

**WHA RADIO & TELEVISION**

Madison, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2019 and 2018

# WHA RADIO & TELEVISION

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Regents  
University of Wisconsin System

Wisconsin Public Media  
University of Wisconsin - Madison  
Madison, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, and each major fund of WHA Radio & Television (WHA), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise WHA'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 opinions on these financial statements based on our audits. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc. and the Friends of Wisconsin Public Television, Inc., which respectively represent 24 percent and 45 percent of the total assets, 23 percent and 44 percent of the total net position, and 17 percent and 34 percent of the total revenues of the WHA Radio and WHA TV funds, and 40 percent, 37 percent, and 36 percent, respectively, of the total assets, total net position, and total revenues of the business-type activities as of and for the year ended June 30, 2019. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc., and the Friends of Wisconsin Public Television, Inc., which respectively represent 21 percent and 41 percent of the total assets, 21 percent and 39 percent of the total net position, and 17 percent and 31 percent of the total revenues of the WHA Radio and WHA TV funds, and 35 percent, 33 percent, and 32 percent, respectively, of the total assets, total net position, and total revenues of the business-type activities as of and for the year ended June 30, 2018. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Wisconsin Public Radio Association, Inc. and the Friends of Wisconsin Public Television, Inc., is based solely on the report of the other auditors. 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 WHA'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 WHA'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 opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of WHA as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I., the financial statements present only WHA and do not purport to, and do not present fairly the financial position of the University of Wisconsin System.

### ***Other Matter***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
January 8, 2020

# WHA RADIO & TELEVISION

## UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS As of and for the Years Ended June 30, 2019 and 2018

The Management's Discussion and Analysis (MD&A) section of the WHA Radio & Television (WHA) financial report provides general information on the financial activities of WHA Radio & Television and presents information on the financial performance of WHA Radio & Television during the fiscal years ended June 30, 2019 and June 30, 2018.

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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WHA consists of stations licensed to the University of Wisconsin System's Board of Regents. A reorganization approved by the Board of Regents moved management of WHA from the University of Wisconsin-Extension to the University of Wisconsin-Madison, effective July 1, 2018, though UW-Extension performed certain administrative functions benefiting WHA through June 30, 2019.

WHA prepares its financial statements in accordance with Governmental Accounting Standards Board (GASB) statements. The financial statements also include WHA's allocated share of the accounts of the Wisconsin Public Radio Association, Inc. (WPRA), and the Friends of Wisconsin Public Television, Inc. (Friends). Both WPRA and Friends are not-for-profit corporations that solicit funds for WHA and the Wisconsin Educational Communications Board (ECB).

The Statement of Net Position includes all assets, deferred outflows, liabilities and deferred inflows. Assets and deferred outflows less liabilities and deferred inflows is reported as net position. Restricted net position reflects unspent balances of purpose-restricted grants, contracts, contributions and endowments and the value of any restricted net pension asset. Over time, increases or decreases in net position are indicators of changes in WHA's financial health.

The Statement of Activities presents the revenues earned and expenses incurred during the year on an accrual basis. Activities are reported as either operating or nonoperating. WHA's dependence on state general appropriations and donated facilities and administrative support from the University of Wisconsin System results in operating deficits because the financial reporting model classifies state general appropriations and donated services as nonoperating revenues. Depreciation expense is included in the various functional expense categories.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital and related financing, and investing activities and helps to measure the ability to meet financial obligations.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

## WHA RADIO & TELEVISION

UNAUDITED  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended June 30, 2019 and 2018

### FINANCIAL ANALYSIS

Condensed financial information for WHA (in thousands) as of and for the fiscal years ended June 30, 2019, June 30, 2018, and June 30, 2017 is as follows:

	June 30, 2019	Percent Change from Previous Year	June 30, 2018	Percent Change from Previous Year	June 30, 2017
Capital assets	\$ 2,211	62	\$ 1,369	(13)	\$ 1,568
Other assets	36,086	3	35,020	17	29,932
Total Assets	<u>38,297</u>	<u>5</u>	<u>36,389</u>	<u>16</u>	<u>31,500</u>
Deferred outflows	<u>8,181</u>	<u>105</u>	<u>3,984</u>	<u>(15)</u>	<u>4,679</u>
Current liabilities	1,529	25	1,221	5	1,158
Noncurrent liabilities	3,467	1,276	252	(73)	943
Total Liabilities	<u>4,996</u>	<u>239</u>	<u>1,473</u>	<u>(30)</u>	<u>2,101</u>
Deferred Inflows	<u>4,422</u>	<u>(9)</u>	<u>4,846</u>	<u>126</u>	<u>2,143</u>
Investment in capital assets	2,211	62	1,369	(13)	1,568
Restricted – nonexpendable	1,248	-	1,243	3	1,211
Restricted – expendable	4,785	83	2,608	(6)	2,778
Restricted – pensions	-	(100)	2,434	100	-
Unrestricted	<u>28,816</u>	<u>9</u>	<u>26,400</u>	<u>-</u>	<u>26,378</u>
Total Net Position	<u>37,060</u>	<u>9</u>	<u>34,054</u>	<u>7</u>	<u>31,935</u>
Operating revenues	21,885	5	20,781	(4)	21,679
Operating expenses	29,968	6	28,376	(1)	28,549
Net Operating Loss	<u>(8,083)</u>	<u>6</u>	<u>(7,595)</u>	<u>11</u>	<u>(6,870)</u>
Nonoperating revenues and capital contributions	<u>11,088</u>	<u>14</u>	<u>9,714</u>	<u>(2)</u>	<u>9,898</u>
Change in Net Position	<u>\$ 3,005</u>	<u>21</u>	<u>\$ 2,119</u>	<u>9</u>	<u>\$ 3,028</u>

Fiscal year 2018-19 activity reflects increased operating revenue, operating expenses, and nonoperating revenues, while fiscal year 2017-18 activity reflects decreased operating revenue, operating expenses, and nonoperating revenues. The rise in FY 2018-19 operating revenue related largely to increases in telecasting, production and other revenue and increases in nonoperating revenues related largely to increased state general appropriation revenue. The decline in FY 2017-18 operating revenue resulted from a large decrease in major gifts and a decrease in grant revenue.

## WHA RADIO & TELEVISION

UNAUDITED  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended June 30, 2019 and 2018

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### FINANCIAL ANALYSIS (cont.)

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Total assets increased by 5 percent in FY 2018-19, while liabilities increased by 239 percent, deferred outflows increased by 105 percent and deferred inflows decreased by 9 percent. This compares to a 16 percent increase in total assets, a 30 percent decrease in liabilities, a 15 percent decrease in deferred outflows and a 126 percent increase in deferred inflows in FY 2017-18. The FY 2018-19 changes were impacted by pension-related changes which eliminated net pension assets, significantly increased pension liabilities, significantly increased deferred outflows and decreased deferred inflows. Increases in amounts due from the University of Wisconsin System, investments and capital assets more than offset decreases in cash and net pension assets. The FY 2017-18 changes were greatly impacted by pension-related changes which increased net pension assets, decreased liabilities, decreased deferred outflows and increased deferred inflows. The increase in total assets was also impacted by increases in total cash and equivalents.

Capital assets increased by 62 percent in FY 2018-19 after decreasing by 13 percent in FY 2017-18. Capital asset values tend to fluctuate due to the timing of significant capital asset purchases but have decreased over time as the cost of many capital items routinely purchased by WHA, such as cameras and production equipment, has dropped due to technological improvements. The FY2018-19 increase related largely to the replacement of WHA Television's transmitter.

Current liabilities increased by 25 percent in FY 2018-19 after increasing by 5 percent in FY 2017-18. The FY 2018-19 increase was due to both increases in accounts payable and to increases in the current portion of compensated absences payable. The FY 2017-18 increase was due to increases in accounts payable. Noncurrent liabilities increased by 1,276 percent in FY 2017-18 after decreasing by 73 percent in FY 2017-18. The FY 2018-19 increase was due to a \$3,191,000 increase in net pension liabilities. The FY 2017-18 decrease was due to a \$666,000 reduction in the net pension obligation.

Operating revenues increased by 5 percent in FY 2018-19 after decreasing by 4 percent in FY 2017-18. The increase in FY 2018-19 reflected a \$1,979,000 increase in major gifts, which related to one large donation, as well as increases in CPB community services grant of \$432,000 and in membership income of \$222,000. These increases were partially offset by a reduction in telecasting, production and other income of \$1,585,000. The reduction in telecasting, production and other income was impacted by a change which led to a reduction in payments for programming costs from WHA Radio and Television's partner, the Wisconsin Educational Communications Board (ECB). The decrease in FY 2017-18 reflected a \$1,684,000 decrease in bequests and endowed memberships and a \$361,000 decrease in grants. These decreases were partially offset by an increase in telecasting, production and other income of \$1,134,000.

Operating expenses increased by 6 percent in FY 2018-19 after decreasing by 1 percent in FY 2017-18. Changes in both periods related largely to staffing and pension costs. Increases in operating costs in FY 2018-19 occurred despite the previously noted change which led WHA Radio and Television's partner, the Wisconsin Educational Communications Board (ECB), to directly fund a portion of certain radio fundraising costs which, in prior years, had been borne wholly by WHA Radio and Television. This change was the major factor that led to a \$829,000 decrease in fundraising costs in FY 2018-19.

# WHA RADIO & TELEVISION

UNAUDITED  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and for the Years Ended June 30, 2019 and 2018

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## **FINANCIAL ANALYSIS** (cont.)

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Nonoperating revenues consist of investment income, State of Wisconsin general appropriations, gain or loss on the sale of assets and donated support from the University of Wisconsin System. Nonoperating revenues and capital contributions increased by 14 percent in FY 2018-19 after decreasing by 2 percent in FY 2017-18. The increase in FY 2018-19 related to increases in state general appropriations of \$1,291,000, capital contributions of \$713,000 and investment income of \$215,000. These increases were partially offset by decreases in donated facilities and administrative support of \$797,000 and losses on the sale of assets of \$47,000. The increase in state general appropriations and decrease in donated facilities and administrative support both relate to an organizational change that moved certain general and administrative costs and its related funding that had previously been reflected in donated facilities and administrative support, directly to WHA Radio and Television. The increase in capital contributions related to state funds being provided for a capital project while the increase in investment income largely to increases in investments. The change in FY 2017-18 was driven by reductions in investment income which was down by \$338,000. This decrease was due to market conditions and to changes in University of Wisconsin Trust Fund investment practices which temporarily limited WHA's ability to invest some funds. This decrease was partially offset by increases in state general appropriations of \$143,000.

As identified in the notes to the financial statements, the University of Wisconsin Board of Regents approved a reorganization of the system that moved management of WHA Radio & Television from the University of Wisconsin-Extension to the University of Wisconsin-Madison. The change was effective July 1, 2018 though UW-Extension provided certain centralized services to WHA Radio & Television through June 30, 2019. The change is not expected to significantly impact WHA Radio & Television's financial position or its future results of operations.

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## **CONTACTING WHA'S FINANCIAL MANAGEMENT**

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This financial report is designed to provide a general overview of WHA Radio and Television's finances. Questions concerning the information provided in this report, or requests for additional information, should be addressed to: UW-Madison, Division of Public Media, c/o Director of Business Services, 821 University Avenue, Madison, WI 53706.



## WHA RADIO & TELEVISION

### STATEMENT OF NET POSITION As of June 30, 2019

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and equivalents	\$ 1,937,542	\$ 2,734,873	\$ 4,672,415
Investments	-	291,440	291,440
Contributions receivable, net	41,256	34,644	75,900
Grants receivable	-	19,935	19,935
Accounts and interest receivable, net	83,292	150,698	233,990
Accounts receivable - related party	417,547	1,023,380	1,440,927
Due from University of Wisconsin System	1,248,690	2,100,761	3,349,451
Prepaid expenses	12,857	138,993	151,850
Inventory	582	21,559	22,141
Total Current Assets	<u>3,741,766</u>	<u>6,516,283</u>	<u>10,258,049</u>
Noncurrent Assets			
Investments	7,452,234	17,847,714	25,299,948
Contributions receivable, net	36,079	492,613	528,692
Capital Assets			
Work in progress	122,815	250,204	373,019
Depreciable assets net of accumulated depreciation/amortization	<u>716,194</u>	<u>1,121,330</u>	<u>1,837,524</u>
Total Noncurrent Assets	<u>8,327,322</u>	<u>19,711,861</u>	<u>28,039,183</u>
Total Assets	<u>12,069,088</u>	<u>26,228,144</u>	<u>38,297,232</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>4,154,990</u>	<u>4,025,985</u>	<u>8,180,975</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	192,430	359,579	552,009
Accounts payable - related party	-	29,430	29,430
Wages payable	17,854	29,218	47,072
Current portion of compensated absences payable	370,588	317,808	688,396
Unearned revenue	8,153	204,171	212,324
Total Current Liabilities	<u>589,025</u>	<u>940,206</u>	<u>1,529,231</u>
Noncurrent Liabilities			
Compensated absences payable	112,913	162,982	275,895
Net pension liability	<u>1,679,361</u>	<u>1,511,462</u>	<u>3,190,823</u>
Total Noncurrent Liabilities	<u>1,792,274</u>	<u>1,674,444</u>	<u>3,466,718</u>
Total Liabilities	<u>2,381,299</u>	<u>2,614,650</u>	<u>4,995,949</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	2,267,998	2,138,540	4,406,538
Beneficial interest in trust	15,836	-	15,836
Total Deferred Inflows of Resources	<u>2,283,834</u>	<u>2,138,540</u>	<u>4,422,374</u>
<b>NET POSITION</b>			
Investment in capital assets	839,009	1,371,534	2,210,543
Restricted - nonexpendable endowments	87,907	1,160,378	1,248,285
Restricted - expendable endowments	-	555,509	555,509
Restricted - expendable grantee and donor	466,679	3,762,705	4,229,384
Unrestricted	<u>10,165,350</u>	<u>18,650,813</u>	<u>28,816,163</u>
<b>TOTAL NET POSITION</b>	<u>\$ 11,558,945</u>	<u>\$ 25,500,939</u>	<u>\$ 37,059,884</u>

See accompanying notes to financial statements.

## WHA RADIO & TELEVISION

### STATEMENT OF NET POSITION As of June 30, 2018

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets			
Cash and equivalents	\$ 1,279,226	\$ 5,192,431	\$ 6,471,657
Investments	-	286,115	286,115
Contributions receivable, net	32,634	34,339	66,973
Grants receivable	-	4,121	4,121
Accounts and interest receivable, net	61,868	85,673	147,541
Accounts receivable - related party	1,288,615	430,104	1,718,719
Due from University of Wisconsin System	1,239,035	131,730	1,370,765
Prepaid expenses	69,523	147,492	217,015
Inventory	733	18,022	18,755
Total Current Assets	<u>3,971,634</u>	<u>6,330,027</u>	<u>10,301,661</u>
Noncurrent Assets			
Investments	6,961,198	15,243,358	22,204,556
Contributions receivable, net	79,776	-	79,776
Restricted net pension asset	1,300,666	1,133,720	2,434,386
Capital Assets			
Work in progress	220,737	-	220,737
Depreciable assets net of accumulated depreciation/amortization	562,014	585,872	1,147,886
Total Noncurrent Assets	<u>9,124,391</u>	<u>16,962,950</u>	<u>26,087,341</u>
Total Assets	<u>13,096,025</u>	<u>23,292,977</u>	<u>36,389,002</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>2,123,401</u>	<u>1,860,932</u>	<u>3,984,333</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	123,217	195,566	318,783
Accounts payable - related party	28,485	39,860	68,345
Wages payable	11,603	28,780	40,383
Current portion of compensated absences payable	323,577	273,110	596,687
Unearned revenue	14,037	182,829	196,866
Total Current Liabilities	<u>500,919</u>	<u>720,145</u>	<u>1,221,064</u>
Noncurrent Liabilities			
Compensated absences payable	<u>105,228</u>	<u>146,548</u>	<u>251,776</u>
Total Noncurrent Liabilities	<u>105,228</u>	<u>146,548</u>	<u>251,776</u>
Total Liabilities	<u>606,147</u>	<u>866,693</u>	<u>1,472,840</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related amounts	2,663,514	2,166,698	4,830,212
Beneficial interest in trust	15,667	-	15,667
Total Deferred Inflows of Resources	<u>2,679,181</u>	<u>2,166,698</u>	<u>4,845,879</u>
<b>NET POSITION</b>			
Investment in capital assets	782,751	585,872	1,368,623
Restricted - pension	1,300,666	1,133,720	2,434,386
Restricted - nonexpendable endowments	82,384	1,160,378	1,242,762
Restricted - expendable endowments	-	524,984	524,984
Restricted - expendable grantee and donor	499,025	1,584,412	2,083,437
Unrestricted	<u>9,269,272</u>	<u>17,131,152</u>	<u>26,400,424</u>
<b>TOTAL NET POSITION</b>	<u>\$ 11,934,098</u>	<u>\$ 22,120,518</u>	<u>\$ 34,054,616</u>

See accompanying notes to financial statements.

## WHA RADIO & TELEVISION

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

	WHA Radio	WHA TV	Total
<b>OPERATING REVENUES</b>			
Grants	\$ 638,418	\$ 170,901	\$ 809,319
Community services grant from CPB	545,341	1,957,179	2,502,520
Underwriting	1,458,658	916,491	2,375,149
Telecasting, production, and other income	5,013,952	919,158	5,933,110
Membership income	1,687,854	3,904,133	5,591,987
Major gifts	1,159,138	3,513,355	4,672,493
Total Operating Revenues	<u>10,503,361</u>	<u>11,381,217</u>	<u>21,884,578</u>
<b>OPERATING EXPENSES</b>			
Program services			
Programming and production	7,972,935	8,202,287	16,175,222
Broadcasting	864,388	506,164	1,370,552
Program information	688,496	1,956,972	2,645,468
Total Program Services Expenses	<u>9,525,819</u>	<u>10,665,423</u>	<u>20,191,242</u>
Supporting services			
Management and general	2,522,819	2,708,766	5,231,585
Fundraising	776,202	2,145,453	2,921,655
Underwriting	1,421,488	201,711	1,623,199
Total Supporting Services Expenses	<u>4,720,509</u>	<u>5,055,930</u>	<u>9,776,439</u>
Total Operating Expenses	<u>14,246,328</u>	<u>15,721,353</u>	<u>29,967,681</u>
Operating Loss	<u>(3,742,967)</u>	<u>(4,340,136)</u>	<u>(8,083,103)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State general appropriations	2,296,790	4,903,745	7,200,535
Donated facilities and administrative support from the University of Wisconsin System	631,127	1,131,737	1,762,864
Loss on sale of assets	-	(46,802)	(46,802)
Investment income	439,897	1,019,329	1,459,226
Total Nonoperating Revenues (Expenses)	<u>3,367,814</u>	<u>7,008,009</u>	<u>10,375,823</u>
Income (loss) before capital contributions	(375,153)	2,667,873	2,292,720
Capital contributions	-	712,548	712,548
Change in Net Position	(375,153)	3,380,421	3,005,268
NET POSITION - Beginning of Year	<u>11,934,098</u>	<u>22,120,518</u>	<u>34,054,616</u>
NET POSITION - END OF YEAR	<u>\$ 11,558,945</u>	<u>\$ 25,500,939</u>	<u>\$ 37,059,884</u>

See accompanying notes to financial statements.

## WHA RADIO & TELEVISION

### STATEMENT OF ACTIVITIES For the Year Ended June 30, 2018

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Grants	\$ 603,747	\$ 166,891	\$ 770,638
Community services grant from CPB	530,740	1,540,204	2,070,944
Underwriting	1,447,938	909,919	2,357,857
Telecasting, production, and other income	6,034,985	1,483,528	7,518,513
Membership income	1,611,257	3,758,679	5,369,936
Major gifts	<u>1,189,499</u>	<u>1,504,336</u>	<u>2,693,835</u>
Total Operating Revenues	<u>11,418,166</u>	<u>9,363,557</u>	<u>20,781,723</u>
<b>OPERATING EXPENSES</b>			
Program services			
Programming and production	7,325,767	7,701,572	15,027,339
Broadcasting	750,867	524,353	1,275,220
Program information	<u>574,756</u>	<u>1,783,083</u>	<u>2,357,839</u>
Total Program Services Expenses	<u>8,651,390</u>	<u>10,009,008</u>	<u>18,660,398</u>
Supporting services			
Management and general	2,157,153	2,363,562	4,520,715
Fundraising	1,463,177	2,287,853	3,751,030
Underwriting	<u>1,278,318</u>	<u>165,789</u>	<u>1,444,107</u>
Total Supporting Services Expenses	<u>4,898,648</u>	<u>4,817,204</u>	<u>9,715,852</u>
Total Operating Expenses	<u>13,550,038</u>	<u>14,826,212</u>	<u>28,376,250</u>
Operating Loss	<u>(2,131,872)</u>	<u>(5,462,655)</u>	<u>(7,594,527)</u>
<b>NONOPERATING REVENUES</b>			
State general appropriations	1,704,542	4,205,129	5,909,671
Donated facilities and administrative support from the University of Wisconsin System	931,419	1,628,439	2,559,858
Investment income	<u>263,839</u>	<u>980,422</u>	<u>1,244,261</u>
Total Nonoperating Revenues	<u>2,899,800</u>	<u>6,813,990</u>	<u>9,713,790</u>
<b>Change in Net Position</b>	767,928	1,351,335	2,119,263
NET POSITION - Beginning of Year	<u>11,166,170</u>	<u>20,769,183</u>	<u>31,935,353</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 11,934,098</u>	<u>\$ 22,120,518</u>	<u>\$ 34,054,616</u>

See accompanying notes to financial statements.

## WHA RADIO & TELEVISION

### STATEMENT OF CASH FLOWS For the Year Ended June 30, 2019

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from grants	\$ 682,485	\$ 90,488	\$ 772,973
Cash received from CPB - community service grant	358,010	115,436	473,446
Cash received from contributed support	3,951,927	8,091,879	12,043,806
Cash received from sales and services	5,751,730	19,575	5,771,305
Cash paid to vendors for goods and services	(248,717)	(4,398,282)	(4,646,999)
Cash paid to employees for payroll	<u>(11,633,057)</u>	<u>(9,324,976)</u>	<u>(20,958,033)</u>
Net Cash Flows From Operating Activities	<u>(1,137,622)</u>	<u>(5,405,880)</u>	<u>(6,543,502)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from state government	<u>2,296,790</u>	<u>4,903,745</u>	<u>7,200,535</u>
Net Cash Flows From Noncapital Financing Activities	<u>2,296,790</u>	<u>4,903,745</u>	<u>7,200,535</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Marketable securities (purchased) and sold	(320,099)	(2,103,384)	(2,423,483)
Interest and dividend income	<u>248,171</u>	<u>499,033</u>	<u>747,204</u>
Net Cash Flows From Investing Activities	<u>(71,928)</u>	<u>(1,604,351)</u>	<u>(1,676,279)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	<u>(428,924)</u>	<u>(351,072)</u>	<u>(779,996)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(428,924)</u>	<u>(351,072)</u>	<u>(779,996)</u>
<b>Net Change in Cash and Cash Equivalents</b>	658,316	(2,457,558)	(1,799,242)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,279,226</u>	<u>5,192,431</u>	<u>6,471,657</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,937,542</u>	<u>\$ 2,734,873</u>	<u>\$ 4,672,415</u>

See accompanying notes to financial statements.

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (3,742,967)	\$ (4,340,136)	\$ (8,083,103)
Adjustments to reconcile operating loss to net cash flows from operating activities			
Noncash items included in operating loss			
Depreciation and amortization expense	372,649	231,174	603,823
Donated facilities and administrative support from the University of Wisconsin System expense	631,127	1,131,737	1,762,864
Change in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources			
Accounts receivable, net excluding interest receivable	903,000	(1,136,072)	(233,072)
Inventory	152	(3,537)	(3,385)
Prepaid expenses	46,666	(77,943)	(31,277)
Accounts payable and accrued expenses	104,204	194,277	298,481
Due to (from) the University of Wisconsin System	(9,660)	(1,969,028)	(1,978,688)
Unearned revenues	4,116	111,677	115,793
Pension related amounts	<u>553,091</u>	<u>451,971</u>	<u>1,005,062</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (1,137,622)</u>	<u>\$ (5,405,880)</u>	<u>\$ (6,543,502)</u>

**NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES**

None.

See accompanying notes to financial statements.

## WHA RADIO & TELEVISION

### STATEMENT OF CASH FLOWS For the Year Ended June 30, 2018

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from grants	\$ 616,799	\$ 129,796	\$ 746,595
Cash received from CPB - community service grant	326,448	1,491,377	1,817,825
Cash received from contributed support	4,024,796	6,037,190	10,061,986
Cash received from sales and services	5,939,963	1,609,946	7,549,909
Cash paid to vendors for goods and services	(2,403,955)	(3,883,454)	(6,287,409)
Cash paid to employees for payroll	<u>(9,483,666)</u>	<u>(8,525,157)</u>	<u>(18,008,823)</u>
Net Cash Flows From Operating Activities	<u>(979,615)</u>	<u>(3,140,302)</u>	<u>(4,119,917)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Receipts from state government	<u>1,704,542</u>	<u>4,205,129</u>	<u>5,909,671</u>
Net Cash Flows From Noncapital Financing Activities	<u>1,704,542</u>	<u>4,205,129</u>	<u>5,909,671</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Marketable securities (purchased) and sold	(180,070)	2,486,187	2,306,117
Interest and dividend income	<u>194,142</u>	<u>455,725</u>	<u>649,867</u>
Net Cash Flows From Investing Activities	<u>14,072</u>	<u>2,941,912</u>	<u>2,955,984</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	<u>(512,740)</u>	<u>(170,718)</u>	<u>(683,458)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(512,740)</u>	<u>(170,718)</u>	<u>(683,458)</u>
<b>Net Change in Cash and Cash Equivalents</b>	226,259	3,836,021	4,062,280
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,052,967</u>	<u>1,356,410</u>	<u>2,409,377</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,279,226</u>	<u>\$ 5,192,431</u>	<u>\$ 6,471,657</u>

See accompanying notes to financial statements.

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (2,131,872)	\$ (5,462,655)	\$ (7,594,527)
Adjustments to reconcile operating loss to net cash flows from operating activities			
Noncash items included in operating loss			
Depreciation and amortization expense	357,103	525,888	882,991
Donated facilities and administrative support from the University of Wisconsin System expense	931,419	1,628,439	2,559,858
Change in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources			
Accounts receivable, net excluding interest receivable	4,592	68,641	73,233
Inventory	951	(1,026)	(75)
Prepaid expenses	(56,105)	(49,197)	(105,302)
Accounts payable and accrued expenses	(6,310)	70,019	63,709
Due to (from) the University of Wisconsin System	(250,657)	(20,389)	(271,046)
Unearned revenues	18,169	(27,788)	(9,619)
Pension related amounts	<u>153,095</u>	<u>127,766</u>	<u>280,861</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (979,615)</u>	<u>\$ (3,140,302)</u>	<u>\$ (4,119,917)</u>

**NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES**

None.

See accompanying notes to financial statements.



# WHA RADIO & TELEVISION

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

#### **A. REPORTING ENTITY**

WHA Radio is a public telecommunications entity operated by the University of Wisconsin-Madison, and is part of the University of Wisconsin System. WHA Radio consists of eight FM stations and one AM station that are licensed to the University of Wisconsin System's Board of Regents. WHA Radio is reported as a major fund and its financial statements include its allocated share of the assets, liabilities, deferred inflows, revenues and expenses of the Wisconsin Public Radio Association, Inc. (WPRA), a not-for-profit corporation that collects funds for Wisconsin Public Radio and provides support to WHA Radio and the Wisconsin Education Communications Board (ECB) radio networks. WPRA is considered to be a blended component unit of WHA Radio. All significant inter-organizational accounts and transactions have been eliminated. See Note III.E. for further information regarding WPRA.

WHA Television is licensed to the University of Wisconsin System's Board of Regents, is operated by the University of Wisconsin-Madison, and is part of the University of Wisconsin System. WHA Television is reported as a major fund and its financial statements include its allocated share of the assets, liabilities, revenues and expenses of the Friends of Wisconsin Public Television, Inc. (Friends), a not-for-profit corporation that receives contributions for the Wisconsin Public Television partnership, which includes WHA Television and the Wisconsin Education Communications Board (ECB) television network. Friends is considered to be a blended component unit of WHA Television. All significant inter-organizational accounts and transactions have been eliminated. See Note III.E. for further information regarding Friends.

In October of 2017, the University of Wisconsin System's Board of Regents announced a reorganization of the University of Wisconsin System that resulted in the elimination of the University of Wisconsin-Extension. The University of Wisconsin System's Board of Regents subsequently approved a plan that moved management of WHA Radio & Television to the University of Wisconsin-Madison, effective July 1, 2018, though certain management responsibilities were retained by the University of Wisconsin-Extension until July 1, 2019 when they were assumed by the University of Wisconsin-Madison. The plan assigned WHA Radio & Television, as well as staff from the Director's Office of UW-Extension's Division of Broadcasting and Media Innovations (BAMI), to a newly created division within UW-Madison. BAMI had provided certain centralized services such as human resources, finance and information technology to WHA Radio & Television as well as to an unrelated UW-Extension program. Effective July 1, 2018, the BAMI director's office was reorganized as the Wisconsin Public Media (WPM) director's office. WPM staff and its support services relate wholly to WHA Radio & Television.

#### **B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

As a general rule, the effect of inter-organization activity has been eliminated.

Revenues from government-mandated or voluntary nonexchange transactions, such as contributions, gifts and grants, are recognized when all applicable eligibility requirements are met. Eligibility requirements are established by the provider of the funds and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. Restrictions that specify the purpose for which resources are required to be used are not considered eligibility requirements and do not affect when nonexchange revenue is recognized.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### ***B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)***

Contributions, gifts and grants that do not have eligibility requirements are reported as revenue when WHA is entitled to the funds. Contributed membership fees of the Friends are nonrefundable and are recorded as revenue in the year earned; pledged WPRA and Friend's contributions that are expected to be collected within one year are recorded as revenue at the net realizable value. Individual gifts equal to or greater than \$1,000 are reported as major gifts.

Expenses are shown in the functional categories contained in the statement of activities. Expenses that relate to more than one category are allocated to the respective categories, using estimates if necessary. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

Noncash contributions are recognized as nonoperating revenues in the period of receipt unless they involve trades for which on-air underwriting credits have not yet been broadcast. Noncash expenses are shown in the functional categories of operating expenses contained in the statement of activities.

Operating revenues are directly related to programming, production, and development activities. Nonoperating revenues, such as investment income, are indirectly related to programming, production, and development activities. Other nonoperating revenues include state general appropriations and donated facilities and administrative support from the University of Wisconsin System.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### ***C. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, cash and cash equivalents include deposits with the State of Wisconsin and shares in the State Investment Fund, a short-term investment pool of state and local funds. Cash and cash equivalents also include WHA's allocated share of WPRA and Friends cash deposits and investments held in short-term, highly liquid assets.

WHA's cash balances are deposited with the State of Wisconsin and invested in the State Investment Fund (SIF), a short-term investment pool of state and local funds managed by the State of Wisconsin Investment Board, with oversight by its Board of Trustees and in accordance with Wisconsin Statutes. The SIF is not registered with the Securities and Exchange Commission.

The types of securities in which the SIF may invest are enumerated in ss. 25.17(3)(b), (ba), (bd), and (dg), Wis. Stats., and include direct obligations of the United States or its agencies, corporations wholly owned by the United States or chartered by an act of Congress, securities guaranteed by the United States, unsecured notes of financial and industrial issuers, direct obligations of or guaranteed by the government of Canada, certificates of deposit issued by banks in the United States and solvent financial institutions in Wisconsin, and bankers acceptances. The Investment Board's trustees may specifically approve other prudent investments.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### **C. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

WHA's investment balances are deposited with the University of Wisconsin System and invested in two different pools of University of Wisconsin funds: the UW ASAP Fund and the UW Long Term Fund. These two funds are managed by the University of Wisconsin System, with oversight and authorization of the investment policies and guidelines by its Board of Regents, and are not registered with the Securities and Exchange Commission. The ASAP fund was established on April 1, 2019 by the Board of Regents and is an intermediate-term fixed income portfolio, governed by and subject to a University Board of Regents approved Memorandum of Understanding, which includes detailed investment guidelines. Effective April 1, 2018, UW System transferred its investment management responsibilities for the UW Long Term Fund to the State of Wisconsin Investment Board (SWIB) which currently manages more than \$117 billion in combined assets for the Wisconsin Retirement System (WRS) and other funds. While SWIB manages the Long Term Fund, the Board of Regents continues to carry ultimate fiduciary responsibility. The University of Wisconsin System does not have investment policies specific to the investment risks identified in Note II.A. The asset allocation for the Long Term Fund sets a target of 57 percent public equities, 20 percent fixed-income, and 23 percent inflation sensitive securities.

Additional information on the two funds is available in the University of Wisconsin System's Annual Financial Reports. The report is publicly available at [www.uwsa.edu](http://www.uwsa.edu) or may be obtained by contacting:

UW System Financial Administration  
780 Regent Street, Suite 255  
Madison, Wisconsin 53715

WPRA's and Friends' cash and investments are managed separately from the cash and investment activities of the State Investment Fund and University of Wisconsin funds. WPRA and Friends do not have investment policies specific to the investment risks identified in Note II.A.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note II.A. No investments are reported at amortized costs. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

See Note II.A. for further information.

##### **2. Inventory**

Inventory is valued at cost using the first-in/first-out (FIFO) method. Costs are recorded as expenditures at the time individual inventory items are consumed.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **3. Due from (to) the University of Wisconsin System**

All cash received by WHA from grants and contracts is deposited with the University of Wisconsin System. Expenses related to certain WHA grants and contracts may be paid by the University of Wisconsin System prior to receipt of funding from the granting agency. The difference between cash received and expenses is considered a payable, due to the University of Wisconsin System. When receipts from the granting agency exceed the expenses, the difference is considered a receivable, due from the University of Wisconsin System. The net of these amounts is reported on the Statement of Net Position.

##### **4. Unearned Revenue**

Payments received but not yet earned for grants with eligibility requirements are reported as liabilities on the Statement of Net Position.

##### **5. Capital Assets**

Capital assets are defined as assets with an initial cost of more than \$5,000, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Estimated useful lives for capital assets are based on standards for the public broadcasting industry developed by the Public Broadcasting Service and range from 4 to 15 years. Expenses for repairs and maintenance are charged to operating expenses as incurred.

##### **6. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources expense until that future time.

##### **7. Compensated Absences**

Unused, earned compensated absences, other than accumulated sick leave, are accrued with a resulting liability. The liability and the expense for compensated absences are based on the subsequent years' rate of pay. Accumulated sick leave that is expected to be paid out as a lump sum is accrued by the University of Wisconsin - System and is not a liability of WHA.

##### **8. Long-Term Obligations**

All long-term obligations to be repaid from business-type resources are reported as liabilities in the Statement of Net Position. The long-term obligations consist of accrued compensated absences and the net pension liability.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***9. Deferred Inflows of Resources***

A deferred inflow of resources represents an acquisition of net position balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

##### ***10. Equity Classifications***

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is WHA's policy to use restricted resources first, then unrestricted resources as they are needed.

WHA's restricted net position includes purpose restrictions placed by donors on contributed support or gifts. Restricted nonexpendable net position is restricted by donors to be maintained in perpetuity. Unrestricted net position may be used at the discretion of management. Restricted net position related to pensions must be used to fund employee benefits.

##### ***11. Pension***

For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE II – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

WHA's cash and investments at year-end were comprised of the following as of June 30, 2019:

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 3,455,534	\$ 3,842,664	Custodial credit
Mutual funds – bond funds	2,953,764	2,953,764	Credit, interest rate, foreign currency
Mutual funds – other than bonds	7,084,540	7,084,540	N/A
UW ASAP Intermediate-term fund	2,924,732	2,924,732	Credit
UW Long-term fund	12,166,876	12,166,876	Credit
SIF	1,678,357	1,678,357	N/A
 Total Cash and Investments	 \$ 30,263,803	 \$ 30,650,933	
 Reconciliation to financial statements			
Per statement of net position			
Cash and equivalents	\$ 4,672,415		
Current investments	291,440		
Noncurrent investments	25,299,948		
 Total Cash and Investments	 \$ 30,263,803		

WHA's cash and investments at year-end were comprised of the following as of June 30, 2018:

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 2,984,398	\$ 2,988,692	Custodial credit
Mutual funds – bond funds	2,809,676	2,809,676	Credit, interest rate, foreign currency
Mutual funds – other than bonds	6,381,534	6,381,534	N/A
UW Long-term fund	12,953,233	12,953,233	Credit
SIF	3,833,487	3,833,487	N/A
 Total Cash and Investments	 \$ 28,962,328	 \$ 28,966,622	
 Reconciliation to financial statements			
Per statement of net position			
Cash and equivalents	\$ 6,471,657		
Current investments	286,115		
Noncurrent investments	22,204,556		
 Total Cash and Investments	 \$ 28,962,328		

# WHA RADIO & TELEVISION

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank and credit union accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered when computing custodial credit risk.

#### **Custodial Credit Risk**

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, WHA's deposits may not be returned.

As of June 30, 2019 and June 30, 2018, respectively, \$2,120,374 and \$1,172,462 of WHA's total bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, WHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

WHA does not have any investments exposed to custodial credit risk as of June 30, 2019 or as of June 30, 2018.

#### **Credit Risk**

As of June 30, 2019 and June 30, 2018, WHA's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>
Mutual funds – bond funds	AAA, AA, A BBB, BB, B Not rated

WHA also had investments in the UW ASAP Intermediate and Long-term funds, which are not rated.



## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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#### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

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##### A. DEPOSITS AND INVESTMENTS (cont.)

###### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of June 30, 2019, WHA's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		1-3	3-5	5-8
Mutual funds – bond funds	\$ 2,953,764	\$ 359,524	\$ 496,490	\$ 2,097,750

As of June 30, 2018, WHA's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		1-3	3-5	5-8
Mutual funds – bond funds	\$ 2,809,676	\$ 444,494	\$ 477,903	\$ 1,887,279

See Note I.C.1. for further information on deposit and investment policies.

###### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. At June 30, 2019, WHA was exposed to foreign currency risk totaling \$884,977 within the mutual fund – bond funds investment balances. Of the total investments exposed to foreign currency risk, \$837,354 related to investments held by Friends and \$47,623 related to investments held by WPRA. At June 30, 2018, WHA was exposed to foreign currency risk totaling \$913,362 within the mutual fund – bond funds investment balances. Of the total investments exposed to foreign currency risk, \$838,638 related to investments held by Friends and \$74,724 related to investments held by WPRA.

###### **Fair Value Measurement**

WHA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation methods and inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Mutual funds – quoted market prices, which represent net asset value of shares held by the fund.
- > UW ASAP Intermediate and Long-term funds – matrix pricing, which is a mathematical technique consistent with the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

#### A. DEPOSITS AND INVESTMENTS (cont.)

##### Fair Value Measurement (cont.)

Investment Type	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds – bond funds	\$ 2,953,764	\$ -	\$ -	\$ 2,953,764
Mutual funds – other than bonds	7,084,540	-	-	7,084,540
UW ASAP Intermediate fund	-	2,924,732	-	2,924,732
UW Long-term fund	-	12,166,876	-	12,166,876
<b>Totals</b>	<b>\$ 10,038,304</b>	<b>\$ 15,091,608</b>	<b>\$ -</b>	<b>\$ 25,129,912</b>

Investment Type	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds – bond funds	\$ 2,809,676	\$ -	\$ -	\$ 2,809,676
Mutual funds – other than bonds	6,381,534	-	-	6,381,534
UW Long-term fund	-	12,953,233	-	12,953,233
<b>Totals</b>	<b>\$ 9,191,210</b>	<b>\$ 12,953,233</b>	<b>\$ -</b>	<b>\$ 22,144,443</b>

#### B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated/Amortized				
Work in progress	\$ 220,737	\$ 332,340	\$ 180,058	\$ 373,019
Capital Assets Being Depreciated/Amortized				
Equipment	13,025,546	1,075,282	1,695,595	12,405,233
Intangible assets	516,858	264,979	264,617	517,220
<b>Total Capital Assets Being Depreciated/Amortized</b>	<b>13,542,404</b>	<b>1,340,261</b>	<b>1,960,212</b>	<b>12,922,453</b>
Less: Accumulated depreciation/amortization	(12,394,518)	(603,822)	1,913,411	(11,084,929)
<b>Total Capital Assets Being Depreciated/Amortized Net of Accumulated Depreciation/Amortization</b>	<b>1,147,886</b>	<b>736,439</b>	<b>(46,801)</b>	<b>1,837,524</b>
<b>Net Capital Assets</b>	<b>\$ 1,368,623</b>	<b>\$ 1,068,779</b>	<b>\$ (226,859)</b>	<b>\$ 2,210,543</b>

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

#### B. CAPITAL ASSETS (cont.)

Depreciation and amortization expense was charged to functions as follows:

Programming and production	\$ 453,201
Program information	716
Broadcasting	131,265
Management and general	<u>18,640</u>
Total	<u><u>\$ 603,822</u></u>

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated/Amortized				
Work in progress	\$ 57,379	\$ 163,358	\$ -	\$ 220,737
Capital Assets Being Depreciated/Amortized				
Equipment	12,921,969	286,476	182,899	13,025,546
Intangible assets	<u>590,291</u>	<u>233,624</u>	<u>307,057</u>	<u>516,858</u>
Total Capital Assets Being Depreciated/Amortized	<u>13,512,260</u>	<u>520,100</u>	<u>489,956</u>	<u>13,542,404</u>
Less: Accumulated Depreciation/Amortization	<u>(12,001,483)</u>	<u>(882,991)</u>	<u>489,956</u>	<u>(12,394,518)</u>
Total Capital Assets Being Depreciated/Amortized Net of Accumulated Depreciation/ Amortization	<u>1,510,777</u>	<u>(362,891)</u>	<u>-</u>	<u>1,147,886</u>
Net Capital Assets	<u><u>\$ 1,568,156</u></u>	<u><u>\$ (199,533)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,368,623</u></u>

Depreciation and amortization expense was charged to functions as follows:

Programming and production	\$ 775,808
Program information	2,941
Broadcasting	<u>104,242</u>
Total	<u><u>\$ 882,991</u></u>

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

#### **C. CAPITAL ASSET LIEN**

Federal grant funds received from the National Telecommunications and Information Administration (NTIA) to purchase equipment contain a priority lien. The lien extends for the period ten years from the date of award completion, during which time the federal government retains priority reversionary interest in the equipment. WHA Television was awarded five NTIA capital equipment grants from FY2004-05 through FY 2010-11. The depreciated value of equipment subject to a priority lien was \$0 as of June 30, 2019 and \$3,877 as of June 30, 2018. WHA Radio was awarded four NTIA capital grants from FY2001-02 through FY2010-11. The depreciated value of equipment subject to a priority lien was \$87,358 as of June 30, 2019 and \$103,658 as of June 30, 2018.

#### **D. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Vested compensated absences	\$ 848,463	\$ 287,738	\$ 171,910	\$ 964,291	\$ 688,396
Net pension liability	<u>-</u>	<u>3,190,823</u>	<u>-</u>	<u>3,190,823</u>	<u>-</u>
Totals	<u>\$ 848,463</u>	<u>\$ 3,478,561</u>	<u>\$ 171,910</u>	<u>\$ 4,155,114</u>	<u>\$ 688,396</u>

Long-term obligations activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Vested compensated absences	\$ 858,866	\$ 167,548	\$ 177,951	\$ 848,463	\$ 596,687
Net pension liability	<u>666,476</u>	<u>-</u>	<u>666,476</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,525,342</u>	<u>\$ 167,548</u>	<u>\$ 844,427</u>	<u>\$ 848,463</u>	<u>\$ 596,687</u>

# WHA RADIO & TELEVISION

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

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#### **E. OPERATING LEASES**

WHA Television entered into a 20-year lease for space on a candelabra tower and in related buildings located on the property and other improvements for communications purposes and use of the underlying land. The original lease term ended October 14, 2015, but was amended to extend through December 31, 2025. Total lease payments were \$48,677 for the year ended June 30, 2019, and \$70,851 for the year ended June 30, 2018.

While the lease runs through December 31, 2025, the lease payments are determined on an annual basis. Future payments are based on the estimated total costs for the calendar year 2019. The estimated future minimum payments related to this lease are as follows for the fiscal years ended June 30:

2020	\$	48,677
2021		48,677
2022		48,677
2023		48,677
2024		48,677
2025 – 2026		<u>73,015</u>
Total	\$	<u>316,400</u>

In 2002, the Department of Administration authorized WHA Radio to enter into a lease agreement for space on the lessor's tower and rights to use other portions of the tower and the real estate upon which the tower is located. The original lease agreement expired and was automatically renewed for an additional ten years in August of 2012. The current lease will expire on July 31, 2022. Total lease payments were \$15,646 for the year ended June 30, 2019 and \$15,191 for the year ended June 30, 2018.

The future minimum commitments related to this lease are as follows for the fiscal years ended June 30:

2020	\$	16,116
2021		16,599
2022		17,097
2023		<u>1,468</u>
Total	\$	<u>51,280</u>

#### **F. DONATED GOODS AND SERVICES**

Indirect administrative support from the University of Wisconsin System is the most significant source of donated services to WHA. It is derived from an indirect cost rate the University of Wisconsin-Madison determines that is submitted to and approved by the federal government.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

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#### *F. DONATED GOODS AND SERVICES* (cont.)

All other in-kind and traded goods and services are recorded as revenues and expenses at the estimated fair market value. Donated goods and services as of June 30, 2019 are as follows:

Indirect administrative support	\$	1,405,671
Donated Facilities:		
Plant operating costs		321,897
Occupancy		<u>35,296</u>
Total	\$	<u>1,762,864</u>

Donated goods and services as of June 30, 2018 are as follows:

Indirect administrative support	\$	2,239,248
Donated Facilities:		
Plant operating costs		288,929
Occupancy		<u>31,681</u>
Total	\$	<u>2,559,858</u>

#### *G. RESTRICTED NET POSITION*

##### *Endowments*

WHA, WPRA, and Friends have received endowment gifts that require the preservation of the fair value of the original gifts as of the gift date. WHA's share of the gifts is shown as restricted nonexpendable net position to comply with provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Management of WHA has interpreted 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.

For the year ended June 30, 2019, the principal balance of the WHA account was \$1,000,000 and the investment earnings account balance was \$555,509. For the year ended June 30, 2018, the principal balance of the WHA account was \$1,000,000 and the investment earnings account balance was \$524,984. These amounts are reflected on the Statement of Net Position as restricted for endowment – nonexpendable and restricted for endowment – expendable, respectively.

For the years ended June 30, 2019 and June 30, 2018, the principal balance of the WPRA accounts was \$87,907 and \$82,384, respectively. For the years ended June 30, 2019 and June 30, 2018, the principal balance of the Friends' accounts was \$160,378.

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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#### NOTE II – DETAILED NOTES ON ALL FUNDS (cont.)

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##### **G. RESTRICTED NET POSITION** (cont.)

###### **Grantee and Donor Restrictions**

Unexpended donations received for a specific purpose are reflected as net position on the Statement of Net Position as restricted – expendable grantee and donor restrictions. For the years ended June 30, 2019 and June 30, 2018, WHA donations in this category totaled \$4,229,384 and \$2,083,437, respectively. For the year ended June 30, 2019, the portion of the total balance related to the WPRA accounts was \$266,013; the portion of the total balances related to the Friends' accounts was \$3,473,644. For the year ended June 30, 2018, the portion of the total balance related to the WPRA accounts was \$332,876; the portion of the total balances related to the Friends' accounts was \$1,382,590.

##### **H. CONCENTRATIONS**

For the years ended June 30, 2019 and June 30, 2018, respectively, approximately 22% and 19% of revenue came from state general appropriations.

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#### NOTE III – OTHER INFORMATION

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##### **A. EMPLOYEES' RETIREMENT SYSTEM**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

**Vesting.** For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE III – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit

The WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2008	6.6%	0%
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.



## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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#### NOTE III – OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

During the reporting period ending June 30, 2019, the WRS recognized \$921,212 in contributions from the employer.

Contribution rates for the plan year reported as of June 30, 2019 are:

Employee Category	Employee	Employer
General (including teachers)	6.7%	6.7%

During the reporting period ending June 30, 2018, the WRS recognized \$820,554 in contributions from the employer.

Contribution rates for the plan year reported as of June 30, 2018 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%

##### ***Pension Liabilities (Asset), Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

At June 30, 2019, WHA reported a liability (asset) of \$3,190,823 for its proportionate share of the net pension liability (asset). At June 30, 2018, WHA reported a liability (asset) of (\$2,434,386) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2017 rolled forward to December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. WHA's proportion of the net pension liability (asset) was based on the district's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, WHA's proportion was 0.08979233%, which was an increase of 0.00780213% from its proportion measured as of December 31, 2017. At December 31, 2017, WHA's proportion was 0.08199020%, which was an increase of 0.00113071% from its proportion measured as of December 31, 2016.

For the years ended June 30, 2019 and June 30, 2018, WHA recognized pension expense of \$1,943,338 and \$1,084,103, respectively.

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE III – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At June 30, 2019, the department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,485,169	\$ 4,392,885
Changes in assumptions	537,856	-
Net differences between projected and actual earnings on pension plan investments	4,659,979	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,649	13,653
Employer contributions subsequent to the measurement date	490,322	-
<b>Totals</b>	<b>\$ 8,180,975</b>	<b>\$ 4,406,538</b>

\$490,322 is reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and was recognized as an addition of the net pension liability (asset) in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflows and Deferred Inflows of Resources
2020	\$ 1,179,717
2021	301,114
2022	524,624
2023	1,278,660
2024	-

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE III – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At June 30, 2018, the department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,083,016	\$ 1,454,079
Changes in assumptions	480,987	-
Net differences between projected and actual earnings on pension plan investments	-	3,345,837
Changes in proportion and differences between employer contributions and proportionate share of contributions	153	30,296
Employer contributions subsequent to the measurement date	420,177	-
<b>Totals</b>	<b>\$ 3,984,333</b>	<b>\$ 4,830,212</b>

\$420,177 is reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and was recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflows and Deferred Inflows of Resources
2019	\$ 245,482
2020	(32,639)
2021	(835,913)
2022	(648,827)
2023	5,841

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

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#### NOTE III – OTHER INFORMATION (cont.)

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##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2017
Measurement Date of Net Pension Liability	December 31, 2018
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	
Salary Increases:	7.0%
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates. The total pension liability for December 31, 2018 is based upon a roll-forward of the asset calculated from the December 31, 2017 actuarial valuation.

**Long-term expected Return on Plan Assets.** 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.

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE III – OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

#### Asset Allocation Targets and Expected Returns As of December 31, 2018

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.1	5.5
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
U.S. Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%  
Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

**Single Discount rate.** A single discount rate of 7.00% was used to measure the Total Pension Liability. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.71%. Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate 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 difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Sensitivity of WHA's proportionate share of the net pension liability (asset) to changes in the discount rate.** The following presents WHA's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what WHA's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase To Discount Rate (8.00%)
WHA's proportionate share of the net pension liability (asset) at June 30, 2019.	\$ 12,680,668	\$ 3,190,823	(\$ 3,865,611)
WHA's proportionate share of the net pension liability (asset) at June 30, 2018.	\$ 6,298,588	\$ (2,434,386)	(\$ 9,071,717)

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://elf.wi.gov/publications/cafr.htm>. At June 30, 2019 and 2018, WHA reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the fiscal year.

#### B. RISK MANAGEMENT

WHA is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to and health care of employees. WHA participates in the University of Wisconsin System's risk management program. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

#### C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments are recorded as expenses when the related liabilities are incurred.

From time to time, WHA is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and WHA's attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on WHA's financial position or results of operations.

#### D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with the provisions established by GASB, state and local government employers are required to display in financial reports other postemployment benefits (OPEB) expenses and related liabilities; note disclosures; and if applicable, required supplementary information.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE III – OTHER INFORMATION (cont.)

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#### **D. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)**

WHA employees are included in the State of Wisconsin's Health Insurance Program, a cost-sharing, multiple-employer, defined benefit plan not held in a trust. The plan is an employer-sponsored program offering group medical coverage to eligible employees and retirees of the State, created under Chapter 40 of Wisconsin Statutes. The Department of Employee Trust Funds and the Group Insurance Board have program administration and oversight responsibilities under ss. 15.165(2) and 40.03(6) of Wisconsin Statutes. Under this plan, retired employees of the State contribute the same healthcare premium as active employees, creating an implicit rate subsidy for retirees. This implicit rate subsidy, which is calculated to cover pre-age 65 retirees (since at age 65 retirees are required to enroll in Medicare, when eligible), is treated as an OPEB.

The financial statements of WHA do not include OPEB expenses or the related liabilities other than those actually paid, which are allocated to various functional expenses on the statements of activities, because the OPEB has been determined by management to be the responsibility of the University of Wisconsin – System and not WHA.

#### **E. RELATED ENTITIES**

##### ***Wisconsin Educational Communications Board***

ECB is an agency of the State of Wisconsin that operates a public television network (Wisconsin Television Network) and public radio networks. In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the University of Wisconsin's Board of Regents developed a partnership called Wisconsin Public Television and Wisconsin Public Radio to manage and operate their licenses. The partnerships are maintained through an affiliation agreement outlining structural principles and functions, administrative staff allocations, stations (of both Wisconsin Public Television and Wisconsin Public Radio), and financial commitments of the partners. The directors of Wisconsin Public Television and Wisconsin Public Radio are jointly appointed by ECB and the University of Wisconsin System's Board of Regents. Staff and resources from both agencies work together to provide administrative and program services. The relationship pervades all aspects of the financial activities reported in the accompanying financial statements. Amounts due to or from the affiliated parties are separately disclosed on the statement of net position. For the year ended June 30, 2019, WHA had a receivable of \$1,440,927 due from ECB and a payable due to ECB of \$29,430. For the year ended June 30, 2018, WHA had a receivable of \$1,718,719 due from ECB and a payable due to ECB of \$68,345. Differences may exist between amounts reported by WHA and ECB due to the delays related to processing payments at the state.

##### ***The University of Wisconsin Foundation***

The University of Wisconsin Foundation (Foundation) is the official not-for-profit fundraising corporation of the University of Wisconsin – Madison and provides gift management services to several other units of the University of Wisconsin System. It receives gifts and bequests, administers and invests securities and property, and disburses payments to and on behalf of the University of Wisconsin System. The fair value of endowments and accumulated interest held by the Foundation for WHA was \$2,253,556 as of June 30, 2019 and \$2,111,433 as of June 30, 2018. The accumulated interest is available to be transferred to the University of Wisconsin – Madison and spent by WHA. Accumulated interest totaled \$149,406 as of June 30, 2019 and \$111,134 as of June 30, 2018. WHA transferred \$85,841 from the Foundation in fiscal year 2019 and \$114,154 in fiscal year 2018. Only actual transfers from the Foundation are reflected in the WHA financial statements.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### *E. RELATED ENTITIES* (cont.)

##### ***Wisconsin Public Radio Association, Inc.***

WPRA 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 ECB's radio networks. WPRA solicits funds in the name of, and with the approval of, both WHA Radio and ECB. Under an affiliation agreement, WHA Radio and ECB staff, along with the WPRA Board of Directors, approve WPRA's budget. WHA provides facilities as well as administrative and clerical services to WPRA. WHA Radio and ECB have access to WPRA's net resources and retain an ongoing allocated interest in WPRA's net position. WHA Radio's and ECB's allocated interests in WPRA are calculated in accordance with an allocation agreement that currently provides WHA Radio with 24 percent of WPRA's net resources and ECB with 76 percent. In addition, all net income from a quasi-endowment held by WPRA on behalf of WHA is allocated to WHA Radio. This agreement is negotiated annually.

WHA Radio includes its allocated share of WPRA assets, liabilities, deferred inflows of resources, net position, revenues, and expenses in its financial statements. The financial statement amounts are reported net of eliminations of \$293,668 for both assets and liabilities as of June 30, 2019 and \$174,958 for both assets and liabilities as of June 30, 2018. The financial statement amounts are also reported net of eliminations of \$2,842,230 for both revenues and expenses for fiscal year 2019 and \$2,524,826 for both revenues and expenses for fiscal year 2018.

The following summarizes amounts for both WHA Radio and WHA Radio's allocation portion of WPRA as of June 30, 2019:

#### **Condensed Statement of Net Position**

	WHA-Radio	WPRA	Total
<b>Assets</b>			
Current assets	\$ 2,540,124	\$ 1,201,642	\$ 3,741,766
Interfund receivable/(payable)	293,668	(293,668)	-
Capital assets, net	780,754	58,255	839,009
Other assets	5,802,204	1,686,109	7,488,313
Total Assets	9,416,750	2,652,338	12,069,088
<b>Deferred Outflows</b>	4,154,990	-	4,154,990
<b>Liabilities</b>			
Current	571,168	17,857	589,025
Long-term	1,792,274	-	1,792,274
Total Liabilities	2,363,442	17,857	2,381,299
<b>Deferred Inflows</b>	2,267,998	15,836	2,283,834
<b>Net Position</b>			
Invested in capital assets	780,754	58,255	839,009
Restricted			
Nonexpendable – endowments	-	87,907	87,907
Expendable – grantee and donor restrictions	200,666	266,013	466,679
Unrestricted	7,958,880	2,206,470	10,165,350
Total Net Position	\$ 8,940,300	\$ 2,618,645	\$ 11,558,945



## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### E. RELATED ENTITIES (cont.)

#### Wisconsin Public Radio Association, Inc. (cont.)

#### Condensed Statement of Activities

	WHA-Radio	WPRA	Total
<b>Operating Revenues</b>			
Grants	\$ 638,418	\$ -	\$ 638,418
Community service grant – CPB	545,341	-	545,341
Underwriting	1,458,658	-	1,458,658
Telecasting, production, and other income	4,965,333	48,619	5,013,952
Membership income	-	1,687,854	1,687,854
Major gifts	62,643	1,096,495	1,159,138
Total Operating Revenues	7,670,393	2,832,968	10,503,361
<b>Operating Expenses</b>			
Nondepreciation expenses	13,873,679	-	13,873,679
Depreciation expense	372,649	-	372,649
Total Operating Expenses	14,246,328	-	14,246,328
<b>Operating Gain (Loss)</b>	(6,575,935)	2,832,968	(3,742,967)
<b>Nonoperating Revenues</b>			
State general appropriations	2,296,790	-	2,296,790
Donated facilities and administrative support	631,127	-	631,127
Investment income	359,553	80,344	439,897
Total Nonoperating Revenues	3,287,470	80,344	3,367,814
<b>Transfers</b>	2,842,230	(2,842,230)	-
Change in Net Position	(446,235)	71,082	(375,153)
Beginning Net Position	9,386,535	2,547,563	11,934,098
<b>Ending Net Position</b>	\$ 8,940,300	\$ 2,618,645	\$ 11,558,945

#### Condensed Statement of Cash Flows

	WHA-Radio	WPRA	Total
<b>Net Cash From</b>			
Operating activities	\$ (1,278,351)	\$ 140,729	\$ (1,137,622)
Noncapital financing activities	2,296,790	-	2,296,790
Capital and related financing activities	(370,669)	(58,255)	(428,924)
Investing activities	115,707	(187,635)	(71,928)
<b>Net Change in Cash and Cash Equivalents</b>	763,477	(105,161)	658,316
Beginning Cash and Cash Equivalents	27,495	1,251,731	1,279,226
<b>Ending Cash and Cash Equivalents</b>	\$ 790,972	\$ 1,146,570	\$ 1,937,542

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE III – OTHER INFORMATION (cont.)

##### *E. RELATED ENTITIES* (cont.)

##### *Wisconsin Public Radio Association, Inc.* (cont.)

The following summarizes amounts for both WHA Radio and WHA Radio's allocation portion of WPRA as of June 30, 2018:

#### Condensed Statement of Net Position

	WHA-Radio	WPRA	Total
<b>Assets</b>			
Current assets	\$ 2,668,234	\$ 1,303,400	\$ 3,971,634
Interfund receivable/(payable)	174,958	(174,958)	-
Capital assets, net	782,751	-	782,751
Other assets	6,879,814	1,461,825	8,341,640
Total Assets	10,505,757	2,590,267	13,096,025
<b>Deferred Outflows</b>	2,123,401	-	2,123,401
<b>Liabilities</b>			
Current	473,881	27,037	500,919
Long-term	105,228	-	105,228
Total Liabilities	579,109	27,037	606,147
<b>Deferred Inflows</b>	2,663,514	15,667	2,679,181
<b>Net Position</b>			
Invested in capital assets	782,751	-	782,751
Restricted			
Pension	1,300,666	-	1,300,666
Nonexpendable – endowments	-	82,384	82,384
Expendable – grantee and donor restrictions	166,149	332,876	499,025
Unrestricted	7,136,969	2,132,303	9,269,272
Total Net Position	\$ 9,386,535	\$ 2,547,563	\$ 11,934,098

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### *E. RELATED ENTITIES* (cont.)

#### *Wisconsin Public Radio Association, Inc.* (cont.)

#### Condensed Statement of Activities

	WHA-Radio	WPRA	Total
<b>Operating Revenues</b>			
Grants and contracts	\$ 603,747	\$ -	\$ 603,747
Community service grant – CPB	530,740	-	530,740
Underwriting	1,447,938	-	1,447,938
Telecasting, production, and other income	5,977,758	57,227	6,034,985
Membership income	-	1,611,257	1,611,257
Major gifts	49,166	1,140,333	1,189,499
Total Operating Revenues	8,609,349	2,808,817	11,418,166
<b>Operating Expenses</b>			
Nondepreciation expenses	13,031,478	161,457	13,192,935
Depreciation expense	357,103	-	357,103
Total Operating Expenses	13,388,581	161,457	13,550,038
<b>Operating Gain (Loss)</b>	(4,779,232)	2,647,360	(2,131,872)
<b>Nonoperating Revenues</b>			
State general appropriations	1,704,542	-	1,704,542
Donated facilities and administrative support	931,419	-	931,419
Investment income	183,962	79,877	263,839
Total Nonoperating Revenues	2,819,923	79,877	2,899,800
<b>Transfers</b>	2,524,826	(2,524,826)	-
Change in Net Position	565,517	202,411	767,928
Beginning Net Position	8,821,019	2,345,151	11,166,170
<b>Ending Net Position</b>	\$ 9,386,536	\$ 2,547,562	\$ 11,934,098

#### Condensed Statement of Cash Flows

	WHA-Radio	WPRA	Total
<b>Net Cash From</b>			
Operating activities	\$ (1,152,635)	\$ 173,020	\$ (979,615)
Noncapital financing activities	1,704,542	-	1,704,542
Capital and related financing activities	(512,740)	-	(512,740)
Investing activities	79,479	(65,407)	14,072
<b>Net Change in Cash and Cash Equivalents</b>	118,646	107,613	226,259
Beginning Cash and Cash Equivalents (Overdraft)	(91,151)	1,144,118	1,052,967
<b>Ending Cash and Cash Equivalents</b>	\$ 27,495	\$ 1,251,731	\$ 1,279,226

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE III – OTHER INFORMATION (cont.)

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#### *E. RELATED ENTITIES* (cont.)

##### *Wisconsin Public Radio Association, Inc.* (cont.)

WPRA issues separate financial statements, which are audited by other auditors. Copies of WPRA's separately issued financial statements may be obtained by contacting:

Executive Director  
Wisconsin Public Radio Association  
821 University Avenue  
Madison, Wisconsin 53706

##### *Friends of Wisconsin Public Television, Inc.*

The Friends is a publicly supported not-for-profit corporation whose purpose is to administer various fundraising and membership duties of Wisconsin Public Television and to provide support to WHA Television and ECB. Friends was the result of a reorganization of the Friends of WHA-TV, Inc. that occurred on July 1, 2009. Net position of Friends of WHA-TV, Inc. as of the reorganization was wholly allocable to WHA Television. The Friends solicits funds in the name of and with the approval of both WHA Television and ECB. Under an affiliation agreement, WHA Television and ECB staff along with the Friends' Board of Directors approve the Friends' budget. WHA Television provides facilities as well as administrative and clerical services to the Friends. WHA Television and ECB have access to the Friends' net resources and retain an ongoing allocated interest in the Friends' net position. WHA Television's and ECB's allocated interest in the Friends are calculated in accordance with an affiliation agreement that currently provides WHA Television with 50 percent of the Friends' net resources. This agreement is negotiated annually.

WHA Television includes its allocated share of the Friends' assets, liabilities, net position, revenues, and expenses in its financial statements. The financial statement amounts are reported net of eliminations of \$986,006 for both assets and liabilities as of June 30, 2019 and \$1,018,351 for both assets and liabilities as of June 30, 2018. The financial statement amounts are also reported net of eliminations of \$6,492,918 for both revenues and expenses for fiscal year 2019 and \$5,722,808 for both revenues and expenses for fiscal year 2018.

# WHA RADIO & TELEVISION

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### *E. RELATED ENTITIES* (cont.)

#### *Friends of Wisconsin Public Television, Inc.* (cont.)

The following summarizes amounts for both WHA Television and WHA Television's allocation portion of Friends as of June 30, 2019:

#### Condensed Statement of Net Position

	WHA-TV	Friends	Total
<b>Assets</b>			
Current assets	\$ 3,302,953	\$ 3,213,330	\$ 6,516,283
Interfund receivable/(payable)	986,006	(986,006)	-
Capital assets, net	1,264,014	107,520	1,371,534
Other assets	9,289,405	9,050,922	18,340,327
Total Assets	14,842,378	11,385,766	26,228,144
<b>Deferred Outflows</b>	4,025,985	-	4,025,985
<b>Liabilities</b>			
Current	683,583	256,623	940,206
Long-term	1,674,444	-	1,674,444
Total Liabilities	2,358,027	256,623	2,614,650
<b>Deferred Inflows</b>	2,138,540	-	2,138,540
<b>Net Position</b>			
Invested in capital assets	1,264,014	107,520	1,371,534
Restricted			
Nonexpendable – endowments	1,000,000	160,378	1,160,378
Expendable – endowments	555,509	-	555,509
Expendable – grantee and donor restrictions	289,061	3,473,644	3,762,705
Unrestricted	11,263,212	7,387,601	18,650,813
Total Net Position	\$ 14,371,796	\$ 11,129,143	\$ 25,500,939

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### *E. RELATED ENTITIES* (cont.)

#### *Friends of Wisconsin Public Television, Inc.* (cont.)

#### Condensed Statement of Activities

	WHA-TV	Friends	Total
<b>Operating Revenues</b>			
Grants	\$ 170,901	\$ -	\$ 170,901
Community service grant – CPB	1,957,179	-	1,957,179
Underwriting	334,574	581,917	916,491
Telecasting, production, and other income	326,812	592,346	919,158
Membership income	-	3,904,133	3,904,133
Major gifts	23,198	3,490,157	3,513,355
Total Operating Revenues	2,812,664	8,568,553	11,381,217
<b>Operating Expenses</b>			
Nondepreciation expenses	15,490,201	-	15,490,201
Depreciation expense	231,152	-	231,152
Total Operating Expenses	15,721,353	-	15,721,353
<b>Operating Gain (Loss)</b>	(12,908,689)	8,568,553	(4,340,136)
<b>Nonoperating Revenues (Expenses)</b>			
State general appropriations	4,903,745	-	4,903,745
Donated facilities and administrative support	1,131,737	-	1,131,737
Loss on sale of assets	(46,802)	-	(46,802)
Investment income	530,065	489,264	1,019,329
Total Nonoperating Revenues (Expenses)	6,518,745	489,264	7,008,009
<b>Transfers</b>	6,492,918	(6,492,918)	-
<b>Capital contributions</b>	712,548	-	712,548
Change in Net Position	815,522	2,564,899	3,380,421
Beginning Net Position	13,556,273	8,564,245	22,120,518
<b>Ending Net Position</b>	\$ 14,371,795	\$ 11,129,144	\$ 25,500,939

#### Condensed Statement of Cash Flows

	WHA-TV	Friends	Total
<b>Net Cash From</b>			
Operating activities	\$ (6,179,551)	\$ 773,671	\$ (5,405,880)
Noncapital financing activities	4,903,745	-	4,903,745
Capital and related financing activities	(243,552)	(107,520)	(351,072)
Investing activities	(1,399,253)	(205,098)	(1,604,351)
<b>Net Increase in Cash and Cash Equivalents</b>	(2,918,611)	461,053	(2,457,558)
Beginning Cash and Cash Equivalents	3,805,992	1,386,439	5,192,431
<b>Ending Cash and Cash Equivalents</b>	\$ 887,381	\$ 1,847,492	\$ 2,734,873

## WHA RADIO & TELEVISION

### NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2019 and 2018

#### NOTE III – OTHER INFORMATION (cont.)

##### *E. RELATED ENTITIES* (cont.)

##### *Friends of Wisconsin Public Television, Inc.* (cont.)

The following summarizes amounts for both WHA Television and WHA Television's allocation portion of Friends as of June 30, 2018:

#### Condensed Statement of Net Position

	WHA-TV	Friends	Total
<b>Assets</b>			
Current assets	\$ 4,336,959	\$ 1,993,068	\$ 6,330,027
Interfund receivable/(payable)	1,018,351	(1,018,351)	-
Capital assets, net	585,872	-	585,872
Other assets	8,507,805	7,869,273	16,377,078
Total Assets	14,448,987	8,843,990	23,292,977
<b>Deferred Outflows</b>	1,860,932	-	1,860,932
<b>Liabilities</b>			
Current	440,400	279,745	720,145
Long-term	146,548	-	146,548
Total Liabilities	586,948	279,745	866,693
<b>Deferred Inflows</b>	2,166,698	-	2,166,698
<b>Net Position</b>			
Invested in capital assets	585,872	-	585,872
Restricted			
Pension	1,133,720	-	1,133,720
Nonexpendable – endowments	1,000,000	160,378	1,160,378
Expendable – endowments	524,984	-	524,984
Expendable – grantee and donor restrictions	201,822	1,382,590	1,584,412
Unrestricted	10,109,875	7,021,277	17,131,152
Total Net Position	\$ 13,556,273	\$ 8,564,245	\$ 22,120,518

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### *E. RELATED ENTITIES* (cont.)

#### *Friends of Wisconsin Public Television, Inc.* (cont.)

#### Condensed Statement of Activities

	WHA-TV	Friends	Total
<b>Operating Revenues</b>			
Grants	\$ 166,891	\$ -	\$ 166,891
Community service grant – CPB	1,540,204	-	1,540,204
Underwriting	417,403	492,516	909,919
Telecasting, production, and other income	832,197	651,331	1,483,528
Membership income	-	3,758,679	3,758,679
Major gifts	77,854	1,426,482	1,504,336
Total Operating Revenues	3,034,549	6,329,008	9,363,557
<b>Operating Expenses</b>			
Nondepreciation expenses	14,300,324	-	14,300,324
Depreciation expense	525,888	-	525,888
Total Operating Expenses	14,826,212	-	14,826,212
<b>Operating Gain (Loss)</b>	(11,791,663)	6,329,008	(5,462,655)
<b>Nonoperating Revenues</b>			
State general appropriations	4,205,129	-	4,205,129
Donated facilities and administrative support	1,628,439	-	1,628,439
Investment income	500,098	480,324	980,422
Total Nonoperating Revenues	6,333,666	480,324	6,813,990
<b>Transfers</b>	5,722,808	(5,722,808)	-
Change in Net Position	264,811	1,086,524	1,351,335
Beginning Net Position	13,291,462	7,477,721	20,769,183
<b>Ending Net Position</b>	\$ 13,556,273	\$ 8,564,245	\$ 22,120,518

#### Condensed Statement of Cash Flows

	WHA-TV	Friends	Total
<b>Net Cash From</b>			
Operating activities	\$ (3,907,659)	\$ 767,357	\$ (3,140,302)
Noncapital financing activities	4,205,129	-	4,205,129
Capital and related financing activities	(170,718)	-	(170,718)
Investing activities	3,454,707	(512,795)	2,941,912
<b>Net Increase in Cash and Cash Equivalents</b>	3,581,459	254,562	3,836,021
Beginning Cash and Cash Equivalents	224,533	1,131,877	1,356,410
<b>Ending Cash and Cash Equivalents</b>	\$ 3,805,992	\$ 1,386,439	\$ 5,192,431



## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

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### NOTE III – OTHER INFORMATION (cont.)

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#### **E. RELATED ENTITIES** (cont.)

##### ***Friends of Wisconsin Public Television, Inc.*** (cont.)

The Friends issues separate financial statements, which are audited by other auditors. Copies of the Friends' separately issued financial statements may be obtained by contacting:

Executive Director  
Friends of Wisconsin Public Television, Inc.  
821 University Avenue  
Madison, Wisconsin 53706

#### **F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS**

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*
- > Statement No. 91, *Conduit Debt Obligations*

When they become effective, application of these standards may restate portions of these financial statements.

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### G. ALLOCATION OF WLSU-FM

WLSU-FM is qualified for Community Service Grant assistance from the Corporation for Public Broadcasting (CPB). Beginning in fiscal year 2003, its affiliated Music Network stations, WUEC-FM and WVSS-FM, were also combined with WLSU-FM for purposes of applying for Community Service Grant assistance. WLSU-FM and WHA Radio and their affiliates are licensed to the University of Wisconsin System's Board of Regents. Financial transactions for WLSU-FM and its affiliated stations are included as part of WHA Radio's financial statements.

The portion of WHA Radio's statement of activities attributable to WLSU-FM and its affiliated stations' revenues, direct expenses, and related allocable indirect expenses have been identified in the following table for fiscal year 2019. The remaining revenues and expenses are attributable to WHA Radio at its affiliated Ideas Network stations and include any unallocated amounts of WLSU-FM.

	WHA-AM & Affiliates	WLSU-FM & Affiliates	WHA-Radio Total
<b>Operating Revenues</b>			
Grants	\$ 638,418	\$ -	\$ 638,418
Community service grant – CPB	399,180	146,161	545,341
Underwriting	1,291,301	167,357	1,458,658
Telecasting, production, and other income	5,013,952	-	5,013,952
Membership income	1,277,029	410,825	1,687,854
Major gifts	1,154,138	5,000	1,159,138
<b>Total Operating Revenues</b>	9,774,018	729,343	10,503,361
<b>Operating Expenses</b>			
Program Services			
Programming and production	7,439,377	533,558	7,972,935
Broadcasting	822,295	42,093	864,388
Program information	642,168	46,328	688,496
Total Program Services	8,903,840	621,979	9,525,819
Support Services			
Management and general	2,262,758	260,061	2,522,819
Fundraising	734,951	41,251	776,202
Underwriting	1,229,950	191,538	1,421,488
Total Support Services	4,227,659	492,850	4,720,509
<b>Total Operating Expenses</b>	13,131,499	1,114,829	14,246,328
<b>Operating Loss</b>	(3,357,481)	(385,486)	(3,742,967)
<b>Nonoperating Revenues</b>			
State general appropriations	2,026,147	270,643	2,296,790
Donated facilities and administrative support	548,600	82,527	631,127
Investment income	439,897	-	439,897
<b>Total Nonoperating Revenues</b>	3,014,644	353,170	3,367,814
<b>Change in Net Position</b>	\$ (342,837)	\$ (32,316)	\$ (375,153)

## WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended June 30, 2019 and 2018

### NOTE III – OTHER INFORMATION (cont.)

#### G. ALLOCATION OF WLSU-FM (cont.)

The portion of WHA Radio's statement of activities attributable to WLSU-FM and its affiliated stations' revenues, direct expenses, and related allocable indirect expenses have been identified in the following table for fiscal year 2018. The remaining revenues and expenses are attributable to WHA Radio at its affiliated Ideas Network stations and include any unallocated amounts of WLSU-FM.

	WHA-AM & Affiliates	WLSU-FM & Affiliates	WHA-Radio Total
<b>Operating Revenues</b>			
Grants	\$ 603,747	\$ -	\$ 603,747
Community service grant – CPB	386,356	144,384	530,740
Underwriting	1,332,370	115,568	1,447,938
Telecasting, production, and other income	5,993,161	41,824	6,034,985
Membership income	1,309,037	302,220	1,611,257
Major gifts	1,179,713	9,786	1,189,499
<b>Total Operating Revenues</b>	10,804,384	613,782	11,418,166
<b>Operating Expenses</b>			
Program Services			
Programming and production	6,805,780	519,987	7,325,767
Broadcasting	708,258	42,609	750,867
Program information	553,983	20,773	574,756
Total Program Services	8,068,021	583,369	8,651,390
Support Services			
Management and general	1,959,847	197,306	2,157,153
Fundraising	1,423,739	39,438	1,463,177
Underwriting	1,100,721	177,597	1,278,318
Total Support Services	4,484,307	414,341	4,898,648
<b>Total Operating Expenses</b>	12,552,328	997,710	13,550,038
<b>Operating Loss</b>	(1,747,944)	(383,928)	(2,131,872)
<b>Nonoperating Revenues</b>			
State general appropriations	1,499,341	205,201	1,704,542
Donated facilities and administrative support	830,746	100,673	931,419
Investment income	263,839	-	263,839
<b>Total Nonoperating Revenues</b>	2,593,926	305,874	2,899,800
<b>Change in Net Position</b>	\$ 845,982	\$ (78,054)	\$ 767,928

**REQUIRED SUPPLEMENTARY INFORMATION**

## WHA RADIO & TELEVISION

### SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended June 30, 2019

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/19	0.08979233%	\$ 3,190,823	\$ 13,749,443	23.21%	96.45%
6/30/18	0.08199020%	(2,434,386)	12,004,141	20.28%	102.93%
6/30/17	0.08085949%	666,476	11,516,760	5.79%	99.12%
6/30/16	0.07663369%	1,245,283	10,681,984	11.66%	98.20%
6/30/15	0.08320456%	(2,043,170)	10,591,874	19.29%	102.74%

### SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended June 30, 2019

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/19	\$ 991,357	\$ 991,357	\$ -	\$ 14,557,012	6.81%
6/30/18	830,088	830,088	-	12,299,426	6.75%
6/30/17	793,743	793,743	-	11,843,444	6.70%
6/30/16	738,451	738,451	-	11,028,573	6.70%
6/30/15	736,900	736,900	-	10,681,984	6.90%

See independent auditors' report and accompanying notes to the required supplementary information.

## WHA RADIO & TELEVISION

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2019

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#### ***WISCONSIN RETIREMENT SYSTEM (WRS) PENSION***

The amounts presented in relation to the schedule of employer's proportionate share of the net pension (asset)/liability and the schedule of employer contributions represents the specific data of WHA. The information was derived using a combination of the employer's contribution data along with data provided by the Wisconsin Retirement System in relation to WHA as a whole.

WHA is required to present the last ten fiscal years data; however, the standards allow WHA to present as many years as are available until ten fiscal years are presented.

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions.* There were no changes in the assumptions.