

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Wisconsin Public Radio Association, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.


Board of Directors
Wisconsin Public Radio Association, Inc.

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, Wisconsin Public Radio Association, Inc. adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* in 2020. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Middleton, Wisconsin
November 13, 2020

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,494,294	\$ 1,541,640
Certificates of Deposit - Net of Noncurrent Portion	375,324	628,720
Accounts Receivable	5,240	1,580
Pledges Receivable - Net of Noncurrent Portion	102,791	171,901
Inventories	12,412	2,424
Prepaid Expenses	37,236	53,568
Total Current Assets	2,027,297	2,399,833
NONCURRENT ASSETS		
Pledges Receivable - Net	26,708	150,329
Certificates of Deposit - Net	374,369	375,207
CRM Software - Net	411,927	242,729
Beneficial Interest in Trust	66,477	65,985
Total Noncurrent Assets	879,481	834,250
INVESTMENTS		
Board-Designated Endowment UW Madison/ECB	5,558,023	4,285,921
Board-Designated Endowment UW Madison	424,479	428,412
UW Madison Permanent Endowment	100,959	86,403
UW Madison/ ECB Endowment	278,668	276,561
Total Investments	6,362,129	5,077,297
Total Assets	\$ 9,268,907	\$ 8,311,380
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 271,657	\$ 452,414
Deferred Revenue	-	33,970
Total Liabilities	271,657	486,384
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,589,756	2,354,741
Designated for Endowment	5,780,086	4,714,333
Total Without Donor Restrictions	8,369,842	7,069,074
With Donor Restrictions	627,408	755,922
Total Net Assets	8,997,250	7,824,996
Total Liabilities and Net Assets	\$ 9,268,907	\$ 8,311,380

See accompanying Notes to Financial Statements.

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Membership Contributions - \$1,000 or More	\$ 2,162,616	\$ 101,686	\$ 2,264,302
Membership Contributions - Other	7,532,685	17,603	7,550,288
Total Membership Contributions	9,695,301	119,289	9,814,590
Bequests and Memorials	1,147,136	-	1,147,136
UW Madison Programming Gift	300,000	-	300,000
Event and Regional	94,182	-	94,182
Investment Return:			
Operating Reserves	33,244	-	33,244
Board-Designated UW Madison/ECB	168,750	-	168,750
Board-Designated UW Madison	15,108	-	15,108
Endowment- Strategic Initiatives	-	3,223	3,223
Endowment	-	9,948	9,948
Subtotal	11,453,721	132,460	11,586,181
Net Assets Released from Restrictions	260,974	(260,974)	-
Total Revenue, Gains, and Other Support	11,714,695	(128,514)	11,586,181
EXPENSES			
Program Services:			
Contractual Support to Licensees	7,156,489	-	7,156,489
Promotions	256,124	-	256,124
Endowment Appropriations	181,210	-	181,210
Designated Programming Gift	300,000	-	300,000
Restricted Accounts	125,567	-	125,567
Capital Projects	-	-	-
Total Program Services	8,019,390	-	8,019,390
Supporting Activities:			
Fundraising	2,248,782	-	2,248,782
Administration	145,755	-	145,755
Total Supporting Activities	2,394,537	-	2,394,537
Total Expenses	10,413,927	-	10,413,927
CHANGE IN NET ASSETS	1,300,768	(128,514)	1,172,254
Net Assets - Beginning of Year	7,069,074	755,922	7,824,996
NET ASSETS - END OF YEAR	\$ 8,369,842	\$ 627,408	\$ 8,997,250

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Membership Contributions - \$1,000 or More	\$ 2,233,404	\$ 242,289	\$ 2,475,693
Membership Contributions - Other	7,030,430	2,297	7,032,727
Total Membership Contributions	<u>9,263,834</u>	<u>244,586</u>	<u>9,508,420</u>
Bequests and Memorials	538,159	-	538,159
UW Madison Programming Gift	300,000	-	300,000
Event and Regional	202,580	-	202,580
Investment Return:			
Operating Reserves	37,007	-	37,007
Board-Designated UW Madison/ECB	199,503	-	199,503
Board-Designated UW Madison	19,608	-	19,608
Endowment - Strategic Initiatives	-	3,630	3,630
Endowment	-	12,938	12,938
Subtotal	<u>10,560,691</u>	<u>261,154</u>	<u>10,821,845</u>
Net Assets Released from Restrictions	<u>209,304</u>	<u>(209,304)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	10,769,995	51,850	10,821,845
EXPENSES			
Program Services:			
Contractual Support to Licensees	6,796,365	-	6,796,365
Promotions	236,587	-	236,587
Endowment Appropriations	176,945	-	176,945
Designated Programming Gift	300,000	-	300,000
Restricted Accounts	193,581	-	193,581
Capital Projects	52,202	-	52,202
Total Program Services	<u>7,755,680</u>	<u>-</u>	<u>7,755,680</u>
Supporting Activities:			
Fundraising	2,271,029	-	2,271,029
Administration	185,857	-	185,857
Total Supporting Activities	<u>2,456,886</u>	<u>-</u>	<u>2,456,886</u>
Total Expenses	<u>10,212,566</u>	<u>-</u>	<u>10,212,566</u>
CHANGE IN NET ASSETS	557,429	51,850	609,279
Net Assets - Beginning of Year	<u>6,511,645</u>	<u>704,072</u>	<u>7,215,717</u>
NET ASSETS - END OF YEAR	<u>\$ 7,069,074</u>	<u>\$ 755,922</u>	<u>\$ 7,824,996</u>

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	Administration	Fundraising	Total	Program Services	Administration	Fundraising	Total
Contractual Support to Licensees:								
Contractual Agreement - UW Madison	\$ 1,746,685	\$ -	\$ -	\$ 1,746,685	\$ 1,644,690	\$ -	\$ -	\$ 1,644,690
Contractual Agreement - ECB	5,409,804	-	-	5,409,804	5,151,675	-	-	5,151,675
Listener Development - UW Madison	-	-	-	-	-	-	4,898	4,898
Fundraising Organizer - ECB	-	-	121,363	121,363	-	-	72,020	72,020
State Promotions	136,592	-	-	136,592	236,587	-	-	236,587
Membership Solicitation	-	-	908,510	908,510	-	-	985,849	985,849
Salaries, Wages, and Fringe Benefits	119,532	77,968	1,155,536	1,353,036	-	74,129	1,208,262	1,282,391
Accountant, Audit, and Tax Preparation	-	13,565	-	13,565	-	12,600	-	12,600
General Office and Computer	-	13,609	-	13,609	-	4,568	-	4,568
Board Expenses	-	11,954	-	11,954	-	21,851	-	21,851
Election Expense	-	-	-	-	-	5,716	-	5,716
Public Awareness	-	3,529	-	3,529	-	31,795	-	31,795
Bank Charges	-	4,576	-	4,576	-	4,512	-	4,512
Staff Professional Development	-	17,749	-	17,749	-	29,219	-	29,219
ECB/UW Madison Discretionary	-	2,805	-	2,805	-	1,467	-	1,467
Endowment Appropriations	181,210	-	-	181,210	176,945	-	-	176,945
Capital Projects	-	-	-	-	52,202	-	-	52,202
CRM Amortization	-	-	63,373	63,373	-	-	-	-
Designated Programming Gift	300,000	-	-	300,000	300,000	-	-	300,000
Restricted Expenses	125,567	-	-	125,567	193,581	-	-	193,581
	<u>\$ 8,019,390</u>	<u>\$ 145,755</u>	<u>\$ 2,248,782</u>	<u>\$ 10,413,927</u>	<u>\$ 7,755,680</u>	<u>\$ 185,857</u>	<u>\$ 2,271,029</u>	<u>\$ 10,212,566</u>
Total Functional Expenses								

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,172,254	\$ 609,279
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	63,373	-
Change in Value of Beneficial Interest in Trust	(492)	(704)
Realized and Unrealized Gains on Investments	(58,972)	(69,844)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(3,660)	13,920
Pledges Receivable	192,731	146,144
Inventories	(9,988)	632
Prepaid Expenses	16,332	7,185
Accounts Payable	(180,757)	127,483
Deferred Revenue	(33,970)	(24,516)
Net Cash Provided by Operating Activities	1,156,851	809,579
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(6,881,509)	(5,222,475)
Proceeds from Sales of Investments	5,909,883	4,039,898
Purchase of CRM Software	(232,571)	(242,729)
Net Cash Used by Investing Activities	(1,204,197)	(1,425,306)
 NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,346)	(615,727)
 Cash and Cash Equivalents - Beginning of Year	1,541,640	2,157,367
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,494,294	\$ 1,541,640

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Wisconsin Public Radio Association, Inc. (WPRA) is a publicly supported nonprofit 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. WPRA 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.

Basis of Preparation

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

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Designations are voluntary board-approved segregations of net assets without donor restrictions for specific purposes, projects, or investments. WPRA board of directors and WPRA's licensees have earmarked assets for specified purposes, including board-designated endowments and licensee-designated programming funds, respectively. Since these are not donor-imposed restrictions, the designated assets are classified and reported as part of net assets without donor restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed stipulations that will be met, either by actions of WPRA and/or the passage of time. Some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Use of Estimates

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a checking account and investments held in short term, highly liquid assets.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certificates of Deposit

Certificates of deposit are carried at cost, which approximates fair market value.

Accounts Receivable

WPRA considers all accounts receivable at June 30, 2020 and 2019 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 net realizable value, with cost being determined on the first-in, first-out (FIFO) method.

Software

Software is stated at cost. Amortization is calculated using the straight-line method based on the estimated useful life of the asset, which is determined to be five years.

Investments

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of investments are recorded on a trade date basis. Net appreciation in fair value of investments includes both realized and unrealized investment gains and losses. Interest is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Beneficial Interest in Trust

WPRA has been named as a 10% beneficiary of a charitable trust held and administered by an independent trustee. This trust was created independently by donors and are administered by an outside agent designated by the donors. Therefore, WPRA has neither possession nor control over the assets of the trust. At the date WPRA receives notice of a beneficial interest, a contribution with donor restriction is recorded in the statements of activities, and a beneficial interest in trust is recorded in the statements of financial position at fair value. Thereafter, beneficial interest in the trust is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

Upon receipt of trust distributions, net assets with donor restrictions are released to net assets without donor restrictions.

Deferred Revenue

Deferred revenue represents pre-payments received for events occurring in the subsequent fiscal year.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions, including pledges receivable and donated assets, are recorded as received. All contributions are available for general operations 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 pledges are to be received.

Income Tax Status

WPRA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, WPRA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Expense Allocation

The costs of providing the various program services and supported 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 Madison and ECB Radio Network for fundraising expenses they incur for WPRA. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization. Those expenses include salaries, wages, and contractual support to the licensees. These costs are allocated based on the primary purpose of the staff duties performed. Most costs are directly charged to their related supporting function.

Change in Accounting Principle

Accounting for Contributions Received and Contributions Made – In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The ASU is effective for contributions received and for grants awarded to grantees in the fiscal year ended June 30, 2020. WPRA will adopt the changes from the ASU for grants awarded to grantees prospectively in the year ended June 30, 2021.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for WPRA's year ending June 30, 2021. WPRA has not yet determined which application method it will use. Management does not expect that this standard will have a significant impact to the timing and recognition pattern of WPRA's main revenue streams.

NOTE 2 CONCENTRATION OF CREDIT RISK

WPRA maintains cash deposits and certificates of deposit at various high credit qualified financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of FDIC limits are uninsured. At times during the year, the balances in these accounts may exceed the insurance limits.

The endowments (see Note 5) are invested in money market funds, fixed income mutual funds, and equity mutual funds to limit risk.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consisted of the following:

	2020	2019
Pledges Receivable Due Within One Year	\$ 102,791	\$ 171,901
Pledges Receivable Due In Over One Year	35,000	158,621
Subtotal	137,791	330,522
Less: Allowance for Uncollectible Pledges	8,292	8,292
Pledges Receivable, Net	\$ 129,499	\$ 322,230

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 CRM SOFTWARE

CRM Software consisted of the following:

	2020	2019
Software	\$ 475,300	\$ 303,712
Less: Accumulated Amortization	63,373	60,983
Software, Net	<u>\$ 411,927</u>	<u>\$ 242,729</u>

Amortization expense for the years ended June 30, 2020 and 2019 was \$63,373 and \$0-, respectively.

NOTE 5 INVESTMENTS

Investments consisted of the following:

	2020					
	Operating Reserves	Board-Designated Endowment		Endowment		Total
		UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Money Markets	\$ -	\$ 127,599	\$ 9,126	\$ 5,913	\$ 2,180	\$ 144,818
Mutual Funds						
Fixed Income	-	2,301,638	177,084	117,064	42,612	2,638,398
Domestic Equities	-	2,441,845	187,039	122,373	44,026	2,795,283
International Equities	-	686,941	51,230	33,318	12,141	783,630
Total Investments	<u>\$ -</u>	<u>\$ 5,558,023</u>	<u>\$ 424,479</u>	<u>\$ 278,668</u>	<u>\$ 100,959</u>	<u>\$ 6,362,129</u>

	2019					
	Operating Reserves	Board-Designated Endowment		Endowment		Total
		UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Money Markets	\$ -	\$ 123,868	\$ 11,116	\$ 7,290	\$ 3,489	\$ 145,763
Mutual Funds						
Fixed Income	-	1,676,906	168,108	108,245	33,789	1,987,048
Domestic Equities	-	1,811,480	181,437	117,017	35,883	2,145,817
International Equities	-	673,667	67,751	44,009	13,242	798,669
Total Investments	<u>\$ -</u>	<u>\$ 4,285,921</u>	<u>\$ 428,412</u>	<u>\$ 276,561</u>	<u>\$ 86,403</u>	<u>\$ 5,077,297</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 INVESTMENTS (CONTINUED)

Investment return consisted of the following:

	2020					
	Operating Reserves	Board-Designated Endowment		Endowment		Total
		UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Interest and Dividends	\$ 33,244	\$ 150,926	\$ 14,103	\$ 9,112	\$ 2,972	\$ 210,357
Realized Gain (Loss)	-	61,215	6,878	4,278	(327)	72,044
Unrealized Gain (Loss)	-	(10,008)	(2,822)	(1,471)	1,229	(13,072)
Investment Fees	-	(33,383)	(3,051)	(1,971)	(651)	(39,056)
Investment Return	<u>\$ 33,244</u>	<u>\$ 168,750</u>	<u>\$ 15,108</u>	<u>\$ 9,948</u>	<u>\$ 3,223</u>	<u>\$ 230,273</u>

	2019					
	Operating Reserves	Board-Designated Endowment		Endowment		Total
		UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Interest and Dividends	\$ 37,007	\$ 166,400	\$ 18,449	\$ 11,729	\$ 3,271	\$ 236,856
Realized Gain	-	136,920	25,936	10,901	820	174,577
Unrealized Gain (Loss)	-	(75,425)	(21,657)	(7,742)	91	(104,733)
Investment Fees	-	(28,392)	(3,120)	(1,950)	(552)	(34,014)
Investment Return	<u>\$ 37,007</u>	<u>\$ 199,503</u>	<u>\$ 19,608</u>	<u>\$ 12,938</u>	<u>\$ 3,630</u>	<u>\$ 272,686</u>

NOTE 6 FAIR VALUE MEASUREMENTS

That framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the WPRA has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at June 30, 2020 and 2019 for assets measured at fair value:

Mutual Funds are valued at quoted market prices, which represent the net asset value of shares held by WPRA at year-end.

Money Market Funds represent ownership of units of participation rather than ownership of specific assets. The value of a unit of participation is the total value of the fund divided by the number of units outstanding.

Beneficial Interests in Trust are valued at quoted market prices of trust investments as reported by the trustee. WPRA is a 10% beneficiary of a trust and related underlying investments to be distributed upon passing of the current income beneficiary. This beneficial interest in the trust is valued at present value utilizing estimated inputs to calculate fair value of WPRA's proportional share of the underlying investments as reported to WPRA by the trustee. This beneficial interest is considered Level 3 measurements.

Information regarding assets measured at fair value on a recurring basis as of June 30 is as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Money Markets	\$ 144,818	\$ -	\$ -	\$ 144,818
Mutual Funds:				
Value Funds	1,483,023	-	-	1,483,023
Growth Funds	1,312,260	-	-	1,312,260
International Funds	783,630	-	-	783,630
Fixed Income Funds	2,638,398	-	-	2,638,398
Beneficial Interest in Trust	-	-	66,477	66,477
Total Investments at Fair Value	<u>\$ 6,362,129</u>	<u>\$ -</u>	<u>\$ 66,477</u>	<u>\$ 6,428,606</u>
	2019			
	Level 1	Level 2	Level 3	Total
Money Markets	\$ 145,763	\$ -	\$ -	\$ 145,763
Mutual Funds:				
Value Funds	1,183,405	-	-	1,183,405
Growth Funds	962,412	-	-	962,412
International Funds	798,669	-	-	798,669
Fixed Income Funds	1,987,048	-	-	1,987,048
Beneficial Interest in Trust	-	-	65,985	65,985
Total Investments at Fair Value	<u>\$ 5,077,297</u>	<u>\$ -</u>	<u>\$ 65,985</u>	<u>\$ 5,143,282</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

During 2020 and 2019, the Level 3 investment activity consisted solely of a change in the value of the trust of \$492 and \$704, respectively.

NOTE 7 ACCOUNTS PAYABLE

Accounts payable consisted of the following:

	2020	2019
UW Madison - Contract	\$ 237,537	\$ 222,810
Endowment Appropriations	-	176,945
Accounts Payable - General	34,120	52,659
Total Accounts Payable	<u>\$ 271,657</u>	<u>\$ 452,414</u>

NOTE 8 MEMBERSHIP CONTRIBUTIONS

Membership contributions consisted of the following:

	2020	2019
On-Air Pledge Drives	\$ 640,771	\$ 619,150
Direct Mail-Renewal, Additional Gifts, etc.	1,699,972	1,695,215
Renewal via Telemarketing	586	13,185
Vehicle Donations	182,033	196,463
Employees' Company Matching	64,984	83,106
Website via wpr.org	391,393	364,522
Sustained Giving	4,842,490	4,640,920
Major Giving Revenue	1,630,475	1,300,654
Solicitation Source Unknown	371,778	378,722
Other	(9,892)	216,483
Total	<u>\$ 9,814,590</u>	<u>\$ 9,508,420</u>

The contributors and their respective contributions are important elements in understanding support from listeners. There were 1,074 and 1,017 contributors of \$1,000 or more for fiscal years 2020 and 2019, respectively. There were 53,302 and 53,855 other contributors for fiscal years 2020 and 2019, respectively.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 ALLOCATION OF NET ASSETS

The Education Communication Board (ECB) operates ECB Radio Network, a public telecommunications entity. The University of Wisconsin – Madison (UW Madison) operates WHA-Radio, a public telecommunications entity. WPRA solicits funds in the name of, and with the approval of, both ECB Radio Network and WHA-Radio. Both ECB and UW Madison have access to WPRA’s net assets, retain an ongoing equity interest, and are considered to be financially interrelated organizations. ECB’s and UW Madison’s equity interests in WPRA are calculated in accordance with affiliation agreements that currently provide ECB with 76% and UW Madison with 24% of WPRA’s net assets.

Allocation of net assets consisted of the following:

	2020		
	ECB	UW Madison	Total
Allocated Net Assets July 1, 2019	\$ 4,788,510	\$ 2,280,564	\$ 7,069,074
Support and Revenue Without Restriction	8,465,348	2,673,265	11,138,613
Designated Support and Revenue	-	300,000	300,000
Investment Return - Board-Designated UW Madison	-	15,108	15,108
Release of Purpose Restrictions	198,340	62,634	260,974
Less: Designated Expenditures	-	(300,000)	(300,000)
Less: Endowment Appropriation	(123,248)	(57,962)	(181,210)
Less: Expenses Net of Contractual Support	(2,017,697)	(637,168)	(2,654,865)
Subtotal	11,311,253	4,336,441	15,647,694
Less: Contractual Support	(5,531,167)	(1,746,685)	(7,277,852)
Allocated Net Assets - End of Year	\$ 5,780,086	\$ 2,589,756	8,369,842
Net Assets With Donor Restrictions			627,408
Net Assets June 30, 2020			\$ 8,997,250
	2019		
	ECB	UW Madison	Total
Allocated Net Assets July 1, 2018	\$ 4,363,672	\$ 2,147,973	\$ 6,511,645
Support and Revenue Without Restriction	7,783,223	2,457,860	10,241,083
Designated Support and Revenue	-	300,000	300,000
Investment Return - Board-Designated UW Madison	-	19,608	19,608
Release of Purpose Restrictions	159,071	50,233	209,304
Less: Designated Expenditures	-	(300,000)	(300,000)
Less: Endowment Appropriation	(118,385)	(58,560)	(176,945)
Less: Expenses Net of Contractual Support	(2,175,376)	(686,962)	(2,862,338)
Subtotal	10,012,205	3,930,152	13,942,357
Less: Contractual Support	(5,223,695)	(1,649,588)	(6,873,283)
Allocated Net Assets - End of Year	\$ 4,788,510	\$ 2,280,564	7,069,074
Net Assets With Donor Restrictions			755,922
Net Assets June 30, 2019			\$ 7,824,996

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 NET ASSETS

Net assets with donor restrictions consisted of the following:

	2020			
	Beginning	Increases	Releases	Ending
Purpose Restrictions:				
Second Century Fellow	\$ 40,104	\$ 10,000	\$ 10,000	\$ 40,104
Unmet Challenges	125,066	6,298	125,066	6,298
Lee Ester News Fellow	40,000	925	-	40,925
Classical Music	10,000	41,955	23,500	28,455
Diversity Intern EC	5,000	5,000	5,000	5,000
Mike Simonson Fellow	130,470	20,000	57,067	93,403
Journalism Fund	400	-	-	400
Wisconsin Life	-	30,000	30,000	-
TTBOOK	1,000	1,000	-	2,000
Strategic Initiatives Endowment				
Earnings	4,089	3,223	-	7,312
Endowment Earnings	33,509	9,948	10,341	33,116
Restricted in Perpetuity	366,284	4,111	-	370,395
Total	<u>\$ 755,922</u>	<u>\$ 132,460</u>	<u>\$ 260,974</u>	<u>\$ 627,408</u>
	2019			
	Beginning	Increases	Releases	Ending
Purpose Restrictions:				
Second Century Fellow	\$ 51,430	\$ 61,000	\$ 72,326	\$ 40,104
Unmet Challenges	5,084	125,067	5,085	125,066
Lee Ester News Fellow	60,000	-	20,000	40,000
Classical Music	20,000	100	10,100	10,000
Diversity Intern EC	5,000	5,000	5,000	5,000
Mike Simonson Fellow	186,625	-	56,155	130,470
Journalism Fund	-	400	-	400
Wisconsin Life	-	30,000	30,000	-
TTBOOK	1,000	-	-	1,000
Strategic Initiatives Endowment				
Earnings	459	3,630	-	4,089
Endowment Earnings	31,209	12,938	10,638	33,509
Restricted in Perpetuity	343,265	23,019	-	366,284
Total	<u>\$ 704,072</u>	<u>\$ 261,154</u>	<u>\$ 209,304</u>	<u>\$ 755,922</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS

WPRA's endowments consist of four funds established to support general operations. Its endowment includes both donor-restricted funds and funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The summary of endowments below excludes contribution receivables of \$30,929 and \$41,085 as of June 30, 2020 and June 30, 2019, respectively, that are classified as net assets with donor restrictions.

Interpretation of Relevant Law: The board of directors of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WPRA retains in perpetuity the original value of initial and subsequent gift amounts donated to the endowment. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by WPRA. WPRA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the durations and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Association, and (7) WPRA's investment policies.

Funds with Deficiencies: From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WPRA to retain as a fund of perpetual duration. No deficiencies of this nature were reported as of June 30, 2020 and 2019.

Investment Return Objectives, Risk Parameters, and Strategies: WPRA has adopted investment and spending policies, approved by the board of directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also allowing the conservation of principal of endowment assets over the long term. Both the board-designated endowment funds and the donor-restricted endowment fund assets are invested in a well-diversified asset mix, which includes equity and debt securities that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of up to 5%.

WPRA defines total return as income from dividends and interest, as well as appreciation and depreciation in the price of the security, over a full market cycle of five years. Additionally, WPRA understands that investment risk is measured in terms of the total endowment fund, and that investment assets and allocation between asset classes and strategies must be managed to not expose the fund to unacceptable levels of risk.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS (CONTINUED)

WPRA expects its donor-restricted endowment assets to remain into perpetuity, unless otherwise stated in the gift instrument, and board-designated endowment assets to also remain into perpetuity, unless a recommendation by the director of WPR and approval of the licensees that the corpus of one or more endowment funds be accessed; and a two-thirds vote of the WPRA board of directors. All three of these conditions must be met before the corpus of a quasi-endowment can be spent.

Spending Policy: WPRA, effective July 1, 2009, adopted a policy of appropriating for distribution each year of up to 5% of its board-designated and donor-restricted endowment funds. These funds may be budgeted within the annual budget process or the director of WPR may recommend not budgeting these funds. In establishing this policy, WPRA considered the long-term expected total return on its investment assets, the nature, and duration of the individual endowment funds, and the possible effects of inflation. WPRA expects the current spending policy to allow its endowment funds to be maintained in perpetuity.

Endowment net assets composition by type of fund was as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment UW Madison/ECB	\$ 5,558,023	\$ -	\$ 5,558,023
Endowment UW Madison	424,479	-	424,479
Endowment:			
Original Donor-Restricted Gift Amount			
Required to be Maintained in Perpetuity	-	339,199	339,199
Accumulated Investment Gains	-	40,428	40,428
Endowment Net Assets	\$ 5,982,502	\$ 379,627	\$ 6,362,129
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment UW Madison/ECB	\$ 4,285,921	\$ -	\$ 4,285,921
Endowment UW Madison	428,412	-	428,412
Endowment:			
Original Donor-Restricted Gift Amount			
Required to be Maintained in Perpetuity	-	325,366	325,366
Accumulated Investment Gains	-	37,598	37,598
Endowment Net Assets	\$ 4,714,333	\$ 362,964	\$ 5,077,297

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS (CONTINUED)

Changes in endowment net assets were as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 4,714,333	\$ 362,964	\$ 5,077,297
Contributions	1,255,181	13,833	1,269,014
Appropriations	(170,869)	(10,341)	(181,210)
Investment Return:			
Interest and Dividends	165,029	12,084	177,113
Realized Gains	68,093	3,950	72,043
Unrealized Loss	(12,830)	(242)	(13,072)
Investment Fees	(36,435)	(2,621)	(39,056)
Balance - End of Year	<u>\$ 5,982,502</u>	<u>\$ 379,627</u>	<u>\$ 6,362,129</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 4,006,002	\$ 325,654	\$ 4,331,656
Contributions	655,529	31,379	686,908
Appropriations	(166,308)	(10,637)	(176,945)
Investment Return:			
Interest and Dividends	184,849	15,001	199,850
Realized Gain	162,856	11,720	174,576
Unrealized Loss	(97,083)	(7,651)	(104,734)
Investment Fees	(31,512)	(2,502)	(34,014)
Balance - End of Year	<u>\$ 4,714,333</u>	<u>\$ 362,964</u>	<u>\$ 5,077,297</u>

NOTE 12 RELATED PARTIES

WPRA raises funds in the name of Wisconsin Public Radio on behalf of the University of Wisconsin Madison and Wisconsin Educational Communications Board (ECB). UW Madison provides facilities, as well as administrative and clerical services to WPRA, in-kind. Related party transactions are summarized below for the years ended June 30:

	2020		2019	
	UW Madison	ECB	UW Madison	ECB
Contractual Support Paid	\$ 1,746,685	\$ 5,531,167	\$ 1,649,588	\$ 5,223,695
Endowment Appropriations Paid	57,962	123,248	50,667	95,805
Staff Support	1,353,036	-	1,292,234	1,028
Other Payments for Projects and Capital	-	-	52,202	-
Programming Paid from Designated Gifts	300,000	-	300,000	-
Accounts Payable at June 30	247,406	-	281,370	95,805

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 LIQUIDITY

As part of WPRA's liquidity management, it invests cash in excess of daily requirements in short-term investments. WPRA has a quasi-endowment of \$6.0 million. Although WPRA does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its quasi-endowment could be made available if necessary.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and Cash Equivalents	\$ 1,494,294	\$ 1,541,640
Certificates of Deposit	375,324	628,720
Accounts Receivable	5,240	1,580
Pledges Receivable - Net of Noncurrent Portion	102,791	171,901
Subtotal	1,977,649	2,343,841
Less: Amounts Restricted for a Specific Purpose	(216,586)	(352,039)
Total	<u>\$ 1,761,063</u>	<u>\$ 1,991,802</u>

NOTE 14 RISKS AND UNCERTAINTIES

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having a significant effect on global markets, supply chains, businesses, and communities. Specific to WPRA, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results. We believe WPRA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 15 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 13, 2020, the date the accompanying financial statements were available to be issued. Events or transactions occurring after June 30, 2020 but prior to November 13, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the accompanying financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020, but arose before the accompanying financial statements were available to be issued, have not been recognized in the accompanying financial statements for the year ended June 30, 2020.