



**Southern Illinois University Carbondale**  
**Southern Illinois University Broadcasting**  
**Service**  
**(WSIU Public Broadcasting)**

Financial Statements  
for the Year Ended June 30, 2020

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## Independent Auditors' Report

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The Board of Trustees  
Southern Illinois University

### Report on the Financial Statements

We have audited the accompanying financial statements of Southern Illinois University Broadcasting Service (SIU Broadcasting Service, a/k/a WSIU Public Broadcasting) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SIU Broadcasting Service'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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 financial position of SIU Broadcasting Service as of June 30, 2020, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited SIU Broadcasting Service's 2019 financial statements, and our report dated January 9, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of SIU Broadcasting Service are intended to present the financial position, the changes in financial position, and cash flows of only SIU Broadcasting Service's portion of Southern Illinois University's financial position, the changes in financial position, and cash flows attributable to the transactions of the SIU Broadcasting Service. They do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2020, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 10 and the Schedules of Proportionate Share of Net Pension Liability and of Contributions and related notes thereto on pages 35 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The accompanying Schedules of Functional Expenses for the year ended June 30, 2020 on pages 38-40, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021, on our consideration of SIU Broadcasting Service'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 the 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 SIU Broadcasting Service's internal control over financial reporting and compliance.

*Kerber, Eck + Braeckel LLP*

Springfield, Illinois  
January 14, 2021

# **Southern Illinois University Broadcasting Service Management's Discussion and Analysis (Unaudited) June 30, 2020**

The following discussion and analysis of the financial statements of Southern Illinois University Broadcasting Service ("WSIU Public Broadcasting", "WSIU") which includes WSIU/WUSI TV, as well as WMEC/WQEC/WSEC TV (acquired on November 1, 2018) & WSIU/WUSI/WVSI FM STATIONS, provides an overview of the SIU Broadcasting Service financial activities for the year ended June 30, 2020 with comparative information for the year ended June 30, 2019. This discussion and analysis focuses on the financial activities of the SIU Broadcasting Service, a public service unit housed within the Mass Communications Building at Southern Illinois University Carbondale (University). SIU Broadcasting Service reports directly to the SIUC Chancellor's Office. The broadcast licenses are held by the Board of Trustees of Southern Illinois University, which controls the operations. Complete financial statements for Southern Illinois University may be obtained directly from the University. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes.

## **Introduction**

The financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including the financial reporting format and underlying concepts for public higher education reporting of GASB Statement No. 35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.*"

As required by U.S. generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the WSIU Public Broadcasting as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Each of these statements will be discussed.

## **Financial Highlights**

### **Statement of Net Position**

The Statement of Net Position includes all assets, liabilities and deferred outflows and inflows of resources, using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Net Position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, and is one way to measure the financial health of WSIU Public Broadcasting.

The Statement of Net Position presents end-of-year data concerning assets (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, and net position. In general, current assets are those that are available to satisfy current liabilities. Current liabilities are usually those that will be paid within one year of the date of the Statement of Net Position.

Net Position is divided into three major categories. The first category, net investment in capital assets, represents WSIU Public Broadcasting's equity in property, plant and equipment. The next asset category is restricted net position, which is divided into two categories, non-expendable and expendable. Non-expendable restricted net position consists of endowments with specific restrictions requiring that the principal be invested and only the earnings be used. Expendable restricted net position is available for expenditure by WSIU but must be spent for purposes as determined by donors or other external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position, which represents balances from operational activities that have not been restricted by external parties and are available for use by WSIU Public Broadcasting.

**Southern Illinois University Broadcasting Service  
Management's Discussion and Analysis (Unaudited) - Continued  
June 30, 2020**

The following summarizes the WSIU Public Broadcasting's assets, liabilities, and net position at June 30:

	2020	2019
<b>Assets and Deferred Outflows of Resources</b>		
Current and other assets	\$ 2,333,769	\$ 1,562,820
Capital assets, net	3,520,169	1,762,853
Total assets	5,853,938	3,325,673
Deferred outflows of resources	8,135	3,057
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,862,073</b>	<b>\$ 3,328,730</b>
<b>Liabilities and Deferred Inflows of Resources</b>		
Current liabilities	\$ 1,415,127	\$ 1,095,006
Non-current liabilities	1,000,000	1,000,000
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>2,415,127</b>	<b>2,095,006</b>
<b>Net Position</b>		
Net investment in capital assets	2,520,169	762,853
Non-expendable restricted	121,816	119,747
Expendable restricted	82,725	92,204
Unrestricted	722,236	258,920
<b>Total Net Position</b>	<b>3,446,946</b>	<b>1,233,724</b>
<b>Total Net Position and Liabilities</b>	<b>\$ 5,862,073</b>	<b>\$ 3,328,730</b>

WSIU's assets and deferred outflows of resources exceeded its liabilities by \$3,446,946 at the close of the fiscal year, an increase of \$2,213,222 from the prior year, primarily due to the purchase of the Springfield, IL PBS stations licenses and equipment and the related repacking process governed by the FCC.

**Statement of Revenues, Expenses and Changes in Net Position**

The changes in total net position as presented on the Statement of Net Position are based on the activities presented in the Statement of Revenues, Expenses and Changes in Net Position. The statement presents the operating results of WSIU Public Broadcasting, as well as the non-operating revenues and expenses.

In general, operating revenues are received for providing educational programs, goods and production services to agencies outside of the University to the public and private sector. Operating revenues from grants and contracts are from activities that have the characteristics of exchange transactions. In an exchange transaction, both parties receive a material benefit from the transaction. Operating expenses are those expenses paid to acquire goods or services provided in return for the operating revenues, and to carry out the mission of WSIU Public Broadcasting. Non-operating revenues and expenses include state capital appropriations, on-behalf payments, investment income, and capital grants. State appropriations are mandated as non-operating because they are provided by the legislature to the University without the legislature directly receiving commensurate goods and services for those revenues. Therefore, an operating loss will always result.

**Southern Illinois University Broadcasting Service  
Management's Discussion and Analysis (Unaudited) - Continued  
June 30, 2020**

The following summarizes the WSIU Public Broadcasting's financial activity for fiscal years ended June 30, 2020 and 2019:

	Year Ended June 30, 2020	Year Ended June 30, 2019
<b>Operating Revenues</b>		
Operating grants	\$ 3,364,670	\$ 2,710,971
Local support	1,298,223	1,213,834
Project grants	43,355	52,329
Production	5,408	42,379
University support	1,476,927	1,459,329
Other	166,188	166,388
<b>Total Operating Revenues</b>	6,354,771	5,645,230
<b>Operating Expenses</b>	(7,554,638)	(6,945,034)
<b>Operating Loss</b>	(1,199,867)	(1,299,804)
Non-operating revenues - net	3,413,089	1,592,874
<b>Increase/(Decrease) in Net Position</b>	2,213,222	293,070
<b>Net Position, Beginning of Year</b>	1,233,724	940,654
<b>Net Position, End of Year</b>	\$ 3,446,946	\$ 1,233,724

The Statement of Revenues, Expenses and Changes in Net Position reflects income, resulting in an increase in the net position at the end of the year.

Operating revenues increased by \$709,541 in fiscal year 2020 compared to 2019, and non-operating revenues–net, increased by \$1,820,215. The increase in operating revenue was driven by an increase in operating grants associated with the purchase of Springfield, IL stations, pandemic stabilization funds, and an increase in local support of \$84,389. The increase in non-operating revenue was attributed to revenue associated with the FCC Repack program.

Operating expenses increased by \$609,604. The largest increase was \$359,774 in Broadcasting & Engineering and can be attributed to a large increases in Rental/Maintenance of Equipment and Professional Services for engineering and legal services, both related to tower projects in central Illinois. The second largest increase was \$290,918 in Programming and Production, which is driven by an increase in salaries and in-kind professional services and support. These increases were offset by a decrease in Program Information and Promotion of \$197,447 due to a decrease in the allocation of in-kind professional services and support.



**Southern Illinois University Broadcasting Service  
Management’s Discussion and Analysis (Unaudited) - Continued  
June 30, 2020**

**Operating Expenses (by functional classification)**

A summary of WSIU Public Broadcasting’s operating expenses by functional classification for fiscal years ended June 30, 2020 and 2019 is as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
<b>Operating Expenses</b>		
Local programming and production	\$ 3,247,965	\$ 2,957,047
Broadcasting	1,998,224	1,638,450
Program information	206,545	403,992
Fundraising and membership development	548,936	314,786
Underwriting and grant solicitation	381,188	144,420
Management and general administration	1,053,794	1,015,643
Depreciation	117,986	470,696
<b>Total Operating Expenses</b>	<b>\$ 7,554,638</b>	<b>\$ 6,945,034</b>

**Statement of Cash Flows**

The Statement of Cash Flows presents detailed information about the cash activities of WSIU Public Broadcasting during the fiscal year. This statement helps users assess the WSIU Public Broadcasting’s ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The WSIU Public Broadcasting’s statement uses the direct method presentation, which indicates the cash effects categorized by operations, non-capital financing activities, capital and related financing activities, and investing activities.

**Southern Illinois University Broadcasting Service  
Management's Discussion and Analysis (Unaudited) - Continued  
June 30, 2020**

A summary of the WSIU Public Broadcasting's cash flow for fiscal years ended June 30, 2020 and 2019 is as follows:

	Year Ended June 30, 2020	Year Ended June 30, 2019
<b>Cash Provided By (Used In)</b>		
Operating activities	\$ 808,548	\$ (676,344)
Noncapital financing activities	764,306	827,203
Capital financing and related financing activities	(956,907)	(597,712)
Investing activities	5,750	4,354
Net increase (decrease) in cash and cash equivalents	<u>621,697</u>	<u>(442,499)</u>
Cash and cash equivalents, beginning of year	<u>(402,102)</u>	<u>40,397</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 219,595</u>	<u>\$ (402,102)</u>

**Capital Asset and Debt Administration**

WSIU Public Broadcasting entered into a loan agreement with Southern Illinois University on July 2, 2018 for \$1,000,000 to finance the acquisition of the broadcast licenses and equipment of WMEC-TV, WQEC-TV and WSEC-TV. The loan bears no interest and requires 14 semi-annual principal payments commencing on December 31, 2021.

**Economic Outlook**

Fiscal year 2020 appropriations for higher education operations were approved by the State of Illinois. WSIU's appropriation increased by \$9,225 compared to FY19. The State continues to explore options to reduce the retirement plan payment shortfall in future years. The State of Illinois passed a retirement plan for future years that will require public universities and employees to contribute more toward the cost of retirement, which will impact future funding.

The COVID-19 emergency significantly impacted the world economy in late FY20. WSIU's membership and underwriting was only slightly impacted in FY20, but management anticipates the true impact will be more fully realized in FY21. WSIU administrative staff continues to conduct internal audits in three key areas of the organization: revenue, local productions, and automated processes. The audits are intended to identify untapped revenue sources or additional opportunities from current sources as well as identifying efficiencies in labor-intensive operations such as local productions and automatable processes. Management outsourced membership recruitment to a collaborative fundraising partnership in FY20. WSIU is also working with state and national organizations that support the long-term sustainability of public media.

**Southern Illinois University Broadcasting Service**  
**Statement of Net Position**  
**June 30, 2020** (with Comparative Totals for 2019)

	2020			2019 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Assets</b>						
<b>Current Assets</b>						
Interest in pooled cash	\$ -	\$ 602,231	\$ 602,231	\$ -	\$ 433,537	\$ 433,537
Accounts receivable, net	1,561,985	30,565	1,592,550	928,693	42,150	970,843
<b>Total Current Assets</b>	<b>1,561,985</b>	<b>632,796</b>	<b>2,194,781</b>	<b>928,693</b>	<b>475,687</b>	<b>1,404,380</b>
<b>Non-current Assets</b>						
Accounts receivable	-	-	-	13,993	1,708	15,701
Restricted investments	138,988	-	138,988	142,739	-	142,739
<b>Capital Assets</b>						
Land	21,194	2,193	23,387	21,194	2,193	23,387
Television licenses-Springfield	1,000,000	-	1,000,000	1,000,000	-	1,000,000
Building	7,765,070	508,820	8,273,890	7,740,961	508,820	8,249,781
Equipment	5,050,298	803,061	5,853,359	4,601,129	803,061	5,404,190
Construction in progress	1,243,743	-	1,243,743	-	-	-
Less: accumulated depreciation	(11,627,147)	(1,247,063)	(12,874,210)	(11,661,091)	(1,253,414)	(12,914,505)
Total Capital Assets, net	3,453,158	67,011	3,520,169	1,702,193	60,660	1,762,853
<b>Total Non-current Assets</b>	<b>3,592,146</b>	<b>67,011</b>	<b>3,659,157</b>	<b>1,858,925</b>	<b>62,368</b>	<b>1,921,293</b>
<b>Total Assets</b>	<b>5,154,131</b>	<b>699,807</b>	<b>5,853,938</b>	<b>2,787,618</b>	<b>538,055</b>	<b>3,325,673</b>
<b>Deferred Outflows of resources</b>						
Pensions	6,672	1,463	8,135	-	3,057	3,057
Total Assets and Deferred Outflows of resources	\$ 5,160,803	\$ 701,270	\$ 5,862,073	\$ 2,787,618	\$ 541,112	\$ 3,328,730
<b>Liabilities and Net Position</b>						
<b>Current Liabilities</b>						
Overdraft in pooled cash	\$ 382,636	\$ -	\$ 382,636	\$ 835,639	\$ -	\$ 835,639
Accounts payable	984,919	15,482	1,000,401	134,997	15,147	150,144
Accrued salaries	10,425	3,248	13,673	8,325	2,177	10,502
Unearned revenues-grants	-	-	-	96,735	-	96,735
Unearned revenues-other	9,635	8,782	18,417	1,031	955	1,986
<b>Total Current Liabilities</b>	<b>1,387,615</b>	<b>27,512</b>	<b>1,415,127</b>	<b>1,076,727</b>	<b>18,279</b>	<b>1,095,006</b>
<b>Non-current Liability-SIU Loan</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,000</b>
<b>Total Liabilities</b>	<b>2,387,615</b>	<b>27,512</b>	<b>2,415,127</b>	<b>2,076,727</b>	<b>18,279</b>	<b>2,095,006</b>
<b>Net Position</b>						
Net investment in capital assets	2,453,158	67,011	2,520,169	702,193	60,660	762,853
Restricted						
Non-expendable	121,816	-	121,816	119,747	-	119,747
Expendable	19,673	63,052	82,725	25,201	67,003	92,204
Unrestricted (deficit)	178,541	543,695	722,236	(136,250)	395,170	258,920
<b>Total Net Position</b>	<b>2,773,188</b>	<b>673,758</b>	<b>3,446,946</b>	<b>710,891</b>	<b>522,833</b>	<b>1,233,724</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 5,160,803</b>	<b>\$ 701,270</b>	<b>\$ 5,862,073</b>	<b>\$ 2,787,618</b>	<b>\$ 541,112</b>	<b>\$ 3,328,730</b>

The accompanying notes are an integral part of this statement.

**Southern Illinois University Broadcasting Service**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020** (With Comparative Totals for 2019)

	2020			2019 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Operating Revenues</b>						
Operating grants						
State of Illinois grant	\$ 227,535	\$ 18,170	\$ 245,705	\$ 149,830	\$ 21,180	\$ 171,010
CPB grant	2,795,042	323,923	3,118,965	2,320,827	219,134	2,539,961
Local support						
Membership income	729,868	145,080	874,948	633,226	188,916	822,142
Contributions	250	621	871	670	480	1,150
Underwriting	152,187	270,217	422,404	140,257	250,285	390,542
Project grants	-	43,355	43,355	15,000	37,329	52,329
Production activities	5,408	-	5,408	42,379	-	42,379
Other						
Federal work study	10,121	811	10,932	17,433	728	18,161
Tower rental income	6,997	45,569	52,566	44,164	51,646	95,810
Royalties (EBS)	62,694	-	62,694	-	-	-
Miscellaneous income	-	-	-	2,701	-	2,701
University support						
Direct						
Utilities and maintenance	86,209	41,467	127,676	115,037	40,606	155,643
Other	161,771	31,918	193,689	143,042	32,187	175,229
Personnel related	106,162	8,872	115,034	109,409	10,052	119,461
Indirect/in-kind services and materials	842,586	197,942	1,040,528	766,081	242,915	1,008,996
Other indirect support	14,698	25,298	39,996	24,799	24,917	49,716
<b>Total Operating Revenues</b>	<b>5,201,528</b>	<b>1,153,243</b>	<b>6,354,771</b>	<b>4,524,855</b>	<b>1,120,375</b>	<b>5,645,230</b>
<b>Operating Expenses</b>						
Program services						
Programming and production	2,363,477	884,488	3,247,965	2,118,093	838,954	2,957,047
Broadcasting and engineering	1,800,600	197,624	1,998,224	1,359,155	279,295	1,638,450
Program information and promotion	156,944	49,601	206,545	352,015	51,977	403,992
Supporting services						
Fundraising and membership	487,743	61,193	548,936	238,575	76,211	314,786
Underwriting and grant solicitation	318,073	63,115	381,188	100,485	43,935	144,420
Management and general	873,440	180,354	1,053,794	715,454	300,189	1,015,643
Depreciation	117,986	-	117,986	461,144	9,552	470,696
<b>Total Operating Expenses</b>	<b>6,118,263</b>	<b>1,436,375</b>	<b>7,554,638</b>	<b>5,344,921</b>	<b>1,600,113</b>	<b>6,945,034</b>
<b>Operating Loss</b>	<b>(916,735)</b>	<b>(283,132)</b>	<b>(1,199,867)</b>	<b>(820,066)</b>	<b>(479,738)</b>	<b>(1,299,804)</b>

**Southern Illinois University Broadcasting Service**  
**Statement of Revenues, Expenses and Changes in Net Position - Continued**  
**For the Year Ended June 30, 2020** (With Comparative Totals for 2019)

	2020			2019 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Non-Operating Revenues</b>						
State of Illinois University direct appropriations	\$ 611,445	\$ 152,861	\$ 764,306	\$ 661,671	\$ 165,532	\$ 827,203
Investment income	1,999	-	1,999	4,952	-	4,952
FCC repack funding	1,961,710	-	1,961,710	10,957	-	10,957
Contribution of equipment by University	-	-	-	33,398	8,349	41,747
On-behalf payments	493,540	191,534	685,074	460,557	247,458	708,015
<b>Total Non-Operating Revenues</b>	<b>3,068,694</b>	<b>344,395</b>	<b>3,413,089</b>	<b>1,171,535</b>	<b>421,339</b>	<b>1,592,874</b>
<b>Change in Net Position</b>	<b>2,151,959</b>	<b>61,263</b>	<b>2,213,222</b>	<b>351,469</b>	<b>(58,399)</b>	<b>293,070</b>
<b>Net Position, Beginning of Year</b>	<b>710,891</b>	<b>522,833</b>	<b>1,233,724</b>	<b>466,373</b>	<b>474,281</b>	<b>940,654</b>
<b>Reallocation of Net Position</b>	<b>(89,662)</b>	<b>89,662</b>	<b>-</b>	<b>(106,951)</b>	<b>106,951</b>	<b>-</b>
<b>Net Position, End of Year</b>	<b>\$ 2,773,188</b>	<b>\$ 673,758</b>	<b>\$ 3,446,946</b>	<b>\$ 710,891</b>	<b>\$ 522,833</b>	<b>\$ 1,233,724</b>

The accompanying notes are an integral part of this statement.

**Southern Illinois University Broadcasting Service**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020** (With Comparative Totals for 2019)

	2020			2019 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Cash Flows From Operating Activities</b>						
Cash received from customers	\$1,070,354	\$ 472,226	\$ 1,542,580	\$ 807,692	\$ 508,319	\$ 1,316,011
Cash operating grants	3,444,550	395,208	3,839,758	1,832,951	278,113	2,111,064
Gifts and contributions	10,371	1,432	11,803	18,103	1,208	19,311
Payments to employees	(1,387,796)	(481,403)	(1,869,199)	(1,180,443)	(559,436)	(1,739,879)
Payments for goods and services	(2,261,453)	(454,941)	(2,716,394)	(1,960,691)	(422,160)	(2,382,851)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<b>876,026</b>	<b>(67,478)</b>	<b>808,548</b>	<b>(482,388)</b>	<b>(193,956)</b>	<b>(676,344)</b>
<b>Cash Flows From Noncapital Financing Activities</b>						
State appropriations	611,445	152,861	764,306	661,671	165,532	827,203
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>611,445</b>	<b>152,861</b>	<b>764,306</b>	<b>661,671</b>	<b>165,532</b>	<b>827,203</b>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Cash from FCC repack reimbursements	719,107	-	719,107	-	-	-
Proceeds from capital debt	-	-	-	1,000,000	-	1,000,000
Reallocation of net position	(89,662)	89,662	-	(106,951)	106,951	-
Payments for capital acquisitions	(1,669,663)	(6,351)	(1,676,014)	(1,597,712)	-	(1,597,712)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>(1,040,218)</b>	<b>83,311</b>	<b>(956,907)</b>	<b>(704,663)</b>	<b>106,951</b>	<b>(597,712)</b>
<b>Cash Flows from Investing Activities</b>						
Investment income	5,750	-	5,750	4,354	-	4,354
<b>Net Cash Provided By Investing Activities</b>	<b>5,750</b>	<b>-</b>	<b>5,750</b>	<b>4,354</b>	<b>-</b>	<b>4,354</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>453,003</b>	<b>168,694</b>	<b>621,697</b>	<b>(521,026)</b>	<b>78,527</b>	<b>(442,499)</b>
<b>Cash and Cash Equivalents (Overdraft), Beginning of Year</b>	<b>(835,639)</b>	<b>433,537</b>	<b>(402,102)</b>	<b>(314,613)</b>	<b>355,010</b>	<b>40,397</b>
<b>Cash and Cash Equivalents (Overdraft), End of Year</b>	<b>\$ (382,636)</b>	<b>\$ 602,231</b>	<b>\$ 219,595</b>	<b>\$ (835,639)</b>	<b>\$ 433,537</b>	<b>\$ (402,102)</b>

**Southern Illinois University Broadcasting Service**  
**Statement of Cash Flows - Continued**  
**For the Year Ended June 30, 2020** (With Comparative Totals for 2019)

	2020			2019 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>						
<b>Operating Loss</b>	\$ (916,735)	\$ (283,132)	\$ (1,199,867)	\$ (820,066)	\$ (479,738)	\$ (1,299,804)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>						
Depreciation expense	117,986	-	117,986	461,144	9,552	470,696
On-behalf payments	493,540	191,534	685,074	460,557	247,458	708,015
Change in allowance for bad debt	(95,399)	-	(95,399)	101,145	-	101,145
Change in assets and liabilities						
Accounts receivable, net	199,995	3,533	203,528	(153,811)	16,688	(137,123)
Grants receivable	518,708	9,760	528,468	(749,441)	470	(748,971)
Deferred outflows of resources	(6,672)	1,594	(5,078)	-	-	(1,742)
					(1,742)	
Accounts payable	650,634	335	650,969	119,086	11,306	130,392
Accrued salaries	2,100	1,071	3,171	4,632	1,264	5,896
Unearned revenues	(88,131)	7,827	(80,304)	94,366	786	95,152
<b>Total adjustments</b>	<b>1,792,761</b>	<b>215,654</b>	<b>2,008,415</b>	<b>337,678</b>	<b>285,782</b>	<b>623,460</b>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 876,026</b>	<b>\$ (67,478)</b>	<b>\$ 808,548</b>	<b>\$ (482,388)</b>	<b>\$ (193,956)</b>	<b>\$ (676,344)</b>
<b>Non-cash Non-capital Financing Activity</b>						
On-behalf payments	\$ 493,540	\$ 191,534	\$ 685,074	\$ 460,557	\$ 247,458	\$ 708,015
<b>Non-cash Capital Financing Activity</b>						
Contribution of equipment by University	\$ -	\$ -	\$ -	\$ 33,398	\$ 8,349	\$ 41,747

The accompanying notes are an integral part of this statement.

# **Southern Illinois University Broadcasting Service**

## **Notes to Financial Statements**

### **For the Year Ended June 30, 2020**

#### **1. Organization Description**

Southern Illinois University Broadcasting Service, or WSIU Public Broadcasting, is a public telecommunications service operated by Southern Illinois University (University) as part of the Chancellor's office but housed within the College of Mass Communication and Media Arts located at the University's campus in Carbondale, Illinois. WSIU Public Broadcasting consists of wsiu.org, WSIU-TV and WSIU-FM of Carbondale, IL; WUSI-TV and WUSI-FM of Olney, IL; and WVSI-FM of Mount Vernon, IL. On November 1, 2018, the Board of Trustees of Southern Illinois University acquired the broadcast licenses and equipment of WMEC-TV of Macomb, IL, WQEC-TV of Quincy, IL, and WSEC-TV of Chatham, IL. All stations are managed by the WSIU Public Broadcasting staff on behalf of the SIU Board of Trustees.

WSIU Public Broadcasting is a part of the University as a whole, and thus, for financial reporting purposes the financial balances and activities included in these financial statements are also included in the University's financial statements. These financial statements present only Southern Illinois University Broadcasting Service, and do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2020, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **2. Summary of Significant Accounting Principles**

##### **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*. SIU Broadcasting Service follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of WSIU Public Broadcasting's financial activities.

For financial reporting purposes, WSIU Public Broadcasting is considered a part of the University, and thus, like the University, is a special-purpose government engaged only in business-type activities. Accordingly, WSIU Public Broadcasting's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred. All significant intra-agency transactions have been eliminated.

The accounts of WSIU Public Broadcasting are still maintained internally in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting purposes into funds according to specified activities or objectives.



# **Southern Illinois University Broadcasting Service**

## **Notes to Financial Statements**

### **For the Year Ended June 30, 2020**

#### **2. Summary of Significant Accounting Principles - Continued**

##### **Prior Year Information and Comparability of Financial Statements**

The basic financial statements include certain prior year partial comparative information, which has been derived from WSIU Public Broadcasting's 2019 financial statements. Such information does not include all disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the WSIU Public Broadcasting's financial statements for the year ended June 30, 2019.

##### **Cash and Cash Equivalents**

To provide for efficiencies and economies in their management, the University and the Southern Illinois University Foundation have pooled their cash accounts, except for certain funds that are required by bond resolution to be in separate accounts. Pooled cash accounts of the University and Foundation consist of cash held at financial institutions. Interest in pooled cash at June 30, 2020 represents WSIU Public Broadcasting's share of these pooled cash accounts.

Additional information regarding the University's cash and cash equivalents may be obtained from the financial statements of Southern Illinois University, a copy of which may be obtained by writing Southern Illinois University, Board Treasurer, 1400 Douglas Drive, Mail Code 6801, Carbondale, Illinois 62901. Additional information regarding the Foundation's cash and cash equivalents may be obtained from the financial statements of Southern Illinois University Foundation, a copy of which may be obtained by writing Southern Illinois University Foundation, 1235 Douglas Drive, Mail Code 6805, Carbondale, Illinois 62901.

##### **Accounts Receivable**

Accounts receivable represent uncollected grant revenue, underwriting revenue, uncollected promises-to-give, and monthly rental payments due under lease agreements for the right to utilize space on transmission towers. With the acquisition of the three new television stations (WMEC, WQEC, WSEC) on November 1, 2018, WSIU Public Broadcasting reevaluated its policy on doubtful accounts and established an allowance for estimated losses that may result from the failure or inability of our donors and customers to make required payments. When determining the allowance, WSIU considered the probability of recoverability of accounts receivable based on past experience, taking into account current collection trends as well as general economic factors, including bankruptcy rates. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. Accounts receivable may be fully reserved for when specific collection issues are known to exist, such as pending bankruptcy or catastrophes. The analysis of receivables is performed annually, and the allowances are adjusted accordingly. The allowance for doubtful accounts at June 30, 2020 was \$2,652.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**2. Summary of Significant Accounting Principles - Continued**

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or at the fair market value at the date of donation in the case of gifts. In accordance with accounting principles generally accepted in the United States of America for public colleges and universities, depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following month prorate convention is being used, in which no depreciation is recorded in the month of acquisition and an entire month of depreciation is recorded in the month of disposition. Capitalization thresholds and useful lives are as follows:

<u>Category</u>	<u>Threshold</u>	<u>Useful Life</u>
Land	\$ ---	Not depreciated
Improvements	25,000	15 years
Infrastructure	1,000,000	20 years
Buildings	100,000	40 years
Building improvements	25,000	15 years
Equipment	5,000	5-7 years
Intangible assets	100,000	Not depreciated

Electronic data processing equipment is depreciated over 5 years. Other equipment is depreciated over 7 years.

Intangible assets with indefinite useful lives consist of Federal Communication Commission (FCC) licenses. These licenses are subject to periodic renewal; however, the licenses may be renewed indefinitely at little cost. Such intangible assets are recorded at cost and are tested for impairment each year. During the year ended June 30, 2020, there were no indications of impairment noted.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to/deletions from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

**Southern Illinois University Broadcasting Service  
Notes to Financial Statements  
For the Year Ended June 30, 2020**

**2. Summary of Significant Accounting Principles - Continued**

**Net Position**

WSIU Public Broadcasting's net position is classified as follows:

- Invested in capital assets: This represents the total investment in capital assets, net of accumulated depreciation
- Restricted net position, non-expendable: Restricted non-expendable net position consist of endowments with specific restrictions requiring that the principal be invested and only the earnings be used.
- Restricted net position, expendable: Restricted expendable net position include resources in which WSIU Public Broadcasting is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- Unrestricted net position: Unrestricted net position represents resources that have not been restricted by external parties and are available for use by WSIU Public Broadcasting.

It is WSIU Public Broadcasting's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for the purposes for which both restricted and unrestricted net position are available.

**Donor-restricted Endowments**

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

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

**Southern Illinois University Broadcasting Service  
Notes to Financial Statements  
For the Year Ended June 30, 2020**

**2. Summary of Significant Accounting Principles - Continued**

**Revenue Recognition**

WSIU Public Broadcasting has classified its revenues as either operating or non-operating revenues as follows:

*Operating revenues* include activities that have the characteristics of exchange transactions, such as providing educational programs, goods and production services to the public and private sector, and include most grants and contracts.

*Non-operating revenues* include activities that have the characteristics of non-exchange transactions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, such as state appropriations, on-behalf payments, investment income, and capital grants. Appropriations made to the University from the State of Illinois General Revenue Fund are recognized as non-operating revenues in the year appropriated to the extent expended. Other non-operating revenues include transactions relating to capital and financial activities, non-capital financing activities, and investing activities.

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

**University Support**

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

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses, and Changes in Net Position. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using estimates if necessary.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**2. Summary of Significant Accounting Principles - Continued**

**On-Behalf Payments**

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, WSIU reported on-behalf payments of \$685,074 for fiscal year 2020 made by agencies of the State of Illinois for health care and retirement. These costs are reflected in the Statement of Revenues, Expenses and Changes in Net Position as non-operating revenues entitled "On-behalf payments" and as operating expenses under the appropriate functional classifications.

Substantially all employees participate in group health insurance plans administered by the State of Illinois. The employer contributions to these plans for University employees, including WSIU, paid from State appropriations and auxiliary enterprises are paid by the State on behalf of the University. The employer contributions to these plans for employees paid from other University held funds are paid by the University. Due to an actuarial adjustment at the University level, on-behalf payments allocated to WSIU for the year ended June 30, 2020, resulted in a credit of \$370,951 for health care costs and expense of \$1,056,025 for retirement costs. Payments for retirement costs were made to the State Universities Retirement System.

**Use of Estimates**

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

**Recently Issued Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, *Leases* (Statement). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. This standard is effective for reporting periods beginning after June 15, 2021. Management is currently in the process of evaluating the impact of the Statement on WSIU Broadcasting's financial statements.

**Subsequent Events**

Management has evaluated subsequent events for recognition and disclosure in the financial statements through January 14, 2021, which is the date the financial statements were available to be issued.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**3. Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2020:

	<u>TV</u>	<u>FM</u>	<u>TOTAL</u>
<b>Accounts receivable</b>			
Current			
Memberships	\$ 18,100	\$ 2,577	\$ 20,677
Underwriting	10,451	21,554	32,005
Contract Production	4,344	-	4,344
Grants	289,139	2,000	291,139
Tower Rental	-	4,434	4,434
FCC Repack	1,242,603	-	1,242,603
Total	<u>1,564,637</u>	<u>30,565</u>	<u>1,595,202</u>
Allowance for doubtful accounts	<u>(2,652)</u>	<u>-</u>	<u>(2,652)</u>
<b>Total accounts receivable, net</b>	<b><u>\$ 1,561,985</u></b>	<b><u>\$ 30,565</u></b>	<b><u>\$ 1,592,550</u></b>

**4. Restricted Investments**

Restricted investments consist of life insurance policies and shares of an investment pool, both of which are held and administered by the Southern Illinois University Foundation. The life insurance policies are stated at net cash surrender value. The shares of the investment pool are stated at fair value. The fair value of WSIU Broadcasting's shares of the investment pool is based on WSIU Broadcasting's contributed proportionate share of investments in the investment pool, and the investment activity is allocated accordingly based on the percentage. The Foundation distributes earnings to the University on a quarterly basis.

Restricted investments at June 30, 2020 are summarized as follows:

Life insurance policies	\$ 35,339
Shares of Foundation investment pool	<u>103,649</u>
	<b><u>\$ 138,988</u></b>

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**4. Restricted Investments - Continued**

WSIU Broadcasting's investments measured and reported at their fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets.
- Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

Fair value of WSIU Broadcasting's proportionate share of pooled investments is determined by the Southern Illinois University Foundation based on the fair value of the underlying securities in the investment pool. The underlying investments consist of domestic and international equities, fixed income securities, and alternative investments in emerging market, hedge, leveraged loan, private equity, real estate, commodity and alternative strategy funds. WSIU Broadcasting's proportionate share of pooled investments is categorized as Level 2 investments.

WSIU Broadcasting has the following recurring fair value measurements as of June 30, 2020:

<u>Investment Type</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Pooled investments	<u>\$ 103,649</u>	<u>\$ -</u>	<u>\$ 103,649</u>	<u>\$ -</u>

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

**5. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
SIU University Loan	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -

WSIU Broadcasting entered into a loan agreement with Southern Illinois University Office of the President on July 2, 2018 for \$ 1,000,000. The stated interest rate is 0%. Semi-annual principal payments are required to be paid beginning December 31, 2021 through the maturity date of June 30, 2028.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**6. Non-expendable Restricted Net Position**

Non-expendable restricted net position consists of the following at June 30, 2020:

	<u>TV</u>	<u>FM</u>	<u>Total</u>
Donor-restricted endowments			
O'Brien Student of Year	\$ 26,331	\$ -	\$ 26,331
WSIU/WUSI Future Excellence	<u>95,485</u>	<u>-</u>	<u>95,485</u>
	<u>\$ 121,816</u>	<u>\$ -</u>	<u>\$ 121,816</u>

**7. Expendable Restricted Net Position**

Expendable restricted net position is available for the following purposes at June 30, 2020:

	<u>TV</u>	<u>FM</u>	<u>Total</u>
SIRIS Various Grant	\$ -	\$ 23,383	\$ 23,383
WSIU Friends Board Campaign	1,489	40	1,529
O'Brien Student of the Year	1,911	-	1,911
WSIU/WUSI Future Excellence	16,273	-	16,273
SIRIS Outreach Fund	-	37,408	37,408
SIRIS Grant	-	1,463	1,463
SIRIS Equipment Support	<u>-</u>	<u>758</u>	<u>758</u>
	<u>\$ 19,673</u>	<u>\$ 63,052</u>	<u>\$ 82,725</u>



**Southern Illinois University Broadcasting Service  
Notes to Financial Statements  
For the Year Ended June 30, 2020**

**8. Grants**

WSIU Public Broadcasting is the recipient of several grant awards. During the fiscal year ended June 30, 2020, WSIU Public Broadcasting expended the following grant funds:

<b>Granting Agency</b>	<b>Grant Funds Expended</b>
Corporation for Public Broadcasting	\$ 3,118,965
State of Illinois Public Broadcasting/IAC	245,705
Illinois State Library	21,353
Other	22,002
	<u>\$ 3,408,025</u>

The Corporation for Public Broadcasting (CPB) provides a major source of funding for SIU Broadcasting Service. The operating grants, including the CSG, USSG, and Interconnection Grants, totaled \$1,734,800 in FY20. The grant period ran from October 1, 2018 through September 30, 2020. The purpose of the grants is to augment the capability of CPB-qualified public broadcasting stations to expand the quality and scope of their services to the community.

The COVID-19 pandemic also initiated additional funding through the CARES Act in FY20. These funds were distributed through the CPB and totaled \$372,341.

The CPB also awarded several multi-year grants to WSIU Public Broadcasting in FY19 to facilitate the successful integration of the three television stations acquired on November 1, 2018 (WMEC, WQEC, and WSEC). A supplemental community services grant as part of the One Executive Management program was awarded totaling \$ 1,500,000. The grant is payable in three \$500,000 annual installments with two-year spending periods beginning on October 1 each year. WSIU Broadcasting recognized \$500,000 of grant revenue from this grant during the year ended June 30, 2020. A supplemental community service grant was awarded totaling \$150,000 pursuant to a Joint Master Control agreement between Sony Electronics, Inc. and WSIU Broadcasting. The grant is payable in two annual installments, each with a two-year spending period beginning on October 1 of each year. WSIU Broadcasting recognized \$75,000 of grant revenue from this grant during the year ended June 30, 2020. CPB awarded \$474,467 for a cost reimbursement grant for the period from August 1, 2018 through July 31, 2021. The grant is payable in five installments, subject to certain deliverables from WSIU Broadcasting. During the year ended June 30, 2020, grant revenues totaling \$377,874 were recognized by WSIU Broadcasting. WSIU Broadcasting was awarded a Television Distance Service Grant totaling \$48,950, with a grant period of October 1, 2018 through September 30, 2020. CPB also awarded WSIU a \$10,000 Brand Refresh sub-grant agreement with a spending period ending on November 1, 2020.

The Illinois Arts Council grant funds include basic and operating grants provided to help further WSIU Public Broadcasting's mission of providing educational programs. The basic grant period covers October 1, 2019 through August 31, 2020; and the operating grant period covers April 15, 2020 through August 31, 2020.

The Illinois State Library grant funds are used to provide library services and augment media services to blind and physically handicapped residents within the coverage area of WSIU-FM/WUSI-FM. The grant period is from July 1, 2019 through June 30, 2020.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**9. Capital Assets**

A summary of the changes in capital assets is as follows:

	<u>Balance as of June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Balance as of June 30, 2020</u>
Capital assets not being depreciated					
Land	\$ 23,387	\$ -	\$ -	\$ -	\$ 23,387
Television licenses	1,000,000	-	-	-	1,000,000
Capital assets being depreciated					
Building	8,249,781	24,109	-	-	8,273,890
Equipment	5,404,190	607,450	(50)	(158,231)	5,853,359
Total capital assets being depreciated	13,653,971	631,559	(50)	(158,231)	14,127,249
Less: accumulated Depreciation	(12,914,505)	(117,986)	50	158,231	(12,874,210)
Total capital assets being depreciated, net	739,466	513,573	-	-	1,253,039
Construction in Progress (CIP)	-	1,243,743	-	-	1,243,743
<b>Total Capital Assets</b>	<b>\$ 1,762,853</b>	<b>\$ 1,757,316</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,520,169</b>

**10. Lease Commitments**

WSIU Public Broadcasting currently has an operating lease agreement with Vertical Sky LLC to lease land and space on the tower located at 15621 North 42nd Street, Mount Vernon, IL to transmit an FM radio signal. The term of the lease is for the period July 1, 2017 to June 30, 2021. Lease payments are \$4,800 annually.

WSIU Public Broadcasting currently has an operating lease agreement with Barbeck Tower Partners, Inc. to lease space on the tower located in Springfield, IL. The lease was assumed in the TV station acquisition on November 1, 2018. The original lease was renewed on November 1, 2019, and expires October 31, 2021. Lease payments were \$637/month at June 30, 2020 and escalate 3% annually.

WSIU Public Broadcasting currently has an operating lease agreement with American Tower to lease space on a tower located in Quincy, IL. The 99-year lease was assumed in the TV station acquisition on November 1, 2018. The lease expires on 12/1/2108. Lease payments are \$1/year. WSIU Public Broadcasting prepaid the lease term for five years (\$5 total) on February 8, 2019.

WSIU Public Broadcasting currently has an operating lease agreement with K2 Towers II, LLC to lease space on the tower in Colchester, IL. Lease payments are \$1,000/month. The lease term is October 31, 2018 through October 30, 2023.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**10. Lease Commitments - Continued**

WSIU Public Broadcasting currently has an operating lease agreement with K2 Towers II, LLC to lease space on the microwave relay tower in Riggston, IL. Lease payments are \$1 annually. The lease term is October 31, 2018 through October 30, 2023.

WSIU Public Broadcasting currently has an operating lease agreement with Network Knowledge to lease office space in Chatham, IL. Lease payments are \$1,852/month. The original lease was renegotiated on March 1, 2020 and currently extends through February 28, 2021, with an annual option renew for five years thereafter.

WSIU Public Broadcasting currently has an operating lease agreement with Network Knowledge to lease space on the tower located in Chambersburg, IL. Lease payments are \$1 annually. The lease term is October 31, 2018 through October 30, 2023.

WSIU Public Broadcasting currently has an operating lease agreement with Sinclair Television Group, Inc. to lease tower space on the tower located in Cape Girardeau, MO. Lease payments were \$800/month at June 30, 2020 and escalate 5% annually. The lease term is May 1, 2020 through April 30, 2025.

Future minimum lease payments under these leases are as follows:

<u>Year ending June 30</u>	<u>Rental payments</u>
2021	\$ 41,993
2022	30,035
2023	22,676
2024	15,207
2025	9,725

# Southern Illinois University Broadcasting Service

## Notes to Financial Statements

### For the Year Ended June 30, 2020

#### 11. Retirement Benefits

##### General Information about the Pension Plan

*Plan Description:* Southern Illinois University-Carbondale (SIU-C), of which WSIU is a part, contributes to the State Universities Retirement System of Illinois (SURS), 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 of Illinois' 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).

*Benefits Provided:* A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2019, can be found in the SURS' comprehensive annual financial report (CAFR) Notes to the Financial Statements.

*Contributions:* The State of Illinois is primarily responsible for funding 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 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 2020 was 13.02% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15.155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**11. Retirement Benefits - Continued**

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

*Net Pension Liability:* At June 30, 2019, SURS reported a net pension liability (NPL) of \$ 28,720,071,173. The net pension liability was measured as of June 30, 2019.

*Employer Proportionate Share of Net Pension Liability:* The amount of the proportionate share of the net pension liability to be recognized for SIU-C, of which WSIU is a part, is \$ 0. The proportionate share of the State's net pension liability associated with SIU-C is \$1,754,480,428, or 6.11%. This amount is not recognized in the financial statements. The net pension liability was measured as of June 30, 2019, and the total pension used to calculate the net pension liability was determined based on the June 30, 2018 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2019.

*Pension Expense:* At June 30, 2019, SURS reported a collective net pension expense of \$ 3,094,666,252.

*Employer Proportionate Share of Pension Expense:* The employer proportionate share of collective pension expense is recognized as nonoperating revenue with matching expenses (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2019. As a result, SIU-C recognized revenue and pension expense of \$189,050,067 from this special funding situation during the fiscal year ended June 30, 2020. WSIU recognized on-behalf revenue and pension expense of \$1,056,025 for the fiscal year ended June 30, 2020.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 160,132,483	\$ 80,170,745
Changes in assumption	773,321,300	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>55,456,660</u>
Total	<u>\$ 933,453,783</u>	<u>\$ 135,627,405</u>

**Southern Illinois University Broadcasting Service  
Notes to Financial Statements  
For the Year Ended June 30, 2020**

**11. Retirement Benefits - Continued**

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 786,021,133
2021	(11,534,848)
2022	(6,661,326)
2023	30,001,419
2024	-
Thereafter	-
Total	<u>\$ 797,826,378</u>

**Employer Deferral of Fiscal Year 2020 Pension Expense**

SIU-C paid \$1,750,634 in federal, trust or grant contributions for the fiscal year ended June 30, 2020. WSIU's portion of SIU-C's total was \$8,135 for the year ended June 30, 2020. These contributions were made subsequent to the pension liability measurement date of June 30, 2019, and are recognized as Deferred Outflows of Resources as of June 30, 2020.

**Assumptions and Other Inputs**

*Actuarial assumptions:* The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2014 - 2017. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.25% to 12.25%, including inflation
Investment rate of return	6.75% beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP-2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2020**

**11. Retirement Benefits - Continued**

**Assumptions and Other Inputs - Continued**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s).

For each major asset class that is included in the pension plans target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	5.25%
Private Equity	6%	8.65%
Non-U.S. Equity	19%	6.75%
Global Equity	8%	6.25%
Fixed Income	19%	1.85%
Treasury-Inflation Protected Securities	4%	1.20%
Emerging Market Debt	3%	4.00%
Real Estate REITS	4%	5.70%
Direct Real Estate	6%	4.85%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	<u>1%</u>	<u>7.00%</u>
<b>Total</b>	100%	4.80%
<b>Inflation</b>		<u>2.75%</u>
<b>Expected Arithmetic Return</b>		<b>7.55%</b>

**Southern Illinois University Broadcasting Service  
Notes to Financial Statements  
For the Year Ended June 30, 2020**

**11. Retirement Benefits - Continued**

**Assumptions and Other Inputs - Continued**

*Discount Rate:* A single discount rate of 6.59% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.13% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the SURS's Net Pension Liability to Changes in the Discount Rate:* Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.59%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	<b>Current Single Discount Rate Assumption (\$ in millions)</b>	
<b>1% Decrease <u>5.59%</u></b>	<b>6.59%</b>	<b>1% Increase <u>7.59%</u></b>
\$ 34,786,851,779	\$ 28,720,071,173	\$ 23,712,555,197

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).

**12. Post-Employment Benefits**

In addition to providing the above pension 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. This includes annuitants of WSIU. Substantially all State employees, including WSIU's employees, may become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored 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. The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and various unions that represent the State's and WSIU's employees. 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.



**Southern Illinois University Broadcasting Service  
Notes to Financial Statements  
For the Year Ended June 30, 2020**

**12. Post-Employment Benefits - Continued**

The State pays WSIU's portion of employer costs for the benefits provided. The total costs of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an 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 their dependents.

A summary of post-employment 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, Stratton Building, Room 715, 401 Spring St., Springfield, Illinois, 62706.

**13. Commitments and Contingencies**

WSIU Public Broadcasting received monies from federal and state government agencies under grants and contracts to fund portions of its activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. WSIU Public Broadcasting's management believes that any disallowances or adjustments would not have a material effect on WSIU Public Broadcasting's financial position.

**14. Reallocation of Net Position**

WSIU Public Broadcasting is a Joint University licensee that maintains and administers both television and radio stations. WSIU has a fundraising process that solicits funds for the overall benefit of both television and radio. WSIU Public Broadcasting's revenue allocation policy for funds not specifically designated for Television or Radio is allocated 80% to television and 20% to radio. The pooled WSIU Public Broadcasting funds are an example of pooled funds for the benefit of both television and radio.

However, actual use of the funds may differ from the percentages indicated above. During the year ended June 30, 2020, the actual use and release of pooled funds resulted in adjustments to the cash flow and the net position between television and radio in the amount of \$89,662.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

**Southern Illinois University Broadcasting Service  
Required Supplementary Information  
(Unaudited)  
For the Year Ended June 30, 2020**

**Schedule of WSIU's Proportionate Share  
of Net Pension Liability**

	<u>FY2019*</u>	<u>FY2018*</u>	<u>FY2017*</u>	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
(a) Proportion Percentage of the Collective Pension Liability	0%	0%	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	\$ 11,543,191	\$ 11,035,049	\$ 9,021,262	\$ 9,389,239	\$ 9,463,366	\$ 7,026,374
Total (b) + (c)	\$ 11,543,191	\$ 11,035,049	\$ 9,021,262	\$ 9,389,239	\$ 9,463,366	\$ 7,026,374
Employer DB Covered Payroll	\$ 1,453,959	\$ 1,435,095	\$ 1,250,898	\$ 1,325,622	\$ 1,462,476	\$ 1,179,896
Proportion of Collective Net Pension Liability associated with Employer as a percentage of DB covered payroll	793.91%	768.94%	721.18%	708.29%	647.08%	595.51%
SURS Plan Net Position as a Percentage of Total Pension Liability	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%

**Schedule of Contributions - WSIU**

	<u>FY2020</u>	<u>FY2019*</u>	<u>FY2018*</u>	<u>FY2017*</u>	<u>FY2016*</u>	<u>FY2015*</u>	<u>FY2014*</u>
Federal, Trust, Grant and Other contribution	\$ 8,135	\$ 3,057	\$ 1,315	\$ 1,359	\$ 2,009	\$ 5,117	\$ -
Contribution in relation to required contribution	<u>8,135</u>	<u>3,057</u>	<u>1,315</u>	<u>1,359</u>	<u>2,009</u>	<u>5,117</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Covered payroll	\$ 81,718	\$ 16,235	\$ 9,136	\$ 7,651	\$ 15,831	\$ 43,698	\$ -
Contributions as a percentage of covered payroll	9.96%	18.82%	14.39%	17.76%	12.69%	11.71%	0.00%

**Southern Illinois University Broadcasting Service**  
**Notes to Required Supplementary Information**  
**(Unaudited)**  
**For the Year Ended June 30, 2020**

*Changes of benefit terms.* There were no benefit changes recognized in the Total Pension Liability as of June 30, 2019.

*Changes of assumptions.* In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25% to 12.25% based on years of service, with underlying wage inflation of 2.25%.
- Investment return. Decrease the investment return assumption to 6.75%. This reflects maintaining an assumed real rate of return of 4.50% and decreasing the underlying assumed price inflation to 2.25%.
- Effective rate of interest. Decrease the long-term assumption for the ERI of crediting the money purchase accounts to 6.75% (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50% if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

\*Note: WSIU implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

OTHER SUPPLEMENTARY INFORMATION

## Schedule of Functional Expenses - Combined

SOUTHERN ILLINOIS UNIVERSITY -  
SIU BROADCASTING SERVICE

Fiscal Year Ended June 30, 2020

	<u>Programming and Production</u>	<u>Broadcasting and Engineering</u>	<u>Program Information and Promotion</u>	<u>Fundraising and Membership</u>	<u>Underwriting and Grant Solicitation</u>	<u>Management and General</u>	<u>Total (Memorandum Only)</u>
Salaries and wages	\$ 900,382	\$ 454,314	\$ 48,030	\$ 71,138	\$ 158,247	\$ 281,845	\$ 1,913,956
Payroll taxes and employee benefits	358,357	176,406	18,825	31,376	103,139	110,002	798,105
Professional services, excluding in-kind contributions	41,255	380,822	24,700	259,506	41,835	92,365	840,483
Professional services and support, in-kind contributions	454,977	281,665	22,760	80,281	48,927	146,678	1,035,288
Office supplies	2,355	11,631	27,398	995	917	23,402	66,698
Telecommunications	7,801	20,276	300	7,041	945	41,783	78,146
Postage	249	296	12,189	4,730	-	3,321	20,785
Advertising	680	-	34,788	299	785	642	37,194
Occupancy	34,462	276,521	1,816	728	376	122,741	436,644
Rental and maintenance of equipment	95,290	260,974	4,432	985	33	57,961	419,675
Printing and publications	878	-	10,409	1,950	27	6,041	19,305
Travel	7,250	14,200	330	1,622	1,968	50,398	75,768
Operating taxes and licenses	16,151	78,314	632	2,941	-	14,927	112,965
Program acquisition	1,317,125	-	-	-	-	44,518	1,361,643
Miscellaneous, excluding in-kind contributions	10,753	42,805	(64)	85,344	23,989	57,170	219,997
	<u>\$ 3,247,965</u>	<u>\$ 1,998,224</u>	<u>\$ 206,545</u>	<u>\$ 548,936</u>	<u>\$ 381,188</u>	<u>\$ 1,053,794</u>	<u>\$ 7,436,652</u>

## Schedule of Functional Expenses - TV

SOUTHERN ILLINOIS UNIVERSITY -  
SIU BROADCASTING SERVICE

Fiscal Year Ended June 30, 2020

	<u>Programming and Production</u>	<u>Broadcasting and Engineering</u>	<u>Program Information and Promotion</u>	<u>Fundraising and Membership</u>	<u>Underwriting and Grant Solicitation</u>	<u>Management and General</u>	<u>Total (Memorandum Only)</u>
Salaries and wages	\$ 597,526	\$ 388,097	\$ 38,424	\$ 49,153	\$ 131,360	\$ 225,328	\$ 1,429,888
Payroll taxes and employee benefits	228,927	147,522	15,107	21,786	81,862	86,568	581,772
Professional services, excluding in-kind contributions	37,260	380,597	19,760	253,324	41,835	85,974	818,750
Professional services and support, in-kind contributions	329,510	255,029	19,384	71,812	41,151	120,897	837,783
Office supplies	2,303	10,220	24,664	974	875	19,201	58,237
Telecommunications	536	12,917	240	6,343	864	29,721	50,621
Postage	245	296	12,158	4,670	-	1,241	18,610
Advertising	544	-	10,845	239	686	445	12,759
Occupancy	27,708	241,483	1,801	710	370	105,335	377,407
Rental and maintenance of equipment	76,365	234,160	3,696	985	33	48,006	363,245
Printing and publications	658	-	10,146	-	22	5,018	15,844
Travel	6,635	11,848	264	1,242	1,621	40,593	62,203
Operating taxes and licenses	13,077	77,545	506	2,941	-	11,755	105,824
Program acquisition	1,033,322	-	-	-	-	44,518	1,077,840
Miscellaneous, excluding in-kind contributions	8,861	40,886	(51)	73,564	17,394	48,840	189,494
	<u>\$ 2,363,477</u>	<u>\$ 1,800,600</u>	<u>\$ 156,944</u>	<u>\$ 487,743</u>	<u>\$ 318,073</u>	<u>\$ 873,440</u>	<u>\$ 6,000,277</u>

## Schedule of Functional Expenses - FM

SOUTHERN ILLINOIS UNIVERSITY -  
SIU BROADCASTING SERVICE

Fiscal Year Ended June 30, 2020

	<u>Programming and Production</u>	<u>Broadcasting and Engineering</u>	<u>Program Information and Promotion</u>	<u>Fundraising and Membership</u>	<u>Underwriting and Grant Solicitation</u>	<u>Management and General</u>	<u>Total (Memorandum Only)</u>
Salaries and wages	\$ 302,856	\$ 66,217	\$ 9,606	\$ 21,985	\$ 26,887	\$ 56,517	\$ 484,068
Payroll taxes and employee benefits	129,430	28,884	3,718	9,590	21,277	23,434	216,333
Professional services, excluding in-kind contributions	3,995	225	4,940	6,182	-	6,391	21,733
Professional services and support, in-kind contributions	125,467	26,636	3,376	8,469	7,776	25,781	197,505
Office supplies	52	1,411	2,734	21	42	4,201	8,461
Telecommunications	7,265	7,359	60	698	81	12,062	27,525
Postage	4	-	31	60	-	2,080	2,175
Advertising	136	-	23,943	60	99	197	24,435
Occupancy	6,754	35,038	15	18	6	17,406	59,237
Rental and maintenance of equipment	18,925	26,814	736	-	-	9,955	56,430
Printing and publications	220	-	263	1,950	5	1,023	3,461
Travel	615	2,352	66	380	347	9,805	13,565
Operating taxes and licenses	3,074	769	126	-	-	3,172	7,141
Program acquisition	283,803	-	-	-	-	-	283,803
Miscellaneous, excluding in-kind contributions	1,892	1,919	(13)	11,780	6,595	8,330	30,503
	<u>\$ 884,488</u>	<u>\$ 197,624</u>	<u>\$ 49,601</u>	<u>\$ 61,193</u>	<u>\$ 63,115</u>	<u>\$ 180,354</u>	<u>\$ 1,436,375</u>





**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***

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The Board of Trustees  
Southern Illinois University

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 Southern Illinois University Broadcasting Service (SIU Broadcasting Service) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SIU Broadcasting Service's basic financial statements, and have issued our report thereon dated January 14, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SIU Broadcasting Service's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SIU Broadcasting Service's internal control. Accordingly, we do not express an opinion on the effectiveness of SIU Broadcasting Service'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, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SIU Broadcasting Service's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Kerber, Eck + Braeckel LLP*

Springfield, Illinois  
January 14, 2021

Southern Illinois University Broadcasting Service

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2020

MATERIAL WEAKNESS 2020 - 001

2020 - 001 Material Audit Adjustment

*Condition:* During our audit, we identified and proposed a material audit adjustment to adjust Federal Communications Commission (FCC) repack funding revenue and accounts receivable as of and for the year ended June 30, 2020.

*Criteria:* SIU Broadcasting Service is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

*Cause:* The cause of this situation was significant costs incurred related to the repacking process in fiscal year 2020. These costs are eligible for reimbursement which occurred in fiscal year 2021, thus a receivable should have been recorded.

*Effect:* SIU Broadcasting Service's accounting records were initially misstated by amounts that were material to the financial statements.

*Auditors' Recommendation:* We recommend that management implement internal controls to ensure future transactions related to the FCC repack are accurately recorded in accordance with generally accepted accounting principles.

*Management Response:* In an effort to be conservative, the receivable for FCC repack funding was not recorded at year-end due to uncertainty of the amount to be reimbursed. Reimbursement was subsequently received and we agree it should be recorded as a receivable at June 30, 2020. In the future we will perform an analysis of any repack funding received subsequent to the end of the fiscal year in order to determine if a receivable should be recorded.