	571,036
Total assets	\$ 3,299,260	\$ 1,937,131	\$ 1,670,923
Current liabilities	\$ 1,048,382	\$ 774,858	\$ 418,331
Net position			
Net investment in capital assets	564,814	101,213	133,193
Unrestricted	1,686,064	1,061,060	1,119,399
Total net position	2,250,878	1,162,273	1,252,592
Total liabilities and net position	\$ 3,299,260	\$ 1,937,131	\$ 1,670,923

WQPT-TV had net position at the beginning of the 2021 fiscal year totaling \$ 1,162,273. The net increase in net position of \$ 1,088,605 brought the total of net position at the end of the 2021 fiscal year to \$ 2,250,878.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	<u>For the Years Ended June 30,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues			
Grants and gifts	\$ 1,451,170	\$ 923,573	\$ 1,075,757
Subscription and memberships	410,287	446,947	445,649
Capital grants and gifts	394,785	73,987	349,380
Other revenues	<u>619,866</u>	<u>560,919</u>	<u>569,677</u>
Total revenues	2,876,108	2,005,426	2,440,463
Expenses			
Program services	1,080,129	1,267,040	1,200,564
Support services	<u>707,374</u>	<u>828,705</u>	<u>873,637</u>
Total expenses	<u>1,787,503</u>	<u>2,095,745</u>	<u>2,074,201</u>
Increase (decrease) in net position	1,088,605	(90,319)	366,262
Net position at beginning of year	<u>1,162,273</u>	<u>1,252,592</u>	<u>886,330</u>
Net position at end of year	<u>\$ 2,250,878</u>	<u>\$ 1,162,273</u>	<u>\$ 1,252,592</u>

Fiscal Year 2021 revenues increased by \$ 870,682 from Fiscal Year 2020, including capital grants and gifts increases of \$ 320,798.

Fiscal Year 2021 expenses decreased by \$ 308,242 from Fiscal Year 2020, including support services decreases of \$ 121,331.

**Capital Assets**

As of June 30, 2021, WQPT-TV had \$ 1,592,541 invested in capital assets, less accumulated depreciation of \$ 1,027,727. Depreciation charges for fiscal year 2021 totaled \$ 33,270. More detailed information about WQPT-TV's capital assets is presented in Note C to the financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

**Requests for Information**

This discussion and analysis is designed to provide the reader with a general overview of WQPT-TV's finances and to show WQPT-TV's accountability for the revenue it receives. If you have questions about this report or need additional information, please contact: Dawn Schmitt, WQPT-TV, 3300 River Drive, Moline, Illinois 61265.

WQPT-TV  
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STATEMENTS OF NET POSITION

June 30

ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Interest in pooled cash and cash equivalents - University	\$ 571,322	\$ 472,965
Interest in pooled cash and cash equivalents - Foundation	983,737	770,406
Pledge receivables - current portion	8,700	18,700
Grant receivable	429,034	-
Other receivables	14,760	13,483
Prepaid expenses	<u>1,967</u>	<u>569</u>
Total current assets	2,009,520	1,276,123
<b>NONCURRENT ASSETS</b>		
Interest in pooled investments - Foundation	713,932	541,842
Pledge receivables - long-term	2,068	10,391
Other investments	8,926	7,562
Capital assets, net	<u>564,814</u>	<u>101,213</u>
Total noncurrent assets	<u>1,289,740</u>	<u>661,008</u>
Total assets	<u>\$ 3,299,260</u>	<u>\$ 1,937,131</u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 51,178	\$ 27,293
Accrued salaries	36,515	43,420
Accrued compensated absences	2,953	3,431
Refundable grant advances	956,167	699,198
Deferred revenue	<u>1,569</u>	<u>1,516</u>
Total current liabilities	1,048,382	774,858
<b>NET POSITION</b>		
Net investment in capital assets	564,814	101,213
Unrestricted	<u>1,686,064</u>	<u>1,061,060</u>
Total net position	<u>2,250,878</u>	<u>1,162,273</u>
Total liabilities and net position	<u>\$ 3,299,260</u>	<u>\$ 1,937,131</u>

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

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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Grants from public broadcasting entities	\$ 806,807	\$ 679,659
Other grants and gifts	644,363	243,914
Subscription and membership income	410,287	446,947
Sponsorships and special events	125,053	150,111
In-kind contributions	<u>53,086</u>	<u>94,871</u>
Total operating revenues	2,039,596	1,615,502
<b>OPERATING EXPENSES</b>		
Programming and production	436,080	466,440
Broadcasting	382,316	484,984
Programming information	261,733	315,616
Management and general	370,704	421,218
Fundraising and membership development	<u>336,670</u>	<u>407,487</u>
Total operating expenses	<u>1,787,503</u>	<u>2,095,745</u>
<b>NET OPERATING INCOME (LOSS)</b>	252,093	(480,243)
<b>NON-OPERATING REVENUES</b>		
Donated facilities and administrative support	245,388	291,359
Investment income	24,249	21,417
Unrealized gains, net	<u>172,090</u>	<u>3,161</u>
Total non-operating revenues	<u>441,727</u>	<u>315,937</u>
Total income (loss) before capital grants and gifts	693,820	(164,306)
Capital grants and gifts	<u>394,785</u>	<u>73,987</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	1,088,605	(90,319)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>1,162,273</u>	<u>1,252,592</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 2,250,878</u>	<u>\$ 1,162,273</u>

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

WQPT-TV  
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STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Public broadcasting grants receipts	\$ 1,063,776	\$ 1,080,333
Other grants and gift receipts	215,329	243,914
Subscription and membership receipts	410,235	478,189
Other operating receipts	123,829	162,831
Payments to employees and related benefits	(514,482)	(597,940)
Payments to suppliers	<u>(926,173)</u>	<u>(1,119,541)</u>
Net cash flows from operating activities	372,514	247,786
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants and gifts for capital purposes	413,160	126,737
Acquisition of property and equipment	<u>(496,871)</u>	<u>-</u>
Net cash flows from capital and related financing activities	(83,711)	126,737
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on cash and investments	<u>22,885</u>	<u>21,427</u>
CHANGE IN CASH AND CASH EQUIVALENTS	311,688	395,950
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,243,371</u>	<u>847,421</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,555,059</u>	<u>\$ 1,243,371</u>

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STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating income (loss)	\$ 252,093	\$ (480,243)
Adjustments to reconcile the net operating income (loss) to net cash flows from operating activities		
Operating expenses arising from on behalf support from the University	245,388	291,359
Depreciation expense	33,270	31,980
Changes in assets and liabilities		
Pledge receivables	(52)	31,242
Grant and other receivables	(430,311)	13,961
Prepaid expenses	(1,398)	2,960
Accounts payable and accrued expenses	23,885	(57,507)
Accrued salaries	(6,905)	14,480
Accrued compensated absences	(478)	121
Refundable grant advances	256,969	400,674
Deferred revenue	<u>53</u>	<u>(1,241)</u>
Net cash flows from operating activities	<u>\$ 372,514</u>	<u>\$ 247,786</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
On behalf contributions from the University for administrative support and occupancy	\$ 245,388	\$ 291,359
In-kind contributions of goods and services	53,086	94,871

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



WQPT-TV  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A - NATURE OF OPERATIONS

WQPT-TV is a public television broadcasting station operating as a department of Western Illinois University (the University). The University is the licensee of WQPT-TV. WQPT-TV is reported as an enterprise activity of the University. These financial statements present only the financial position, changes in financial position and cash flows of WQPT-TV and do not purport to, and do not, present fairly the financial position of the University as of June 30, 2021 and 2020, and changes in its financial position and 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. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities* and requires resources to be classified for accounting and reporting purposes into the following net position categories:

*Net investment in capital assets* - consists of capital assets, net of accumulated depreciation.

*Restricted - non-expendable net position* - consists of endowments with specific restrictions requiring that the principal be invested and only the earnings be used. There was no restricted non-expendable net position for the years ended June 30, 2021 and 2020.

*Restricted - expendable net position* - consists of amounts restricted to specific purposes when externally imposed constraints are placed on the use of the resources by donors or grantors. There was no restricted expendable net position for the years ended June 30, 2021 and 2020.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. Basis of Presentation - Continued

*Unrestricted net position* - consists of net position not subject to externally imposed stipulations. Resources may be designated for specific purposes by action of management or by the Board of Trustees.

WQPT-TV's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

2. Revenue Recognition

Grant funds are reported as revenue when eligibility requirements have been met. Grant funds that have been received but have not met eligibility requirements are reported as refundable grant advances. Revenue from subscriptions and memberships is reported as revenue when received. Contributions, including unconditional promises to give, are reported as revenue when received.

3. Accounting Estimates

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

4. Interest in Pooled Cash and Cash Equivalents - University

WQPT-TV's cash and cash equivalents are pooled with the University funds for the purpose of securing a greater return on investment and provide for an equitable distribution of investment returns. The University's pool includes deposits and short-term investments with original maturities of three months or less. Refer to the notes of the basic financial statements of the University related to the risks associated with the University's pooled cash and cash equivalents.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Amounts Held by Western Illinois University Foundation

WQPT-TV has elected to transfer certain grants and fundraising monies to Western Illinois University Foundation (Foundation) to pool with the Foundation's cash and investments to maximize WQPT-TV's investment return. WQPT-TV's portion of investments held by the Foundation is reported at fair value. WQPT-TV recorded investment earnings based on an equitable distribution of investment returns of \$ 24,249 and \$ 21,417 for the years ended June 30, 2021 and 2020, respectively. It is the intent of the University and WQPT-TV to maintain the original corpus of the investments in the Foundation's pooled investments, allowing the income on the principal to be spent, which is withdrawn and allocated to WQPT-TV annually. Refer to the notes of the basic financial statements of the University related to the risks associated with the Foundation's pooled cash and investments.

6. Other Receivables

Other receivables include amounts due from the federal government and private grantors in connection with reimbursement of allowable expenditures made pursuant to WQPT-TV's grants and contract agreements. An allowance for uncollectible receivables is provided based upon management's judgment including such factors as prior collection history and the type of receivable. Management considers the receivables recorded at June 30, 2021 and 2020, to be fully collectible.

7. Other Investments

Other investments represent a fund in the name of WQPT-TV established at the Quad Cities Community Foundation. The fund is included in the Community Foundation's investment pool and is reported at fair value.

8. Capital Assets

Capital assets are recorded at cost on the date of acquisition, or at fair value in the case of donation. Purchases of capital assets below \$ 5,000 are recorded as operating expenses. Depreciation on capital assets is computed on a straight-line method over the estimated useful lives of the assets, which generally range from 5 to 20 years.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Compensated Absences

WQPT-TV employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as current liabilities. These liabilities have been computed based on rates of pay in effect as of fiscal year-end.

Unused sick leave may be accumulated up to a specified maximum, generally 300 calendar days. Unused and unpaid sick leave can be applied toward the service time requirements for computing retirement benefits. Civil service exempt and nonexempt employees have no specified maximum accumulation of unused sick leave days. As unused sick leave is not paid upon termination, an estimated liability is not recorded.

10. Operating Revenues and Expenses

WQPT-TV distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with WQPT-TV's principal ongoing operations. The principal operating revenues of WQPT-TV are grants from public broadcasting entities, including grants to enhance the quality of programming and expand the scope of public broadcasting services, as well as revenues received from subscriptions and memberships, sponsorships, and special events. Operating expenses include cost of services, payments to suppliers and employees, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

11. Donated Facilities and Administrative Support

WQPT-TV receives the use of facilities and administrative support from the University and the Foundation. The value of donated facilities is computed using the Corporation for Public Broadcasting valuation method and is based on the original cost of the facilities. Administrative support includes a portion of the University and the Foundation's financial, business, technology and other department costs and is based on WQPT-TV's operating expenses compared to the University and Foundation's direct costs. Physical plant support is based on square footage used. The value of this support is recognized in the statements of revenues, expenses and changes in net position as donated facilities and administrative support and also as expenses in the management and general expense category.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Subsequent Events

WQPT-TV assessed events that have occurred subsequent to June 30, 2021 through November 30, 2021, 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 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the years ended June 30 is as follows:

	Balances June 30, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	Balances June 30, <u>2021</u>
Capital assets being depreciated				
Equipment				
Tower and earth receiving station	\$ 626,623	\$ 496,871	\$ -	\$ 1,123,494
Studio and operating equipment	<u>524,544</u>	<u>-</u>	<u>(55,497)</u>	<u>469,047</u>
Total capital assets being depreciated	1,151,167	496,871	(55,497)	1,592,541
Less accumulated depreciation				
Equipment				
Tower and earth receiving station	580,121	38,651	-	618,772
Studio and operating equipment	<u>469,833</u>	<u>(5,381)</u>	<u>(55,497)</u>	<u>408,955</u>
Total accumulated depreciation	<u>1,049,954</u>	<u>33,270</u>	<u>(55,497)</u>	<u>1,027,727</u>
Total capital assets, net	<u>\$ 101,213</u>	<u>\$ 463,601</u>	<u>\$ -</u>	<u>\$ 564,814</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE C - CHANGES IN CAPITAL ASSETS - Continued

	Balances June 30, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	Balances June 30, <u>2020</u>
Capital assets being depreciated				
Equipment				
Tower and earth receiving station	\$ 626,623	\$ -	\$ -	\$ 626,623
Studio and operating equipment	<u>524,544</u>	<u>-</u>	<u>-</u>	<u>524,544</u>
Total capital assets being depreciated	1,151,167	-	-	1,151,167
Less accumulated depreciation				
Equipment				
Tower and earth receiving station	564,895	15,226	-	580,121
Studio and operating equipment	<u>453,079</u>	<u>16,754</u>	<u>-</u>	<u>469,833</u>
Total accumulated depreciation	<u>1,017,974</u>	<u>31,980</u>	<u>-</u>	<u>1,049,954</u>
Total capital assets, net	<u>\$ 133,193</u>	<u>\$ (31,980)</u>	<u>\$ -</u>	<u>\$ 101,213</u>

NOTE D - LEASE COMMITMENTS

WQPT-TV leases space at two communication towers under separate operating leases which expire August 2021 and March 2030, respectively. Both leases include additional options to renew beyond the expiration dates. Total rent expense under these leases for the years ended June 30, 2021 and 2020 was \$ 91,618 and \$ 70,106, respectively.

Total rental commitments under these leases for the years ending June 30, are as follows:

2022	\$ 90,665
2023	92,161
2024	96,769
2025	101,608
2026	106,688
Thereafter	<u>450,410</u>
	<u>\$ 938,301</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE E - RISK MANAGEMENT

WQPT-TV is exposed to various risks of loss related to employee health insurance, tort, theft, damage to or the destruction of assets, errors and omissions, injuries to employees, and natural disasters. Those risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE F - BENEFIT REIMBURSEMENT RATE

WQPT-TV reimburses the University for the benefits provided to WQPT-TV employees. The rate was 43% and 45% of total salaries for the years ended June 30, 2021 and 2020, respectively, which covered health, dental, and life insurance benefits which are provided by commercial providers.

NOTE G - PENSION PLAN

*Plan Description:* WQPT-TV employees are covered under the University's pension plan. The University contributes to the State Universities Retirement System (SURS) of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (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 Chapter 40, Act 5, Article 15 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](http://www.surs.org).

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE G - PENSION PLAN - Continued

*Benefits Provided:* A traditional 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 began 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 six 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's comprehensive annual financial report.

*Contributions:* The State of Illinois 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 2021 and 2020, respectively, was 12.70% and 13.02% 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.

*Employer Proportionate Share of Net Pension Liability:* WQPT-TV is not required to recognize any liability for the proportionate share of the net pension liability or the related deferred inflows or outflows due to the special funding situation. The proportionate share of the State's net pension liability associated with the University is approximately \$ 556,068,112 or 1.8161%. The net pension liability and the total pension liability as of June 30, 2020 was determined based on the June 30, 2019 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 2020.



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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE G - PENSION PLAN - Continued

*Additional Information:* Additional information on the net pension liability including actuarial assumptions is included in the University's report. 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](http://www.surs.org).

NOTE H - POSTEMPLOYMENT BENEFITS

The State provides health, dental, vision and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially, all State employees become eligible for postemployment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare and whether the annuitants has chosen a managed health care plan. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$ 5,000.

The State pays the University's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including postemployment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and the dependents.

A summary of postemployment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois 62606-4100.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE I - FAIR VALUE MEASUREMENTS

WQPT-TV categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

WQPT-TV has two recurring fair value measurements as follows: Amounts held by Western Illinois University Foundation of \$ 1,697,669 and \$ 1,312,248 as of June 30, 2021 and 2020, respectively, which are valued based on WQPT-TV's share of the total assets held by the Foundation and the fair value of those assets which include marketable equity and debt securities, private equity funds, hedge funds, limited partnerships, and certificates of deposit (Level 3 inputs).

The investment at the Quad Cities Community Foundation of \$ 8,926 and \$ 7,562 as of June 30, 2021 and 2020, respectively, is valued based on WQPT-TV's share of the total investments held by the Community Foundation of the Great River Bend which include marketable equity and debt securities, commodities, limited partnerships and hedge funds (Level 3 inputs).

OTHER REPORTING REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*

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  
Western Illinois University  
Macomb, 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 WQPT-TV as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise WQPT-TV's basic financial statements, and have issued our report thereon dated November 30, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered WQPT-TV'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 WQPT-TV's internal control. Accordingly, we do not express an opinion on the effectiveness of WQPT-TV'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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether WQPT-TV'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 WQPT-TV's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WQPT-TV's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Eck, Schafer + Pumke, LLP*

Springfield, Illinois  
November 30, 2021

