

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

June 30, 2005 and 2004

CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6
Schedule of Expenses Compared with Budget	13
Schedule of Administration, Fundraising, and Support Expenses	14

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wisconsin Public Radio Association, Inc.
Madison, Wisconsin

We have audited the accompanying statements of financial position of Wisconsin Public Radio Association, Inc. as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Public Radio Association, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 13 and 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wegner LLP

Wegner LLP
August 17, 2005

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash	\$ 696,191	\$ 850,012
Accounts receivable - net	92,880	45,567
Pledges receivable - net	291,187	266,602
Inventories	9,169	11,227
Prepaid expenses	42,906	38,423
Investments	759,014	752,189
Investments - bequests	299,905	167,271
Endowment - board designated	275,811	248,085
Total assets	<u>\$ 2,467,063</u>	<u>\$ 2,379,376</u>
LIABILITIES		
Accounts payable	\$ 351,349	\$ 416,921
NET ASSETS		
Undesignated	1,481,305	1,383,598
Designated for endowment	275,811	248,085
Total unrestricted	1,757,116	1,631,683
Temporarily restricted	358,598	330,772
Total net assets	<u>2,115,714</u>	<u>1,962,455</u>
Total liabilities and net assets	<u>\$ 2,467,063</u>	<u>\$ 2,379,376</u>

See accompanying notes.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2005 and 2004

	2005		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Membership contributions	\$ 4,309,101	\$ 291,187	\$ 4,600,288
Whad' Ya Know	217,582	-	217,582
Event and regional	38,111	-	38,111
Investment income	27,819	-	27,819
Investment income - endowment	28,949	-	28,949
Bequests	132,487	-	132,487
Other income	75,579	6,263	81,842
Donated materials	16,373	-	16,373
Net assets released from restrictions			
Expiration of time restrictions	266,602	(266,602)	-
Satisfaction of program restrictions	3,022	(3,022)	-
Total support and revenue	5,115,625	27,826	5,143,451
EXPENSES			
Program services			
Contractual support to licensees	3,579,644	-	3,579,644
Promotions	76,210	-	76,210
Whad'Ya Know	182,512	-	182,512
Research	36,650	-	36,650
Restricted accounts	3,022	-	3,022
Endowment fund expenses	1,223	-	1,223
Total program services	3,879,261	-	3,879,261
Supporting activities			
Fundraising - direct expenses	495,953	-	495,953
Fundraising - contractual support to licensees	489,476	-	489,476
Total fundraising	985,429	-	985,429
Management and general	125,502	-	125,502
Total supporting activities	1,110,931	-	1,110,931
Total expenses	4,990,192	-	4,990,192
Change in net assets	125,433	27,826	153,259
Net assets - beginning of year	1,631,683	330,772	1,962,455
Net assets - end of year	\$ 1,757,116	\$ 358,598	\$ 2,115,714

See accompanying notes.

2004

Unrestricted	Temporarily Restricted	Total
\$ 4,338,610	\$ 266,602	\$ 4,605,212
171,478	-	171,478
26,942	-	26,942
10,012	-	10,012
34,965	-	34,965
32,153	-	32,153
7,592	6,039	13,631
19,235	-	19,235
207,458	(207,458)	-
4,311	(4,311)	-
<u>4,852,756</u>	<u>60,872</u>	<u>4,913,628</u>
3,253,208	-	3,253,208
42,710	-	42,710
131,231	-	131,231
19,800	-	19,800
4,311	-	4,311
937	-	937
<u>3,452,197</u>	<u>-</u>	<u>3,452,197</u>
429,700	-	429,700
<u>396,510</u>	<u>-</u>	<u>396,510</u>
826,210	-	826,210
<u>136,202</u>	<u>-</u>	<u>136,202</u>
962,412	-	962,412
<u>4,414,609</u>	<u>-</u>	<u>4,414,609</u>
438,147	60,872	499,019
<u>1,193,536</u>	<u>269,900</u>	<u>1,463,436</u>
<u>\$ 1,631,683</u>	<u>\$ 330,772</u>	<u>\$ 1,962,455</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2005 and 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 153,259	\$ 499,019
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Donated stock	(28,731)	(34,744)
Realized gain on investments	-	(1,853)
Unrealized gain on investments	(8,304)	(18,655)
Allowance for uncollectibles - pledges receivable	(10,392)	(47,187)
(Increase) decrease in assets		
Accounts receivable	(47,313)	9,672
Pledges receivable	(14,193)	(11,957)
Inventories	2,058	(4,134)
Prepaid expenses	(4,483)	(8,196)
Increase (decrease) in liabilities		
Accounts payable	(65,572)	91,656
Net cash provided by (used in) operating activities	(23,671)	473,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(158,881)	(556,210)
Proceeds from sales of investments	-	12,496
Proceeds from sales of donated stock	28,731	34,744
Net cash used in investing activities	(130,150)	(508,970)
Net change in cash	(153,821)	(35,349)
Cash - beginning of year	850,012	885,361
Cash - end of year	\$ 696,191	\$ 850,012
SUPPLEMENTAL INFORMATION		
Noncash investing activity		
Donated stock	\$ 28,731	\$ 34,744

See accompanying notes.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

Wisconsin Public Radio Association, Inc. (Association) is a publicly supported not-for-profit corporation whose purpose is to administer various fundraising and membership duties of Wisconsin Public Radio and to provide support to WHA-Radio and the Educational Communications Board. Its fundraising efforts include the entire State of Wisconsin. The Association is primarily supported by public donations. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Board Designated Net Assets – Unrestricted net assets that have been designated by the Board of Directors as an endowment fund.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met either by the passage of time or by actions of the Association. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Association considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statements of activities.

Accounts Receivable

The Association records an allowance for doubtful accounts for accounts receivable. The allowance at June 30, 2005 and 2004 was \$0 and \$74,500.

Inventories

Inventories consist of merchandise held for resale and are valued at the lower of cost or market, with cost being determined on the first-in, first-out (FIFO) method.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions, including pledges receivable, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable due in the next year are recorded at their net realizable value. Pledges receivable due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donated Materials

The Association records donated materials at their estimated fair value when they are received.

Income Taxes

The Association is an exempt public charity under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to federal or state income and franchise taxes.

Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Fundraising – contractual support to licensees consists of reimbursements to the University of Wisconsin-Extension and ECB Radio Network for fundraising expenses they incur for the Association.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable at June 30, 2005 and 2004 consisted of the following:

	2005	2004
Pledges receivable due within one year	\$ 455,332	\$ 441,139
Less allowance for uncollectibles	164,145	174,537
Pledges receivable - net	\$ 291,187	\$ 266,602

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 3 – INVESTMENTS

Investments at June 30, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Certificates of deposit	\$ 417,015	\$ 415,285
Money market	30,779	30,425
Bond funds	193,840	194,610
Government securities	117,380	111,869
	<u>Investments</u>	<u>Investments</u>
	<u>\$ 759,014</u>	<u>\$ 752,189</u>

Investments – bequests at June 30, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Certificates of deposit	\$ 86,118	\$ 86,118
Money Market	213,787	81,153
	<u>\$ 299,905</u>	<u>\$ 167,271</u>

Endowment – board designated June 30, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Mutual funds	<u>\$ 275,811</u>	<u>\$ 248,085</u>

Investment income for the years ended June 30, 2005 and 2004 consisted of the following:

	<u>2005</u>	<u>2004</u>
Interest and dividends	\$ 48,464	\$ 24,469
Realized gain	-	1,853
Unrealized gain	8,304	18,655
	<u>Investment income</u>	<u>Investment income</u>
	<u>\$ 56,768</u>	<u>\$ 44,977</u>

Investment fees for the years ended June 30, 2005 and 2004 were \$2,132 and \$1,134.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2005 and 2004:

	2005			
	Beginning	Revenue	Released	Ending
Program restrictions				
Ralph Johnson Bench Fund	\$ 2,500	\$ -	\$ -	\$ 2,500
WPR Program Archiving	2,500	-	-	2,500
Zorba Paster	18,342	6,263	2,647	21,958
Equipment upgrade	36,839	-	-	36,839
Chequamegon campaign	2,618	-	-	2,618
Platteville campaign	558	-	-	558
Calling All Pets	813	-	375	438
Total program restrictions	64,170	6,263	3,022	67,411
Time restrictions				
Pledges	266,602	291,187	266,602	291,187
Total	\$ 330,772	\$ 297,450	\$ 269,624	\$ 358,598

	2004			
	Beginning	Revenue	Released	Ending
Program restrictions				
Ralph Johnson Bench Fund	\$ 2,500	\$ -	\$ -	\$ 2,500
WPR Program Archiving	2,500	-	-	2,500
Zorba Paster	16,517	6,039	4,214	18,342
Equipment upgrade	36,839	-	-	36,839
Chequamegon campaign	2,618	-	-	2,618
Platteville campaign	558	-	-	558
Calling All Pets	910	-	97	813
Total program restrictions	62,442	6,039	4,311	64,170
Time restrictions				
Pledges	207,458	266,602	207,458	266,602
Total	\$ 269,900	\$ 272,641	\$ 211,769	\$ 330,772

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 5 – ALLOCATION OF NET ASSETS

The Association solicits funds in the name of, and with the approval of, both ECB Radio Network (ECB), a public telecommunications entity operated by the Education Communications Board and WHA-Radio (WHA), a public telecommunications entity operated by the University of Wisconsin - Extension. Both ECB and WHA have access to the Association's net assets, retain an ongoing equity interest and are considered to be financially interrelated organizations under Financial Accounting Standards Board (FASB) Number 136, *Transfers of Net Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. ECB's and WHA's equity interests in the Association are calculated in accordance with affiliation agreements that currently provides ECB with 76 percent and WHA 24 percent of the Association's net assets.

The allocations of the net assets between ECB and WHA – Radio are as follows:

	2005		
	ECB	WHA-Radio	Total
Allocated net assets July 1, 2004	\$ 1,046,243	\$ 852,042	\$ 1,898,285
Unrestricted support and revenue	3,660,960	1,156,092	4,817,052
Time restricted support	221,302	69,885	291,187
Net income from WHA Quasi endowment	-	27,727	27,727
Release of program restrictions	2,463	778	3,241
Less expenses net of contractual support	(699,252)	(220,817)	(920,069)
Subtotal	4,231,716	1,885,707	6,117,423
Less contractual support	(3,092,531)	(976,589)	(4,069,120)
Allocated net assets - end of year	<u>\$ 1,139,185</u>	<u>\$ 909,118</u>	2,048,303
Program restricted net assets			<u>67,411</u>
Net assets June 30, 2005			<u>\$ 2,115,714</u>
	2004		
	ECB	WHA-Radio	Total
Allocated net assets July 1, 2003	\$ 694,163	\$ 706,831	\$ 1,400,994
Unrestricted support and revenue	3,500,576	1,105,446	4,606,022
Time restricted support	202,618	63,984	266,602
Net income from WHA Quasi endowment	-	34,028	34,028
Release of program restrictions	3,276	1,035	4,311
Less expenses net of contractual support	(580,604)	(183,350)	(763,954)
Subtotal	3,820,029	1,727,974	5,548,003
Less contractual support	(2,773,786)	(875,932)	(3,649,718)
Allocated net assets - end of year	<u>\$ 1,046,243</u>	<u>\$ 852,042</u>	1,898,285
Program restricted net assets			<u>64,170</u>
Net assets June 30, 2004			<u>\$ 1,962,455</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2005 and 2004

NOTE 6 – MEMBERSHIP CONTRIBUTIONS

Membership contributions for the years ended June 30, 2005 and 2004 consisted of the following:

	2005	2004
On-air pledge drives	\$ 1,628,720	\$ 1,595,631
Direct mail-renewal, additional gifts, etc.	2,049,145	2,186,377
Renewal via telemarketing	3,963	30,179
Employees' company matching	68,925	77,056
Web site via wpr.org	215,699	169,040
Electronic funds transfer/payroll deductions	399,379	363,977
Other sources	234,457	182,952
Membership contributions	4,600,288	4,605,212
Less time restricted support	291,187	266,602
Unrestricted membership contributions	\$ 4,309,101	\$ 4,338,610

The Association telemarkets only current members whose memberships are expiring and whose names are not on the Wisconsin's No Call List.

NOTE 7 – DONATED MATERIALS

The Association received the following donated materials during the years ended June 30:

	2005	2004
Administration		
Election ballots	\$ -	\$ 7,725
Food	840	-
Annual report	4,905	-
Membership Development		
Premiums	-	2,185
Printing	10,628	9,325
Donated materials	\$ 16,373	\$ 19,235

The Association staff occupies space provided by the University of Wisconsin Extension and is not charged for rent or utilities.

NOTE 8 – CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at several financial institutions. The Federal Deposit Insurance Corporation insures accounts up to \$100,000 at each institution. The Association's cash balances in excess of this limit were \$1,014,739 and \$919,599 at June 30, 2005 and 2004.

ADDITIONAL INFORMATION

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
SCHEDULE OF EXPENSES COMPARED WITH BUDGET
 Years ended June 30, 2005 and 2004

	2005			2004		
	Budget	Actual	Expenses (Over) Under Budget	Budget	Actual	Expenses (Over) Under Budget
UNRESTRICTED EXPENSES						
INTERNAL OPERATIONS						
Administration	\$ 125,755	\$ 125,502	\$ 253	\$ 117,182	\$ 136,202	\$ (19,020)
Development	548,415	495,953	52,462	509,450	429,700	79,750
Promotion/Activities	26,480	23,644	2,836	25,850	23,794	2,056
State Promotions	41,500	38,376	3,124	26,500	18,916	7,584
National Promotions	22,500	14,191	8,309	-	-	-
Research	33,000	36,650	(3,650)	23,000	19,800	3,200
Whad"Ya Know	121,000	182,512	(61,512)	131,000	131,231	(231)
Total internal operations	918,650	916,828	1,822	832,982	759,643	73,339
SUPPORT ACTIVITIES						
Contractual agreement - ECB	3,092,531	3,092,531	-	2,773,786	2,773,786	-
Contractual agreement - WHA	976,589	976,589	-	875,932	875,932	-
Total support activities	4,069,120	4,069,120	-	3,649,718	3,649,718	-
Total unrestricted expenses	4,987,770	4,985,948	1,822	4,482,700	4,409,361	73,339
RESTRICTED EXPENSES						
Endowment fund expenses	-	1,223	(1,223)	-	937	(937)
Restricted accounts	-	3,021	(3,021)	-	4,311	(4,311)
Total expenses	\$ 4,987,770	\$ 4,990,192	\$ (2,422)	\$ 4,482,700	\$ 4,414,609	\$ 68,091

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
SCHEDULE OF ADMINISTRATION, FUNDRAISING, AND SUPPORT EXPENSES
Years ended June 30, 2005 and 2004

	2005	2004
ADMINISTRATION		
Salaries, wages and fringe benefits	\$ 55,643	\$ 50,132
Accountant, audit and tax preparation	7,850	7,500
General office and computer	3,193	2,664
Board expenses	10,161	9,061
Election expense	-	7,902
Bank service charges	48,391	49,701
PBMA	-	500
Donated materials	-	7,725
WHA/ECB discretionary	263	1,017
Total administration	125,501	136,202
DEVELOPMENT		
Member solicitation	484,536	418,190
Donated materials	11,417	11,510
Total development	495,953	429,700
PROMOTION/ACTIVITIES		
Regional bureau promotions	23,644	23,794
State promotion	38,376	18,916
National promotion	14,191	-
Total promotion/activities	76,211	42,710
INDEPENDENT PROJECTS		
Restricted accounts	3,022	4,311
Endowment fund expenses	1,223	937
Research	36,650	19,800
Whad"Ya Know	182,512	131,231
Total independent projects	223,407	156,279
CONTRACTUAL SUPPORT TO LICENSEES		
Contractual agreement - ECB	3,092,531	2,773,786
Contractual agreement - WHA	976,589	875,932
Total contractual support and licensees	4,069,120	3,649,718
Total expenses	\$ 4,990,192	\$ 4,414,609