

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of Wisconsin Public Radio Association, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

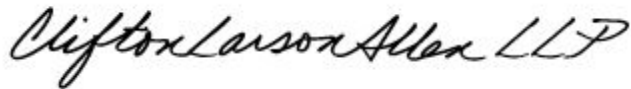
Board of Directors  
Wisconsin Public Radio Association, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Public Radio Association, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis-of-Matter Regarding a Change in Accounting Principle***

As described in Note 1 to the financial statements, Wisconsin Public Radio Association, Inc. adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts with Customers (Topic 606)* in 2021. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Middleton, Wisconsin  
November 11, 2021

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,513,334	\$ 1,494,294
Certificates of Deposit - Net of Noncurrent Portion	374,688	375,324
Accounts Receivable	49,364	5,240
Pledges Receivable - Net of Noncurrent Portion	89,681	102,791
Inventories	13,047	12,412
Prepaid Expenses	55,220	37,236
Total Current Assets	3,095,334	2,027,297
<b>NONCURRENT ASSETS</b>		
Pledges Receivable - Net	-	26,708
Certificates of Deposit - Net	-	374,369
CRM Software - Net	316,864	411,927
Beneficial Interest in Trust	84,900	66,477
Total Noncurrent Assets	401,764	879,481
<b>INVESTMENTS</b>		
Board-Designated Endowment UW Madison/ECB	7,992,176	5,558,023
Board-Designated Endowment UW Madison	515,348	424,479
UW Madison Permanent Endowment	133,753	100,959
UW Madison/ ECB Endowment	345,072	278,668
Total Investments	8,986,349	6,362,129
Total Assets	\$ 12,483,447	\$ 9,268,907
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 163,513	\$ 271,657
Total Liabilities	163,513	271,657
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	2,984,999	2,387,340
Designated for Endowment	8,692,424	5,982,502
Total Without Donor Restrictions	11,677,423	8,369,842
With Donor Restrictions	642,511	627,408
Total Net Assets	12,319,934	8,997,250
Total Liabilities and Net Assets	\$ 12,483,447	\$ 9,268,907

See accompanying Notes to Financial Statements.

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
Membership Contributions - \$1,000 or More	\$ 2,705,768	\$ 69,000	\$ 2,774,768
Membership Contributions - Other	7,485,021	27,298	7,512,319
Total Membership Contributions	<u>10,190,789</u>	<u>96,298</u>	<u>10,287,087</u>
Bequests and Memorials	1,121,995	-	1,121,995
UW Madison Programming Gift	250,000	-	250,000
Event and Regional	11,279	-	11,279
Investment Return:			
Operating Reserves	9,843	-	9,843
Board-Designated UW Madison/ECB	1,554,349	-	1,554,349
Board-Designated UW Madison	110,427	-	110,427
Endowment- Strategic Initiatives	-	26,594	26,594
Endowment	-	72,605	72,605
Subtotal	<u>13,248,682</u>	<u>195,497</u>	<u>13,444,179</u>
Net Assets Released from Restrictions	<u>180,394</u>	<u>(180,394)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	13,429,076	15,103	13,444,179
<b>EXPENSES</b>			
Program Services:			
Contractual Support to Licensees	7,068,186	-	7,068,186
Promotions	127,445	-	127,445
Endowment Appropriations	219,743	-	219,743
Designated Programming Gift	250,000	-	250,000
Restricted Accounts	162,624	-	162,624
Capital Projects	49,295	-	49,295
Total Program Services	<u>7,877,293</u>	<u>-</u>	<u>7,877,293</u>
Supporting Activities:			
Fundraising	2,101,972	-	2,101,972
Administration	142,230	-	142,230
Total Supporting Activities	<u>2,244,202</u>	<u>-</u>	<u>2,244,202</u>
Total Expenses	<u>10,121,495</u>	<u>-</u>	<u>10,121,495</u>
<b>CHANGE IN NET ASSETS</b>	3,307,581	15,103	3,322,684
Net Assets - Beginning of Year	<u>8,369,842</u>	<u>627,408</u>	<u>8,997,250</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 11,677,423</u>	<u>\$ 642,511</u>	<u>\$ 12,319,934</u>

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021				2020			
	Program Services	Administration	Fundraising	Total	Program Services	Administration	Fundraising	Total
Contractual Support to Licensees:								
Contractual Agreement - UW Madison	\$ 2,486,074	\$ -	\$ -	\$ 2,486,074	\$ 1,746,685	\$ -	\$ -	\$ 1,746,685
Contractual Agreement - ECB	4,582,112	-	-	4,582,112	5,409,804	-	-	5,409,804
Listener Development - UW Madison	-	-	-	-	-	-	-	-
Fundraising Organizer - ECB	-	-	123,790	123,790	-	-	121,363	121,363
State Promotions	7,144	-	-	7,144	136,592	-	-	136,592
Membership Solicitation	-	-	744,397	744,397	-	-	908,510	908,510
Salaries, Wages, and Fringe Benefits	120,301	77,437	1,138,722	1,336,460	119,532	77,968	1,155,536	1,353,036
Accountant, Audit, and Tax Preparation	-	13,853	-	13,853	-	13,565	-	13,565
General Office and Computer	-	19,483	-	19,483	-	13,609	-	13,609
Board Expenses	-	3,401	-	3,401	-	11,954	-	11,954
Election Expense	-	5,270	-	5,270	-	-	-	-
Public Awareness	-	11,670	-	11,670	-	3,529	-	3,529
Bank Charges	-	5,334	-	5,334	-	4,576	-	4,576
Staff Professional Development	-	5,169	-	5,169	-	17,749	-	17,749
ECB/UW Madison Discretionary	-	613	-	613	-	2,805	-	2,805
Endowment Appropriations	219,743	-	-	219,743	181,210	-	-	181,210
Capital Projects	49,295	-	-	49,295	-	-	-	-
CRM Amortization	-	-	95,063	95,063	-	-	63,373	63,373
Designated Programming Gift	250,000	-	-	250,000	300,000	-	-	300,000
Restricted Expenses	162,624	-	-	162,624	125,567	-	-	125,567
	<u>\$ 7,877,293</u>	<u>\$ 142,230</u>	<u>\$ 2,101,972</u>	<u>\$ 10,121,495</u>	<u>\$ 8,019,390</u>	<u>\$ 145,755</u>	<u>\$ 2,248,782</u>	<u>\$ 10,413,927</u>
Total Functional Expenses								

See accompanying Notes to Financial Statements.



**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,322,684	\$ 1,172,254
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	95,063	63,373
Change in Value of Beneficial Interest in Trust	(18,423)	(492)
Realized and Unrealized Gains on Investments	(1,578,833)	(58,972)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(44,124)	(3,660)
Pledges Receivable	39,818	192,731
Inventories	(635)	(9,988)
Prepaid Expenses	(17,984)	16,332
Accounts Payable	(108,144)	(180,757)
Deferred Revenue	-	(33,970)
Net Cash Provided by Operating Activities	1,689,422	1,156,851
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(4,669,953)	(6,881,509)
Proceeds from Sales of Investments	3,999,571	5,909,883
Purchase of CRM Software	-	(232,571)
Net Cash Used by Investing Activities	(670,382)	(1,204,197)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,019,040	(47,346)
Cash and Cash Equivalents - Beginning of Year	1,494,294	1,541,640
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 2,513,334	\$ 1,494,294

See accompanying Notes to Financial Statements.

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Wisconsin Public Radio Association, Inc. (WPRA) is a publicly supported nonprofit corporation whose purpose is to administer various fundraising and membership duties of Wisconsin Public Radio and to provide support to WHA-Radio and the ECB Radio Network. Its fundraising efforts include the entire state of Wisconsin. WPRA is primarily supported by public donations. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

**Basis of Preparation**

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

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

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

**Use of Estimates**

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

**Cash and Cash Equivalents**

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

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Certificates of Deposit**

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

**Accounts Receivable**

WPRA considers all accounts receivable at June 30, 2021 and 2020 to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

**Inventories**

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

**Software**

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

**Investments**

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

**Beneficial Interest in Trust**

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

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

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

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

**Income Tax Status**

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

**Expense Allocation**

The costs of providing the various program services and supported activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Fundraising - contractual support to licensees consists of reimbursements to the University of Wisconsin Madison and ECB Radio Network for fundraising expenses they incur for WPRA. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization. Those expenses include salaries, wages, and contractual support to the licensees. These costs are allocated based on the primary purpose of the staff duties performed. Most costs are directly charged to their related supporting function.

**Change in Accounting Principle**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* that amends the accounting for revenue recognition. The guidance is intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices, and improve disclosure requirements. Wisconsin Public Radio Association, Inc. adopted ASU 2014-09 during 2021, which did not result in an adjustment to net assets because the adoption did not significantly impact the reported historical revenue.

**NOTE 2 CONCENTRATION OF CREDIT RISK**

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

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

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 PLEDGES RECEIVABLE**

Pledges receivable consisted of the following:

	2021	2020
Pledges Receivable Due Within One Year	\$ 97,973	\$ 102,791
Pledges Receivable Due In Over One Year	-	35,000
Subtotal	<u>97,973</u>	<u>137,791</u>
Less: Allowance for Uncollectible Pledges	8,292	8,292
Pledges Receivable, Net	<u>\$ 89,681</u>	<u>\$ 129,499</u>

**NOTE 4 CRM SOFTWARE**

CRM Software consisted of the following:

	2021	2020
Software	\$ 475,300	\$ 475,300
Less: Accumulated Amortization	158,436	63,373
Software, Net	<u>\$ 316,864</u>	<u>\$ 411,927</u>

Amortization expense for the years ended June 30, 2021 and 2020 was \$95,063 and \$63,373, respectively.

**NOTE 5 INVESTMENTS**

Investments consisted of the following:

	2021					
	Operating	Board-Designated Endowment		Endowment		Total
	Reserves	UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Money Markets	\$ -	\$ 97,568	\$ 5,654	\$ 3,686	\$ 945	\$ 107,853
Mutual Funds						
Fixed Income	-	2,946,747	189,119	126,447	49,172	3,311,485
Domestic Equities	-	3,750,648	243,230	162,967	63,704	4,220,549
International Equities	-	1,197,213	77,345	51,972	19,932	1,346,462
Total Investments	<u>\$ -</u>	<u>\$ 7,992,176</u>	<u>\$ 515,348</u>	<u>\$ 345,072</u>	<u>\$ 133,753</u>	<u>\$ 8,986,349</u>
	2020					
	Operating	Board-Designated Endowment		Endowment		Total
	Reserves	UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Money Markets	\$ -	\$ 127,599	\$ 9,126	\$ 5,913	\$ 2,180	\$ 144,818
Mutual Funds						
Fixed Income	-	2,301,638	177,084	117,064	42,612	2,638,398
Domestic Equities	-	2,441,845	187,039	122,373	44,026	2,795,283
International Equities	-	686,941	51,230	33,318	12,141	783,630
Total Investments	<u>\$ -</u>	<u>\$ 5,558,023</u>	<u>\$ 424,479</u>	<u>\$ 278,668</u>	<u>\$ 100,959</u>	<u>\$ 6,362,129</u>

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 INVESTMENTS (CONTINUED)**

Investment return consisted of the following:

	2021					
	Operating Reserves	Board-Designated Endowment		Endowment		Total
		UW Madison/ECB	UW Madison	UW Madison/ECB	UW Madison	
Interest and Dividends	\$ 9,843	\$ 208,888	\$ 14,731	\$ 9,681	\$ 3,566	\$ 246,709
Realized Gain	-	334,067	28,094	17,664	5,355	385,180
Unrealized Gain	-	1,056,980	70,828	47,387	18,458	1,193,653
Investment Fees	-	(45,586)	(3,226)	(2,127)	(785)	(51,724)
Investment Return	\$ 9,843	\$ 1,554,349	\$ 110,427	\$ 72,605	\$ 26,594	\$ 1,773,818

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

**NOTE 6 FAIR VALUE MEASUREMENTS**

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

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

*Level 2* – Inputs to the valuation methodology include:

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

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

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

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

Following is a description of the valuation methodologies used at June 30, 2021 and 2020 for assets measured at fair value:

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

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

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

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

	2021			Total
	Level 1	Level 2	Level 3	
Money Markets	\$ 107,853	\$ -	\$ -	\$ 107,853
Mutual Funds:				
Value Funds	1,760,331	-	-	1,760,331
Growth Funds	2,460,218	-	-	2,460,218
International Funds	1,346,462	-	-	1,346,462
Fixed Income Funds	3,311,485	-	-	3,311,485
Beneficial Interest in Trust	-	-	84,900	84,900
Total Investments at Fair Value	<u>\$ 8,986,349</u>	<u>\$ -</u>	<u>\$ 84,900</u>	<u>\$ 9,071,249</u>
	2020			
	Level 1	Level 2	Level 3	Total
Money Markets	\$ 144,818	\$ -	\$ -	\$ 144,818
Mutual Funds:				
Value Funds	1,483,023	-	-	1,483,023
Growth Funds	1,312,260	-	-	1,312,260
International Funds	783,630	-	-	783,630
Fixed Income Funds	2,638,398	-	-	2,638,398
Beneficial Interest in Trust	-	-	66,477	66,477
Total Investments at Fair Value	<u>\$ 6,362,129</u>	<u>\$ -</u>	<u>\$ 66,477</u>	<u>\$ 6,428,606</u>

During 2021 and 2020, there were no purchases or issuances of Level 3 assets or transfers in or out of Level 3 of the fair value hierarchy.

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
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**NOTE 7 ACCOUNTS PAYABLE**

Accounts payable consisted of the following:

	2021	2020
UW Madison - Contract	\$ 113,345	\$ 237,537
Accounts Payable - General	50,168	34,120
Total Accounts Payable	<u>\$ 163,513</u>	<u>\$ 271,657</u>

**NOTE 8 MEMBERSHIP CONTRIBUTIONS**

Membership contributions consisted of the following:

	2021	2020
On-Air Pledge Drives	\$ 999,449	\$ 640,771
Direct Mail-Renewal, Additional Gifts, etc.	1,319,910	1,699,972
Renewal via Telemarketing	-	586
Vehicle Donations	384,320	182,033
Employees' Company Matching	71,541	64,984
Website via wpr.org	461,250	391,393
Sustained Giving	5,103,910	4,842,490
Major Giving Revenue	1,127,973	1,630,475
Solicitation Source Unknown	728,734	371,778
Other	90,000	(9,892)
Total	<u>\$ 10,287,087</u>	<u>\$ 9,814,590</u>

The contributors and their respective contributions are important elements in understanding support from listeners. There were 1,250 and 1,074 contributors of \$1,000 or more for fiscal years 2021 and 2020, respectively. There were 51,807 and 53,302 other contributors for fiscal years 2021 and 2020, respectively.

**NOTE 9 ALLOCATION OF NET ASSETS**

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



**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
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**NOTE 9 ALLOCATION OF NET ASSETS (CONTINUED)**

Allocation of net assets consisted of the following:

	2021		
	ECB	UW Madison	Total
Allocated Net Assets July 1, 2020	\$ 5,780,086	\$ 2,589,756	\$ 8,369,842
Support and Revenue Without Restriction	9,795,073	3,093,181	12,888,254
Designated Support and Revenue	-	250,000	250,000
Investment Return - Board-Designated UW Madison	-	110,427	110,427
Release of Purpose Restrictions	137,099	43,296	180,395
Less: Designated Expenditures	-	(250,000)	(250,000)
Less: Endowment Appropriation	(152,141)	(67,602)	(219,743)
Less: Expenses Net of Contractual Support	(1,869,430)	(590,346)	(2,459,776)
Subtotal	13,690,687	5,178,712	18,869,399
Less: Contractual Support	(4,705,902)	(2,486,074)	(7,191,976)
Allocated Net Assets - End of Year	\$ 8,984,785	\$ 2,692,638	11,677,423
Net Assets With Donor Restrictions			642,511
Net Assets June 30, 2021			\$ 12,319,934
	2020		
	ECB	UW Madison	Total
Allocated Net Assets July 1, 2019	\$ 4,788,510	\$ 2,280,564	\$ 7,069,074
Support and Revenue Without Restriction	8,465,348	2,673,265	11,138,613
Designated Support and Revenue	-	300,000	300,000
Investment Return - Board-Designated UW Madison	-	15,108	15,108
Release of Purpose Restrictions	198,340	62,634	260,974
Less: Designated Expenditures	-	(300,000)	(300,000)
Less: Endowment Appropriation	(123,248)	(57,962)	(181,210)
Less: Expenses Net of Contractual Support	(2,017,697)	(637,168)	(2,654,865)
Subtotal	11,311,253	4,336,441	15,647,694
Less: Contractual Support	(5,531,167)	(1,746,685)	(7,277,852)
Allocated Net Assets - End of Year	\$ 5,780,086	\$ 2,589,756	8,369,842
Net Assets With Donor Restrictions			627,408
Net Assets June 30, 2020			\$ 8,997,250

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
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**NOTE 10 NET ASSETS**

Net assets with donor restrictions consisted of the following:

	2021			
	Beginning	Increases	Releases	Ending
Purpose Restrictions:				
Second Century Fellow	\$ 40,104	\$ 2,500	\$ 35,605	\$ 6,999
Unmet Challenges	6,298	24,398	6,298	24,398
Lee Ester News Fellow	40,925	-	-	40,925
Classical Music	28,455	5,400	32,355	1,500
Diversity Intern EC	5,000	-	-	5,000
Mike Simonson Fellow	93,403	25,500	59,664	59,239
Journalism Fund	400	13,000	10,000	3,400
Wisconsin Life	-	25,000	25,000	-
TTBOOK	2,000	-	-	2,000
Strategic Initiatives Endowment				
Earnings	7,312	26,594	-	33,906
Endowment Earnings	33,116	72,605	11,472	94,249
Restricted in Perpetuity	370,395	500	-	370,895
Total	<u>\$ 627,408</u>	<u>\$ 195,497</u>	<u>\$ 180,394</u>	<u>\$ 642,511</u>
	2020			
	Beginning	Increases	Releases	Ending
Purpose Restrictions:				
Second Century Fellow	\$ 40,104	\$ 10,000	\$ 10,000	\$ 40,104
Unmet Challenges	125,066	6,298	125,066	6,298
Lee Ester News Fellow	40,000	925	-	40,925
Classical Music	10,000	41,955	23,500	28,455
Diversity Intern EC	5,000	5,000	5,000	5,000
Mike Simonson Fellow	130,470	20,000	57,067	93,403
Journalism Fund	400	-	-	400
Wisconsin Life	-	30,000	30,000	-
TTBOOK	1,000	1,000	-	2,000
Strategic Initiatives Endowment				
Earnings	4,089	3,223	-	7,312
Endowment Earnings	33,509	9,948	10,341	33,116
Restricted in Perpetuity	366,284	4,111	-	370,395
Total	<u>\$ 755,922</u>	<u>\$ 132,460</u>	<u>\$ 260,974</u>	<u>\$ 627,408</u>

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
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**NOTE 11 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS**

WPRA's endowments consist of four funds established to support general operations. Its endowment includes both donor-restricted funds and funds designated by the board of directors to function as endowments. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The summary of endowments below excludes contribution receivables and amounts not yet transferred to the endowment investment accounts of \$20,225 and \$30,929 as of June 30, 2021 and 2020, respectively, that are classified as net assets with donor restrictions. Additionally, the summary of board-designated endowments (without donor restrictions) below excludes amounts not yet transferred to the endowment investment accounts of \$184,900 and \$-0- as of June 30, 2021 and 2020, respectively.

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

*Funds with Deficiencies:* From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WPRA to retain as a fund of perpetual duration. No deficiencies of this nature were reported as of June 30, 2021 and 2020.

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

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

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS (CONTINUED)**

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

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

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

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment UW Madison/ECB	\$ 7,992,176	\$ -	\$ 7,992,176
Endowment UW Madison	515,348	-	515,348
Endowment:			
Original Donor-Restricted Gift Amount			
Required to be Maintained in Perpetuity	-	350,670	350,670
Accumulated Investment Gains	-	128,155	128,155
Endowment Net Assets	<u>\$ 8,507,524</u>	<u>\$ 478,825</u>	<u>\$ 8,986,349</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment UW Madison/ECB	\$ 5,558,023	\$ -	\$ 5,558,023
Endowment UW Madison	424,479	-	424,479
Endowment:			
Original Donor-Restricted Gift Amount			
Required to be Maintained in Perpetuity	-	339,199	339,199
Accumulated Investment Gains	-	40,428	40,428
Endowment Net Assets	<u>\$ 5,982,502</u>	<u>\$ 379,627</u>	<u>\$ 6,362,129</u>

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS (CONTINUED)**

Changes in endowment net assets were as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 5,982,502	\$ 379,627	\$ 6,362,129
Contributions	1,068,517	11,471	1,079,988
Appropriations	(208,271)	(11,472)	(219,743)
Investment Return:			
Interest and Dividends	223,619	13,247	236,866
Realized Gains	362,161	23,019	385,180
Unrealized Gain	1,127,808	65,845	1,193,653
Investment Fees	(48,812)	(2,912)	(51,724)
Balance - End of Year	<u>\$ 8,507,524</u>	<u>\$ 478,825</u>	<u>\$ 8,986,349</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance - Beginning of Year	\$ 4,714,333	\$ 362,964	\$ 5,077,297
Contributions	1,255,181	13,833	1,269,014
Appropriations	(170,869)	(10,341)	(181,210)
Investment Return:			
Interest and Dividends	165,029	12,084	177,113
Realized Gain	68,093	3,950	72,043
Unrealized Loss	(12,830)	(242)	(13,072)
Investment Fees	(36,435)	(2,621)	(39,056)
Balance - End of Year	<u>\$ 5,982,502</u>	<u>\$ 379,627</u>	<u>\$ 6,362,129</u>

**NOTE 12 RELATED PARTIES**

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

	2021		2020	
	UW Madison	ECB	UW Madison	ECB
Contractual Support Paid	\$ 2,486,074	\$ 4,705,902	\$ 1,746,685	\$ 5,531,167
Endowment Appropriations Paid	67,602	152,141	57,962	123,248
Staff Support	1,349,727	-	1,353,036	-
Other Payments for Projects and Capital	49,295	-	-	-
Programming Paid from Designated Gifts	250,000	-	300,000	-
Accounts Payable at June 30	128,175	-	247,406	-

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 LIQUIDITY**

As part of WPRA's liquidity management, it invests cash in excess of daily requirements in short-term investments. WPRA has a quasi-endowment of \$8.5 million. Although WPRA does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its quasi-endowment could be made available if necessary.

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

	2021	2020
Cash and Cash Equivalents	\$ 2,513,334	\$ 1,494,294
Certificates of Deposit	374,688	375,324
Accounts Receivable	49,364	5,240
Pledges Receivable - Net of Noncurrent Portion	89,681	102,791
Subtotal	<u>3,027,067</u>	<u>1,977,649</u>
Less: Amounts Restricted for a Specific Purpose	(143,459)	(216,586)
Total	<u><u>\$ 2,883,608</u></u>	<u><u>\$ 1,761,063</u></u>

**NOTE 14 RISKS AND UNCERTAINTIES**

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having a significant effect on global markets, supply chains, businesses, and communities. Specific to WPRA, COVID-19 may impact various parts of its fiscal year 2022 operations and financial results. Management believes WPRA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 15 SUBSEQUENT EVENTS**

Management evaluated subsequent events through November 11, 2021, the date the accompanying financial statements were available to be issued. Events or transactions occurring after June 30, 2021 but prior to November 11, 2021, that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the accompanying financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the accompanying financial statements were available to be issued, have not been recognized in the accompanying financial statements for the year ended June 30, 2021.