



2022–2023 Audited Financial Report



PBS FOR THE QUAD CITIES REGION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

June 30, 2023 and 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	12
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	13
STATEMENTS OF CASH FLOWS	14
NOTES TO FINANCIAL STATEMENTS	16
OTHER REPORTING REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	29

Independent Auditors' Report

Board of Trustees
Western Illinois University
Macomb, Illinois

Opinion

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, 2023 and 2022, and the related notes to the financial statement, which collectively comprise WQPT-TV's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WQPT-TV, as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements of 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, 2023 and 2022, the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of WQPT-TV and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WQPT-TV's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WQPT-TV's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

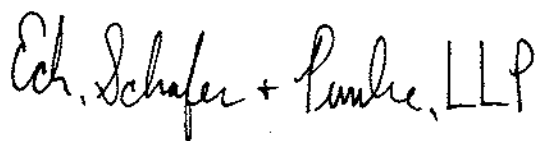
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 6-11 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 December 21, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WQPT-TV's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WQPT-TV's internal control over financial reporting and compliance.



Springfield, Illinois
December 21, 2023

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, 2023 and 2022. 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.

WQPT-TV
A Public Broadcast Station
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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Financial Highlights

For the year ended June 30, 2023, WQPT-TV recorded total operating revenues of \$ 1,651,562 and total operating expenses of \$ 1,883,620. The difference produced an operating loss of \$ 232,058. Net non-operating revenue of \$ 225,871 decreased this loss and resulted in an overall decrease in net position of \$ 6,187.

Operating revenues accounted for 87 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 \$ 826,036, viewer memberships totaling \$ 395,327 and other grants totaling \$ 197,161.

Non-operating revenues accounted for 13 percent of WQPT-TV's total revenue and include donated facilities and administrative support of \$ 201,922, investment income of \$ 26,272, and unrealized gains of \$ 29,389.

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 58 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 42 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.

Indirect support for Fiscal Year 2023 decreased from Fiscal Year 2022 by \$ 24,553. This is due to the administrative fee assigned by Western Illinois University Foundation's fee and a decrease in expenses.

WQPT-TV
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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Support from Public Broadcasting Entities: CPB's allocated funding to WQPT-TV decreased \$ 14,945 from Fiscal Year 2022 levels. WQPT-TV is planning to continue increasing its Non-Federal Financial Support (NFFS) to grow its annual award. We plan to do this by leveraging in-kind donations as well as increasing local revenue.

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 utilized these funds, following congressional intent to maintain the Grantee's public media station's programming and services impacted by the coronavirus and attendant loss of revenues.

Local Fundraising: WQPT-TV's membership revenue decreased by \$ 28,470 from FY 2022. This is due to an overall decrease in donors and average annual gifts for FY 2023.

WQPT-TV relies on the generous support of its 3,659 members from across the region. This number reflects a decrease of 2 % 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.

Ownership and Management Factors

License Ownership and Operational Changes: WQPT-TV's license has been held by Western Illinois University since 2010. With only 7 FTE it has become necessary to use outside vendors to efficiently operate the station. We are able to contract with agencies that understand the requirements of a PBS station: The Programming Service for on-air programming and Digital Convergence Alliance for master control and traffic services as well as Contributor Development Partnership to enhance membership services.

WQPT-TV filled one position in FY 2023. A Production Assistant began working for the station October 2022.

WQPT-TV
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MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

While WQPT's broadcasting license is held by Western Illinois University, their non-profit status (501c3) is shared with the Western Illinois University Foundation (the Foundation), a charitable organization. The Foundation office determined it was necessary to begin assessing WQPT an annual fee to offset the administrative activities they perform in support of the WQPT's mission. Starting November 2021, WQPT-TV began paying \$ 5,281 per month to the Foundation.

Condensed Statements of Net Position

	June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 1,996,155	\$ 1,988,577	\$ 2,009,520
Capital assets, net	1,084,631	1,275,314	564,814
Other assets	<u>649,051</u>	<u>619,662</u>	<u>724,926</u>
 Total assets	 <u>\$ 3,729,837</u>	 <u>\$ 3,883,553</u>	 <u>\$ 3,299,260</u>
 Current liabilities	 \$ 1,014,814	 \$ 1,074,592	 \$ 1,048,382
Noncurrent liabilities	<u>657,263</u>	<u>745,014</u>	<u>-</u>
 Total liabilities	 1,672,077	 1,819,606	 1,048,382
 Net position			
Net investment in capital assets	339,616	450,584	564,814
Unrestricted	<u>1,718,144</u>	<u>1,613,363</u>	<u>1,686,064</u>
 Total net position	 <u>2,057,760</u>	 <u>2,063,947</u>	 <u>2,250,878</u>
 Total liabilities and net position	 <u>\$ 3,729,837</u>	 <u>\$ 3,883,553</u>	 <u>\$ 3,299,260</u>

WQPT-TV had net position at the beginning of the 2023 fiscal year totaling \$ 2,063,947. The net decrease in net position of \$ 6,187 brought the total of net position at the end of the 2023 fiscal year to \$ 2,057,760.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Condensed Statements of Revenues, Expenses and Changes in Net Position

	For the Years Ended June 30,		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues			
Grants and gifts	\$ 1,023,197	\$ 1,000,021	\$ 1,451,170
Subscription and memberships	395,327	423,797	410,287
Capital grants and gifts	-	5,140	394,785
Other revenues	<u>490,621</u>	<u>386,296</u>	<u>619,866</u>
Total revenues	1,909,145	1,815,254	2,876,108
Expenses			
Program services	1,092,733	1,143,223	1,080,129
Support services	<u>822,599</u>	<u>858,962</u>	<u>707,374</u>
Total expenses	<u>1,915,332</u>	<u>2,002,185</u>	<u>1,787,503</u>
Increase (decrease) in net position	(6,187)	(186,931)	1,088,605
Net position at beginning of year	<u>2,063,947</u>	<u>2,250,878</u>	<u>1,162,273</u>
Net position at end of year	<u>\$ 2,057,760</u>	<u>\$ 2,063,947</u>	<u>\$ 2,250,878</u>

Fiscal Year 2023 revenues increased by \$ 93,891 from Fiscal Year 2022.

Fiscal Year 2023 expenses decreased by \$ 86,853 from Fiscal Year 2022.

Capital Assets

As of June 30, 2023, WQPT-TV had \$ 2,285,764 invested in capital assets, less accumulated depreciation of \$ 1,201,133. Depreciation charges for fiscal year 2023 totaled \$ 190,683. More detailed information about WQPT-TV's capital assets is presented in Note C to the financial statements.

WQPT-TV
A Public Broadcast Station
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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
A Public Broadcast Station
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STATEMENTS OF NET POSITION

June 30

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Interest in pooled cash and cash equivalents - University	\$ 869,474	\$ 930,375
Interest in pooled cash and cash equivalents - Foundation	1,072,052	1,001,026
Pledge receivables - current portion	1,509	2,009
Grant receivable	50,000	50,000
Other receivables	1,741	1,533
Prepaid expenses	<u>1,379</u>	<u>3,634</u>
Total current assets	1,996,155	1,988,577
NONCURRENT ASSETS		
Interest in pooled investments - Foundation	640,588	611,962
Other investments	8,463	7,700
Capital assets, net	<u>1,084,631</u>	<u>1,275,314</u>
Total noncurrent assets	<u>1,733,682</u>	<u>1,894,976</u>
Total assets	<u>\$ 3,729,837</u>	<u>\$ 3,883,553</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Current maturities of leases payable	\$ 87,752	\$ 79,716
Accounts payable and accrued expenses	18,466	48,954
Accrued salaries	40,974	37,651
Accrued compensated absences	2,355	1,872
Accrued interest payable	2,519	2,784
Refundable grant advances	851,139	903,006
Deferred revenue	<u>11,609</u>	<u>609</u>
Total current liabilities	1,014,814	1,074,592
NONCURRENT LIABILITIES		
Leases payable, less current maturities	<u>657,263</u>	<u>745,014</u>
Total liabilities	1,672,077	1,819,606
NET POSITION		
Net investment in capital assets	339,616	450,584
Unrestricted	<u>1,718,144</u>	<u>1,613,363</u>
Total net position	<u>2,057,760</u>	<u>2,063,947</u>
Total liabilities and net position	<u>\$ 3,729,837</u>	<u>\$ 3,883,553</u>

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

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Grants from public broadcasting entities	\$ 826,036	\$ 833,840
Other grants and gifts	197,161	166,181
Subscription and membership income	395,327	423,797
Sponsorships and special events	132,693	89,202
In-kind contributions	<u>100,345</u>	<u>105,502</u>
Total operating revenues	1,651,562	1,618,522
OPERATING EXPENSES		
Programming and production	428,249	489,255
Broadcasting	406,488	436,279
Programming information	257,996	217,689
Management and general	317,385	378,855
Fundraising and membership development	<u>473,502</u>	<u>445,365</u>
Total operating expenses	<u>1,883,620</u>	<u>1,967,443</u>
NET OPERATING LOSS	(232,058)	(348,921)
NON-OPERATING REVENUES (EXPENSES)		
Donated facilities and administrative support	201,922	226,475
Investment income	26,272	26,064
Unrealized gains (losses), net	29,389	(60,947)
Interest expense - leases	<u>(31,712)</u>	<u>(34,742)</u>
Total non-operating revenues (expenses)	<u>225,871</u>	<u>156,850</u>
Total loss before capital grants and gifts	(6,187)	(192,071)
Capital grants and gifts	<u>-</u>	<u>5,140</u>
DECREASE IN NET POSITION	(6,187)	(186,931)
NET POSITION AT BEGINNING OF YEAR	<u>2,063,947</u>	<u>2,250,878</u>
NET POSITION AT END OF YEAR	<u>\$ 2,057,760</u>	<u>\$ 2,063,947</u>

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

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Public broadcasting grants receipts	\$ 757,192	\$ 784,719
Other grants and gift receipts	214,138	541,175
Subscription and membership receipts	406,827	424,756
Other operating receipts	132,485	101,469
Payments to employees and related benefits	(488,988)	(434,179)
Payments to suppliers	<u>(926,109)</u>	<u>(1,006,419)</u>
Net cash flows from operating activities	95,545	411,521
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants and gifts for capital purposes	-	12,940
Acquisition of property and equipment	-	(9,233)
Principal and interest payments on lease liability	<u>(111,692)</u>	<u>(107,199)</u>
Net cash flows from capital and related financing activities	(111,692)	(103,492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on cash and investments	<u>26,272</u>	<u>68,313</u>
CHANGE IN CASH AND CASH EQUIVALENTS	10,125	376,342
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,931,401</u>	<u>1,555,059</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,941,526</u>	<u>\$ 1,931,401</u>

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

STATEMENTS OF CASH FLOWS

For the Years Ended June 30

	<u>2023</u>	<u>2022</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating loss	\$ (232,058)	\$ (348,921)
Adjustments to reconcile the net operating loss to net cash flows from operating activities		
Operating expenses arising from on behalf support from the University	201,922	226,475
Depreciation expense	190,683	198,704
Changes in assets and liabilities		
Pledge receivables	500	959
Grant and other receivables	(208)	392,261
Prepaid expenses	2,255	(1,667)
Accounts payable and accrued expenses	(30,488)	(2,224)
Accrued salaries	3,323	1,136
Accrued compensated absences	483	(1,081)
Refundable grant advances	(51,867)	(53,161)
Deferred revenue	<u>11,000</u>	<u>(960)</u>
Net cash flows from operating activities	<u>\$ 95,545</u>	<u>\$ 411,521</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
On behalf contributions from the University for administrative support and occupancy	\$ 201,922	\$ 226,475
In-kind contributions of goods and services	100,345	105,502

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

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

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, 2023 and 2022, 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 and reduced by the outstanding balances of any bonds, leases, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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, 2023 and 2022.

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, 2023 and 2022.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 \$ 26,272 and \$ 26,064 for the years ended June 30, 2023 and 2022, 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. Receivables

WQPT-TV considers all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

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 on the date 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.

WQPT-TV
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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. Leases

WQPT-TV is a lessee for two noncancellable leases of broadcasting towers. WQPT-TV recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. WQPT-TV recognizes lease liabilities with an initial, individual value of \$ 5,000 or more.

At the commencement of a lease, WQPT-TV initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how WQPT-TV determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- WQPT-TV uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, WQPT-TV generally uses its estimated incremental borrowing rate as the discount rate for leases.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Leases - Continued

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that WQPT-TV is reasonably certain to exercise.

WQPT-TV monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported as current and noncurrent liabilities on the statement of net position.

11. 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.

12. 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. Subsequent Events

WQPT-TV assessed events that have occurred subsequent to June 30, 2023 through December 21, 2023, 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>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balances June 30, <u>2023</u>
Capital assets being depreciated				
Equipment				
Tower and earth receiving station	\$ 916,746	\$ -	\$ -	\$ 916,746
Studio and operating equipment	469,047	-	-	469,047
Right-to-use lease assets - towers	<u>899,971</u>	<u>-</u>	<u>-</u>	<u>899,971</u>
 Total capital assets being depreciated	 2,285,764	 -	 -	 2,285,764
Less accumulated depreciation				
Equipment				
Tower and earth receiving station	488,399	77,197	-	565,596
Studio and operating equipment	414,854	6,289	-	421,143
Right-to-use lease assets - towers	<u>107,197</u>	<u>107,197</u>	<u>-</u>	<u>214,394</u>
 Total accumulated depreciation	 <u>1,010,450</u>	 <u>190,683</u>	 <u>-</u>	 <u>1,201,133</u>
 Total capital assets, net	 <u>\$ 1,275,314</u>	 <u>\$ (190,683)</u>	 <u>\$ -</u>	 <u>\$ 1,084,631</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE C - CHANGES IN CAPITAL ASSETS - Continued

	Balances June 30, <u>2021</u>	<u>Additions</u>	<u>Retirements</u>	Balances June 30, <u>2022</u>
Capital assets being depreciated				
Equipment				
Tower and earth receiving station	\$ 1,123,494	\$ 9,233	\$ (215,981)	\$ 916,746
Studio and operating equipment	469,047	-	-	469,047
Right-to-use lease assets - towers	<u>-</u>	<u>899,971</u>	<u>-</u>	<u>899,971</u>
Total capital assets being depreciated	1,592,541	909,204	(215,981)	2,285,764
Less accumulated depreciation				
Equipment				
Tower and earth receiving station	618,772	85,608	(215,981)	488,399
Studio and operating equipment	408,955	5,899	-	414,854
Right-to-use lease assets - towers	<u>-</u>	<u>107,197</u>	<u>-</u>	<u>107,197</u>
Total accumulated depreciation	<u>1,027,727</u>	<u>198,704</u>	<u>(215,981)</u>	<u>1,010,450</u>
Total capital assets, net	<u>\$ 564,814</u>	<u>\$ 710,500</u>	<u>\$ -</u>	<u>\$ 1,275,314</u>

NOTE D - LEASES PAYABLE

During the prior fiscal year, WQPT-TV adopted GASB-87 which changed the accounting treatment for the remaining term of its leased broadcasting towers. As of June 30, 2023 and 2022, the balance of the lease liability was \$ 745,015 and \$ 824,730, respectively. WQPT-TV is required to make monthly principal and interest payments of \$ 9,565. The leases have discount rates varying between 3.47% - 4.10%. The towers have a 10-year estimated useful life. The net book value of the right-to-use lease assets at June 30, 2023 and 2022 was \$ 685,577 and \$ 792,774, respectively.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE D - LEASES PAYABLE - Continued

Future scheduled lease payments to be made by WQPT-TV are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 87,752	\$ 28,365	\$ 116,117
2025	96,360	24,685	121,045
2026	105,577	20,633	126,210
2027	99,301	16,475	115,776
2028	107,788	12,245	120,033
2029-2030	<u>248,237</u>	<u>10,080</u>	<u>258,317</u>
	<u>\$ 745,015</u>	<u>\$ 112,483</u>	<u>\$ 857,498</u>

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 46% of total salaries for the years ended June 30, 2023 and 2022, which covered health, dental, and life insurance benefits which are provided by commercial providers.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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.

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, 2023 can be found in the SURS's comprehensive annual financial report.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

NOTE G - PENSION PLAN - Continued

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 2023 and 2022, respectively, was 12.83% and 12.32% of employees' payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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 \$ 501,406,840 or 1.7243%. The net pension liability and the total pension liability as of June 30, 2022 was determined based on the June 30, 2021 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2022.

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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois 62606-4100.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023 and 2022

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 \$ 1,712,640 and \$ 1,612,988 as of June 30, 2023 and 2022, respectively, which are valued based on WQPT-TV's share of the total assets held by the Foundation and the fair value or the net asset value of those assets which include U.S. Treasury notes, U.S. agency obligations, 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 \$ 8,463 and \$ 7,700 as of June 30, 2023 and 2022, 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, 2023, and the related notes to the financial statements, which collectively comprise WQPT-TV's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Handwritten signature in black ink that reads "Ech. Schaefer + Pomeroy, LLP". The signature is written in a cursive, flowing style.

Springfield, Illinois
December 21, 2023

