

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

June 30, 2007 and 2006

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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, 2007 and 2006, 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 auditing standards generally accepted in the United States of America. 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, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 11 and 12 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
September 25, 2007



WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 1,230,975	\$ 827,251
Accounts receivable	-	27,491
Pledges receivable - net	284,783	291,187
Inventories	11,171	6,797
Prepaid expenses	28,566	52,178
Software - net	50,880	-
Investments	-	625,601
Investments - bequests	551,313	384,164
Investments - board designated endowment	326,084	288,585
Total assets	<u>\$ 2,483,772</u>	<u>\$ 2,503,254</u>
LIABILITIES		
Accounts payable	\$ 444,956	\$ 267,083
Deferred revenue	4,531	11,078
Total liabilities	449,487	278,161
NET ASSETS		
Undesignated	1,670,804	1,897,727
Designated for endowment	326,084	288,585
Total unrestricted	1,996,888	2,186,312
Temporarily restricted	37,397	38,781
Total net assets	<u>2,034,285</u>	<u>2,225,093</u>
Total liabilities and net assets	<u>\$ 2,483,772</u>	<u>\$ 2,503,254</u>

See accompanying notes.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2007 and 2006

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS						
Membership contributions - \$1,000 or more	\$ 562,092	-	\$ 562,092	\$ 533,610	-	\$ 533,610
Membership contributions - other	4,688,828	-	4,688,828	4,495,646	-	4,495,646
Total membership contributions	5,250,920	-	5,250,920	5,029,256	-	5,029,256
Bequests	146,917	-	146,917	83,550	-	83,550
Donated materials	-	-	-	12,382	-	12,382
Whad'Ya Know	151,570	-	151,570	142,206	-	142,206
Event and regional	50,624	-	50,624	38,002	-	38,002
Investment income - net	100,243	-	100,243	68,481	-	68,481
Endowment investment income - net	37,500	-	37,500	21,103	-	21,103
Other	2,926	-	2,926	576	-	576
Net assets released from restrictions						
Satisfaction of purpose restrictions	1,384	(1,384)	-	3,616	(3,616)	-
Total support, revenue and reclassifications	5,742,084	(1,384)	5,740,700	5,399,172	(3,616)	5,395,556
EXPENSES						
Program services						
Contractual support to licensees	4,404,268	-	4,404,268	3,874,873	-	3,874,873
Promotions	57,860	-	57,860	64,413	-	64,413
Whad'Ya Know	119,944	-	119,944	103,895	-	103,895
Research	15,000	-	15,000	28,000	-	28,000
Restricted accounts	1,384	-	1,384	3,616	-	3,616
Total program services	4,598,456	-	4,598,456	4,074,797	-	4,074,797
Supporting activities						
Fundraising - direct expenses	661,718	-	661,718	525,264	-	525,264
Fundraising - contractual support to licensees	551,901	-	551,901	545,584	-	545,584
Total fundraising	1,213,619	-	1,213,619	1,070,848	-	1,070,848
Administration	119,433	-	119,433	140,532	-	140,532
Total supporting activities	1,333,052	-	1,333,052	1,211,380	-	1,211,380
Total expenses	5,931,508	-	5,931,508	5,286,177	-	5,286,177
Change in net assets	(189,424)	(1,384)	(190,808)	112,995	(3,616)	109,379
Net assets - beginning of year	2,186,312	38,781	2,225,093	2,073,317	42,397	2,115,714
Net assets - end of year	\$ 1,996,888	\$ 37,397	\$ 2,034,285	\$ 2,186,312	\$ 38,781	\$ 2,225,093

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (190,808)	\$ 109,379
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization	10,103	-
Donated stock	(45,919)	(47,425)
Realized loss on sale of investments	-	9,789
Unrealized gain on investments	(22,333)	(4,102)
Allowance for uncollectibles - pledges receivable	(31,585)	-
(Increase) decrease in assets		
Accounts receivable	27,491	65,389
Pledges receivable	37,989	-
Inventories	(4,374)	2,372
Prepaid expenses	23,612	(9,272)
Increase (decrease) in liabilities		
Accounts payable	177,873	(84,266)
Deferred revenue	(6,547)	11,078
Net cash provided by (used in) operating activities	(24,498)	52,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of software	(60,983)	-
Proceeds from sales of donated stock	45,919	47,425
Purchases of investments	(638,306)	(795,335)
Proceeds from sales of investments	1,081,592	826,029
Net cash provided by investing activities	428,222	78,119
Change in cash	403,724	131,061
Cash - beginning of year	827,251	696,190
Cash - end of year	\$ 1,230,975	\$ 827,251
SUPPLEMENTAL DISCLOSURES		
Noncash investing activity		
Donated stock	\$ 45,919	\$ 47,425

See accompanying notes.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

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 ECB Radio Network. 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 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 restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments. The Board has designated net assets as an endowment fund.

Temporarily Restricted Net Assets - Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Unless restricted by the donor, income earned on assets that are subject to donor-imposed temporary restrictions is considered unrestricted. 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.

Software

Purchases of software are capitalized at cost. Amortization is provided using the straight-line method over five years, the estimated useful lives of the assets.

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 considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

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, 2007 and 2006

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.

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 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 statements 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.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at financial institutions insured by the FDIC up to \$100,000 at each institution. At such times cash balances may be in excess of the FDIC insurance limit. The Association places its cash balances with high quality institutions and has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2007 and 2006:

	2007	2006
Pledges receivable due within one year	\$ 417,343	\$ 455,332
Less allowance for uncollectibles	132,560	164,145
Pledges receivable - net	\$ 284,783	\$ 291,187

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 4 - INVESTMENTS

Investments consisted of certificates of deposit at June 30, 2006. During fiscal 2007 the certificates of deposit were redeemed and the proceeds were included in cash at June 30, 2007. In July 2007, new certificates of deposit were purchased totaling \$800,000.

Investments – bequests consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Money market	\$ 551,313	\$ 10,843
Certificates of deposit	-	373,321
Investments - bequests	<u>\$ 551,313</u>	<u>\$ 384,164</u>

Investments - board designated endowment consisted of mutual funds at June 30, 2007 and 2006.

Investment income consisted of the following for fiscal 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest and dividends	\$ 100,243	\$ 78,781
Realized loss	-	(9,789)
Investment income	100,243	68,992
Less investment fees	-	511
Investment income - net	<u>\$ 100,243</u>	<u>\$ 68,481</u>

Endowment investment income consisted of the following for fiscal 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest and dividends	\$ 16,710	\$ 18,404
Unrealized gain	22,333	4,102
Endowment investment income	39,043	22,506
Less investment fees	1,543	1,403
Endowment investment income - net	<u>\$ 37,500</u>	<u>\$ 21,103</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 5 - SOFTWARE

Software consisted of the following at June 30, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Software	\$ 60,983	\$ -
Less accumulated amortization	<u>10,103</u>	<u>-</u>
Software - net	<u>\$ 50,880</u>	<u>\$ -</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2007 and 2006 consisted of the following:

	<u>2007</u>	<u>2006</u>
UW Extension - contract	\$ 415,656	\$ 220,114
Accounts payable - general	<u>29,300</u>	<u>46,969</u>
Total accounts payable	<u>\$ 444,956</u>	<u>\$ 267,083</u>

NOTE 7 - MEMBERSHIP CONTRIBUTIONS

Membership contributions consisted of the following for fiscal 2007 and 2006:

	<u>2007</u>	<u>2006</u>
On-air pledge drives	\$ 1,921,913	\$ 1,994,358
Direct mail-renewal, additional gifts, etc.	2,174,840	2,086,747
Renewal via telemarketing	110,845	56,348
Employees' company matching	61,401	63,583
Website via wpr.org	165,662	122,635
Electronic funds transfer/payroll deductions	495,183	428,449
Major donor renewal	<u>321,076</u>	<u>277,136</u>
Total membership contributions	<u>\$ 5,250,920</u>	<u>\$ 5,029,256</u>

The associations, contributors and respective contributions are important elements in understanding support from listeners. There were 336 and 325 contributors of \$1,000 or more for fiscal 2007 and 2006. There were 41,198 and 39,444 other contributors for fiscal 2007 and 2006.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 8 - ALLOCATION OF NET ASSETS

The Education Communications Board (ECB) operates ECB Radio Network, a public telecommunications entity. The University of Wisconsin - Extension (UWEX) operates WHA-Radio, a public telecommunications entity. The Association solicits funds in the name of, and with the approval of, both ECB Radio Network and WHA-Radio. Both ECB and UWEX 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 UWEX's equity interests in the Association are calculated in accordance with affiliation agreements that currently provide ECB with 76% and UWEX 24% of the Association's net assets.

	2007		
	ECB	UWEX	Total
Allocated net assets July 1, 2006	\$ 1,228,034	\$ 958,278	\$ 2,186,312
Unrestricted support and revenue	4,334,432	1,368,768	5,703,200
Endowment investment income - net	-	37,500	37,500
Release of purpose restrictions	1,052	332	1,384
Less expenses net of contractual support	<u>(741,258)</u>	<u>(234,081)</u>	<u>(975,339)</u>
Subtotal	4,822,260	2,130,797	6,953,057
Less contractual support	<u>(3,785,760)</u>	<u>(1,170,409)</u>	<u>(4,956,169)</u>
Allocated net assets - end of year	<u>\$ 1,036,500</u>	<u>\$ 960,388</u>	1,996,888
Purpose restricted net assets			<u>37,397</u>
Net assets June 30, 2007			<u>\$ 2,034,285</u>
	2006		
	ECB	UWEX	Total
Allocated net assets July 1, 2005	\$ 1,158,196	\$ 915,121	\$ 2,073,317
Unrestricted support and revenue	4,084,584	1,289,869	5,374,453
Endowment investment income - net	-	21,103	21,103
Release of purpose restrictions	2,748	868	3,616
Less expenses net of contractual support	<u>(657,947)</u>	<u>(207,773)</u>	<u>(865,720)</u>
Subtotal	4,587,581	2,019,188	6,606,769
Less contractual support	<u>(3,359,547)</u>	<u>(1,060,910)</u>	<u>(4,420,457)</u>
Allocated net assets - end of year	<u>\$ 1,228,034</u>	<u>\$ 958,278</u>	2,186,312
Purpose restricted net assets			<u>38,781</u>
Net assets June 30, 2006			<u>\$ 2,225,093</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007 and 2006

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2007 and 2006:

	2007			
	Beginning	Increases	Releases	Ending
Purpose restrictions				
Equipment upgrade	\$ 36,839	\$ -	\$ -	\$ 36,839
Platteville campaign	558	-	-	558
WPR Program Archiving	1,384	-	1,384	-
Total	\$ 38,781	\$ -	\$ 1,384	\$ 37,397

	2006			
	Beginning	Increases	Releases	Ending
Purpose restrictions				
Equipment upgrade	\$ 36,839	\$ -	\$ -	\$ 36,839
Platteville campaign	558	-	-	558
Ralph Johnson Bench	2,500	-	2,500	-
WPR Program Archiving	2,500	-	1,116	1,384
Total	\$ 42,397	\$ -	\$ 3,616	\$ 38,781

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
SCHEDULES OF EXPENSES COMPARED WITH BUDGET
 Years ended June 30, 2007 and 2006

	2007		2006			
	Budget	Actual	Expenses (Over) Under Budget	Budget	Actual	Expenses (Over) Under Budget
UNRESTRICTED EXPENSES						
INTERNAL OPERATIONS						
Administration	\$ 130,095	\$ 119,433	\$ 10,662	\$ 150,183	\$ 140,532	\$ 9,651
Fundraising - direct expenses	608,500	661,718	(53,218)	543,200	525,264	17,936
Regional bureau promotions	25,500	23,421	2,079	27,860	24,009	3,851
State promotion	43,500	34,439	9,061	43,500	37,916	5,584
National promotion	5,000	-	5,000	16,000	2,488	13,512
Research	15,000	15,000	-	21,500	28,000	(6,500)
Whad'Ya Know	216,200	119,944	96,256	113,000	103,895	9,105
Total internal operations	1,043,795	973,955	69,840	915,243	862,104	53,139
SUPPORT ACTIVITIES						
Contractual agreement - ECB	3,706,296	3,706,296	-	3,359,547	3,359,547	-
Contractual agreement - UWEX	1,170,409	1,170,409	-	1,060,910	1,060,910	-
Total support activities	4,876,705	4,876,705	-	4,420,457	4,420,457	-
DESIGNATED PROJECTS						
Platteville station - ECB	80,000	79,464	536	-	-	-
Original state research - UWEX	20,000	-	20,000	-	-	-
Total designated projects	100,000	79,464	20,536	-	-	-
Total unrestricted expenses	6,020,500	5,930,124	90,376	5,335,700	5,282,561	53,139
RESTRICTED EXPENSES						
Restricted accounts	-	1,384	(1,384)	-	3,616	(3,616)
Total expenses	\$ 6,020,500	\$ 5,931,508	\$ 88,992	\$ 5,335,700	\$ 5,286,177	\$ 49,523

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
SCHEDULES OF EXPENSES
Years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CONTRACTUAL SUPPORT TO LICENSEES		
Contractual agreement - ECB	\$ 3,706,296	\$ 3,359,547
Contractual agreement - UWEX	<u>1,170,409</u>	<u>1,060,910</u>
Total contractual support to licensees	4,876,705	4,420,457
DESIGNATED PROJECTS		
Platteville station - ECB	79,464	-
Original state research - UWEX	<u>-</u>	<u>-</u>
Total designated projects	79,464	-
PROMOTIONS		
Regional bureau promotions	23,421	24,009
State promotion	34,439	37,916
National promotion	<u>-</u>	<u>2,488</u>
Total promotions	57,860	64,413
OTHER PROJECTS		
Whad'Ya Know	119,944	103,895
Research	15,000	28,000
Restricted accounts	<u>1,384</u>	<u>3,616</u>
Total other projects	136,328	135,511
FUNDRAISING - DIRECT EXPENSES		
Membership solicitation	661,718	517,867
Donated materials	<u>-</u>	<u>7,397</u>
Total fundraising - direct expenses	661,718	525,264
ADMINISTRATION		
Salaries, wages and fringe benefits	59,095	57,183
Accountant, audit and tax preparation	-	8,250
General office and computer	3,382	2,107
Board expenses	9,129	5,493
Election expense	-	19,821
Bank service charges	47,535	47,219
ECB/UWEX discretionary	<u>292</u>	<u>459</u>
Total administration	<u>119,433</u>	<u>140,532</u>
Total expenses	<u>\$ 5,931,508</u>	<u>\$ 5,286,177</u>