

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

| | |
|--|----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| STATEMENTS OF FINANCIAL POSITION | 3 |
| STATEMENTS OF ACTIVITIES | 4 |
| STATEMENTS OF FUNCTIONAL EXPENSES | 6 |
| STATEMENTS OF CASH FLOWS | 7 |
| NOTES TO FINANCIAL STATEMENTS | 8 |



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Wisconsin Public Radio Association, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wisconsin Public Radio Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the entity adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Wisconsin Public Radio Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wisconsin Public Radio Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Middleton, Wisconsin
November 9, 2023

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------|---------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 889,948 | \$ 775,401 |
| Short-Term Investments | 1,328,500 | 2,030,138 |
| Accounts Receivable | 31,515 | 32,141 |
| Pledges Receivable | 10,882 | 25,714 |
| Inventories | - | 10,282 |
| Prepaid Expenses | 31,935 | 50,249 |
| Total Current Assets | 2,292,780 | 2,923,925 |
| NONCURRENT ASSETS | | |
| CRM Software - Net | 126,739 | 221,799 |
| Accounting Software, CIP | 145,018 | - |
| Beneficial Interest in Trust | 81,100 | 74,778 |
| Total Noncurrent Assets | 352,857 | 296,577 |
| INVESTMENTS | | |
| Board-Designated Endowment UW Madison/ECB | 9,428,308 | 7,374,316 |
| Board-Designated Endowment UW Madison | 436,124 | 410,817 |
| UW Madison Permanent Endowment | 753,232 | 689,215 |
| UW Madison/ECB Endowment | 304,242 | 283,753 |
| Total Investments | 10,921,906 | 8,758,101 |
| Total Assets | \$ 13,567,543 | \$ 11,978,603 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable | \$ 395,410 | \$ 163,441 |
| Other Accrued Liabilities | 86,836 | 51,083 |
| Total Liabilities | 482,246 | 214,524 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 1,830,027 | 2,762,138 |
| Designated for Endowment | 10,088,994 | 7,879,550 |
| Total Without Donor Restrictions | 11,919,021 | 10,641,688 |
| With Donor Restrictions | 1,166,276 | 1,122,391 |
| Total Net Assets | 13,085,297 | 11,764,079 |
| Total Liabilities and Net Assets | \$ 13,567,543 | \$ 11,978,603 |

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| REVENUE, GAINS, AND OTHER SUPPORT | | | |
| Membership Contributions | \$ 10,372,029 | \$ 338,785 | \$ 10,710,814 |
| Bequests and Memorials | 1,537,632 | - | 1,537,632 |
| UW Madison Programming Gift | 200,000 | - | 200,000 |
| Event and Regional | 510 | - | 510 |
| Investment Return: | | | |
| Operating Reserves | 51,906 | - | 51,906 |
| Board-Designated UW Madison/ECB | 946,482 | - | 946,482 |
| Board-Designated UW Madison | 45,502 | - | 45,502 |
| Endowment- Strategic Initiatives | - | 77,052 | 77,052 |
| Endowment | - | 31,324 | 31,324 |
| Subtotal | 13,154,061 | 447,161 | 13,601,222 |
| Net Assets Released from Restrictions | 403,276 | (403,276) | - |
| Total Revenue, Gains, and Other Support | 13,557,337 | 43,885 | 13,601,222 |
| EXPENSES | | | |
| Program Services: | | | |
| Contractual Support to Licensees | 8,216,688 | - | 8,216,688 |
| Promotions | 247,764 | - | 247,764 |
| Endowment Appropriations | 327,332 | - | 327,332 |
| Designated Programming Gift | 200,000 | - | 200,000 |
| Restricted Accounts | 95,131 | - | 95,131 |
| Capital Projects | 377,119 | - | 377,119 |
| Total Program Services | 9,464,034 | - | 9,464,034 |
| Supporting Activities: | | | |
| Fundraising | 2,599,806 | - | 2,599,806 |
| Administration | 216,164 | - | 216,164 |
| Total Supporting Activities | 2,815,970 | - | 2,815,970 |
| Total Expenses | 12,280,004 | - | 12,280,004 |
| CHANGE IN NET ASSETS | 1,277,333 | 43,885 | 1,321,218 |
| Net Assets - Beginning of Year | 10,641,688 | 1,122,391 | 11,764,079 |
| NET ASSETS - END OF YEAR | \$ 11,919,021 | \$ 1,166,276 | \$ 13,085,297 |

See accompanying Notes to Financial Statements.

**WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------|
| REVENUE, GAINS, AND OTHER SUPPORT | | | |
| Membership Contributions | \$ 10,229,239 | \$ 1,175,798 | \$ 11,405,037 |
| Bequests and Memorials | 1,039,362 | - | 1,039,362 |
| UW Madison Programming Gift | 250,000 | - | 250,000 |
| Event and Regional | 8,825 | - | 8,825 |
| Investment Return: | | | |
| Operating Reserves | (3,991) | - | (3,991) |
| Board-Designated UW Madison/ECB | (1,487,590) | - | (1,487,590) |
| Board-Designated UW Madison | (84,095) | - | (84,095) |
| Endowment - Strategic Initiatives | - | (147,232) | (147,232) |
| Endowment | - | (58,079) | (58,079) |
| Subtotal | 9,951,750 | 970,487 | 10,922,237 |
| Net Assets Released from Restrictions | 490,607 | (490,607) | - |
| Total Revenue, Gains, and Other Support | 10,442,357 | 479,880 | 10,922,237 |
| EXPENSES | | | |
| Program Services: | | | |
| Contractual Support to Licensees | 7,874,642 | - | 7,874,642 |
| Promotions | 134,635 | - | 134,635 |
| Endowment Appropriations | 280,190 | - | 280,190 |
| Designated Programming Gift | 250,000 | - | 250,000 |
| Restricted Accounts | 177,942 | - | 177,942 |
| Capital Projects | 221,773 | - | 221,773 |
| Total Program Services | 8,939,182 | - | 8,939,182 |
| Supporting Activities: | | | |
| Fundraising | 2,393,533 | - | 2,393,533 |
| Administration | 145,377 | - | 145,377 |
| Total Supporting Activities | 2,538,910 | - | 2,538,910 |
| Total Expenses | 11,478,092 | - | 11,478,092 |
| CHANGE IN NET ASSETS | (1,035,735) | 479,880 | (555,855) |
| Net Assets - Beginning of Year | 11,677,423 | 642,511 | 12,319,934 |
| NET ASSETS - END OF YEAR | \$ 10,641,688 | \$ 1,122,391 | \$ 11,764,079 |

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | | | | 2022 | | | |
|--|---------------------|-------------------|---------------------|----------------------|---------------------|-------------------|---------------------|----------------------|
| | Program Services | Administration | Fundraising | Total | Program Services | Administration | Fundraising | Total |
| Contractual Support to Licensees: | | | | | | | | |
| Contractual Agreement - UW Madison | \$ 3,123,735 | \$ 34,147 | \$ - | \$ 3,157,882 | \$ 3,042,057 | \$ - | \$ - | \$ 3,042,057 |
| Contractual Agreement - ECB | 5,092,953 | - | - | 5,092,953 | 4,832,586 | - | - | 4,832,586 |
| Fundraising Organizer - ECB | - | - | 48,875 | 48,875 | - | - | 50,595 | 50,595 |
| State Promotions | 159,886 | - | - | 159,886 | 27,076 | - | - | 27,076 |
| Membership Solicitation | - | - | 1,257,915 | 1,257,915 | - | - | 1,058,932 | 1,058,932 |
| Salaries, Wages, and Fringe Benefits | 87,878 | 70,987 | 1,197,956 | 1,356,821 | 107,558 | 81,837 | 1,188,941 | 1,378,336 |
| Accountant, Audit, and Tax Preparation | - | 30,237 | - | 30,237 | - | 15,278 | - | 15,278 |
| General Office and Computer | - | 52,792 | - | 52,792 | - | 30,833 | - | 30,833 |
| Board Expenses | - | 5,666 | - | 5,666 | - | 2,846 | - | 2,846 |
| Public Awareness | - | 12,561 | - | 12,561 | - | 6,309 | - | 6,309 |
| Bank Charges | - | 1,938 | - | 1,938 | - | 1,945 | - | 1,945 |
| Staff Professional Development | - | 6,904 | - | 6,904 | - | 4,395 | - | 4,395 |
| ECB/UW Madison Discretionary | - | 932 | - | 932 | - | 1,934 | - | 1,934 |
| Endowment Appropriations | 327,332 | - | - | 327,332 | 280,190 | - | - | 280,190 |
| Capital Projects | 377,119 | - | - | 377,119 | 221,683 | - | - | 221,683 |
| CRM Amortization | - | - | 95,060 | 95,060 | - | - | 95,065 | 95,065 |
| Designated Programming Gift | 200,000 | - | - | 200,000 | 250,000 | - | - | 250,000 |
| Restricted Expenses | 95,131 | - | - | 95,131 | 178,032 | - | - | 178,032 |
| Total Functional Expenses | \$ 9,464,034 | \$ 216,164 | \$ 2,599,806 | \$ 12,280,004 | \$ 8,939,182 | \$ 145,377 | \$ 2,393,533 | \$ 11,478,092 |

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 1,321,218 | \$ (555,855) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 95,060 | 95,065 |
| Change in Value of Beneficial Interest in Trust | (6,322) | 10,122 |
| Realized and Unrealized (Gains) Losses on Investments | (798,991) | 2,158,859 |
| Changes in Operating Assets and Liabilities: | | |
| Accounts Receivable | (374) | 17,224 |
| Pledges Receivable | 15,832 | 63,966 |
| Inventories | 10,282 | 2,765 |
| Prepaid Expenses | 18,314 | 4,971 |
| Accounts Payable | 231,969 | 51,011 |
| Other Accrued Liabilities | 35,753 | - |
| Net Cash Provided by Operating Activities | 922,741 | 1,848,128 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (6,574,038) | (10,458,345) |
| Proceeds from Sales of Investments | 5,910,862 | 6,915,782 |
| Purchases of Property and Equipment | (145,018) | - |
| Net Cash Used by Investing Activities | (808,194) | (3,542,563) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 114,547 | (1,694,435) |
| Cash and Cash Equivalents - Beginning of Year | 775,401 | 2,469,836 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 889,948 | \$ 775,401 |

See accompanying Notes to Financial Statements.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

WPRA considers all accounts receivable at June 30, 2023 and 2022 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 development and installation costs for the Constituent Relationship Management (CRM) and Accounting Software projects are stated at cost. Amortization is calculated using the straight-line method based on the estimated useful life of the asset for the CRM, which is determined to be five years. As of June 30, 2023, the Accounting Software is considered construction in process and amortization will begin on July 1, 2023.

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 (depreciation) 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, 2023 AND 2022

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

We adopted the requirements of the guidance effective July 1, 2022 and have elected to apply the provisions of this standard to the beginning of the period of adoption. The financial statements do not include any leases which would require a ROU asset and lease liability to be recorded under ASC 842.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 CONCENTRATION OF CREDIT RISK

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

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

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consisted of the following:

| | 2023 | 2022 |
|---|-----------|-----------|
| Pledges Receivable Due Within One Year | \$ 18,174 | \$ 34,006 |
| Pledges Receivable Due In Over One Year | - | - |
| Subtotal | 18,174 | 34,006 |
| Less: Allowance for Uncollectible Pledges | 7,292 | 8,292 |
| Pledges Receivable, Net | \$ 10,882 | \$ 25,714 |

NOTE 4 CRM SOFTWARE

CRM Software consisted of the following:

| | 2023 | 2022 |
|--------------------------------|------------|------------|
| Software | \$ 475,300 | \$ 475,300 |
| Less: Accumulated Amortization | 348,561 | 253,501 |
| Software, Net | \$ 126,739 | \$ 221,799 |

Amortization expense for the years ended June 30, 2023 and 2022 was \$95,060 and \$95,065 respectively.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 FAIR VALUE MEASUREMENTS

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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, 2023 and 2022 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.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

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

| | 2023 | | | Total |
|---------------------------------|----------------------|-------------|------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | |
| Money Markets | \$ 442,881 | \$ - | \$ - | \$ 442,881 |
| Mutual Funds: | | | | |
| Value Funds | 3,275,917 | - | - | 3,275,917 |
| Growth Funds | 2,342,123 | - | - | 2,342,123 |
| International Funds | 2,251,451 | - | - | 2,251,451 |
| Fixed Income Funds | 3,938,034 | - | - | 3,938,034 |
| Beneficial Interest in Trust | - | - | 81,100 | 81,100 |
| Total Investments at Fair Value | <u>\$ 12,250,406</u> | <u>\$ -</u> | <u>\$ 81,100</u> | <u>\$ 12,331,506</u> |
| | | | | |
| | 2022 | | | Total |
| | Level 1 | Level 2 | Level 3 | |
| Money Markets | \$ 1,161,039 | \$ - | \$ - | \$ 1,161,039 |
| Mutual Funds: | | | | |
| Value Funds | 2,237,060 | - | - | 2,237,060 |
| Growth Funds | 2,002,900 | - | - | 2,002,900 |
| International Funds | 1,755,040 | - | - | 1,755,040 |
| Fixed Income Funds | 3,632,200 | - | - | 3,632,200 |
| Beneficial Interest in Trust | - | - | 74,778 | 74,778 |
| Total Investments at Fair Value | <u>\$ 10,788,239</u> | <u>\$ -</u> | <u>\$ 74,778</u> | <u>\$ 10,863,017</u> |

During 2023 and 2022, there were no purchases or issuances of Level 3 assets or transfers in or out of Level 3 of the fair value hierarchy.

NOTE 7 MEMBERSHIP CONTRIBUTIONS

Membership contributions consisted of the following:

| | 2023 | 2022 |
|---|----------------------|----------------------|
| On-Air Pledge Drives | \$ 1,242,884 | \$ 1,426,745 |
| Direct Mail-Renewal, Additional Gifts, etc. | 1,514,852 | 1,612,187 |
| Telemarketing | 171,240 | 41,635 |
| Vehicle Donations | 246,390 | 276,513 |
| Employees' Company Matching | 69,110 | 61,696 |
| Website via wpr.org | 625,944 | 613,997 |
| Sustained Giving | 4,295,929 | 4,133,125 |
| Major Giving Revenue | 347,063 | 397,328 |
| Solicitation Source Unknown | 1,886,759 | 1,801,215 |
| Other | 310,643 | 1,040,596 |
| Total | <u>\$ 10,710,814</u> | <u>\$ 11,405,037</u> |

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 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. In fiscal year 2022, the licensees agreed to a special modification to the allocation which had the first \$1,500,000 of unrestricted net revenue allocated to UW Madison.

Allocation of net assets consisted of the following:

| | 2023 | | |
|---|--------------|--------------|---------------|
| | ECB | UW Madison | Total |
| Allocated Net Assets July 1, 2022 | \$ 8,282,991 | \$ 2,358,697 | \$ 10,641,688 |
| Support and Revenue Without Restriction | 8,670,500 | 4,238,059 | 12,908,559 |
| Designated Support and Revenue | - | 200,000 | 200,000 |
| Investment Return - Board-Designated UW Madison | - | 45,502 | 45,502 |
| Release of Purpose Restrictions | 306,490 | 96,786 | 403,276 |
| Less: Designated Expenditures | - | (200,000) | (200,000) |
| Less: Endowment Appropriation | (223,517) | (103,815) | (327,332) |
| Less: Expenses Net of Contractual Support | (2,624,247) | (828,710) | (3,452,957) |
| Subtotal | 14,412,217 | 5,806,519 | 20,218,736 |
| Less: Contractual Support | (5,141,828) | (3,157,887) | (8,299,715) |
| Allocated Net Assets - End of Year | \$ 9,270,389 | \$ 2,648,632 | 11,919,021 |
| Net Assets With Donor Restrictions | | | 1,166,276 |
| Net Assets June 30, 2023 | | | \$ 13,085,297 |
| | 2022 | | |
| | ECB | UW Madison | Total |
| Allocated Net Assets July 1, 2021 | \$ 8,984,785 | \$ 2,692,638 | \$ 11,677,423 |
| Support and Revenue Without Restriction | 6,297,243 | 3,488,603 | 9,785,846 |
| Designated Support and Revenue | - | 250,000 | 250,000 |
| Investment Return - Board-Designated UW Madison | - | (84,095) | (84,095) |
| Release of Purpose Restrictions | 372,861 | 117,746 | 490,607 |
| Less: Designated Expenditures | - | (250,000) | (250,000) |
| Less: Endowment Appropriation | (191,491) | (88,699) | (280,190) |
| Less: Expenses Net of Contractual Support | (2,297,225) | (725,439) | (3,022,664) |
| Subtotal | 13,166,173 | 5,400,754 | 18,566,927 |
| Less: Contractual Support | (4,883,182) | (3,042,057) | (7,925,239) |
| Allocated Net Assets - End of Year | \$ 8,282,991 | \$ 2,358,697 | 10,641,688 |
| Net Assets With Donor Restrictions | | | 1,122,391 |
| Net Assets June 30, 2022 | | | \$ 11,764,079 |

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 NET ASSETS

Net assets with donor restrictions consisted of the following:

| | 2023 | | | |
|---------------------------------|---------------------|-------------------|-------------------|---------------------|
| | Beginning | Increases | Releases | Ending |
| Purpose Restrictions: | | | | |
| Unmet Challenges | \$ 11,067 | \$ 284,285 | \$ 281,777 | \$ 13,575 |
| Classical Music | - | 5,000 | 5,000 | - |
| Digital Fund | - | 10,000 | - | 10,000 |
| Diversity Intern EC | 5,000 | - | - | 5,000 |
| Mike Simonson Fellow | 25,132 | 10,000 | 35,132 | - |
| Superior Region | 97,830 | - | 30,000 | 67,830 |
| Journalism Fund | 3,400 | - | - | 3,400 |
| Wisconsin Life | - | 29,500 | 25,000 | 4,500 |
| TTBOOK | 2,000 | - | - | 2,000 |
| Strategic Initiatives Endowment | - | - | - | - |
| Earnings | (121,118) | 77,052 | 13,035 | (57,101) |
| Endowment Earnings | 23,200 | 31,324 | 13,332 | 41,192 |
| Restricted in Perpetuity | 1,075,880 | - | - | 1,075,880 |
| Total | <u>\$ 1,122,391</u> | <u>\$ 447,161</u> | <u>\$ 403,276</u> | <u>\$ 1,166,276</u> |
| | | | | |
| | 2022 | | | |
| | Beginning | Increases | Releases | Ending |
| Purpose Restrictions: | | | | |
| Second Century Fellow | \$ 6,999 | \$ 1 | \$ 7,000 | \$ - |
| Unmet Challenges | 24,398 | 278,482 | 291,813 | 11,067 |
| Lee Ester News Fellow | 40,925 | - | 40,925 | - |
| Classical Music | 1,500 | 5,500 | 7,000 | - |
| Diversity Intern EC | 5,000 | - | - | 5,000 |
| Mike Simonson Fellow | 59,239 | 35,000 | 69,107 | 25,132 |
| Superior Region | - | 126,830 | 29,000 | 97,830 |
| Journalism Fund | 3,400 | - | - | 3,400 |
| Wisconsin Life | - | 25,000 | 25,000 | - |
| TTBOOK | 2,000 | - | - | 2,000 |
| Strategic Initiatives Endowment | | | | |
| Earnings | 33,906 | (147,232) | 7,792 | (121,118) |
| Endowment Earnings | 94,249 | (58,079) | 12,970 | 23,200 |
| Restricted in Perpetuity | 370,895 | 704,985 | - | 1,075,880 |
| Total | <u>\$ 642,511</u> | <u>\$ 970,487</u> | <u>\$ 490,607</u> | <u>\$ 1,122,391</u> |

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 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 \$2,500 and \$26,000 as of June 30, 2023 and 2022, 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 \$224,562 and \$94,417 as of June 30, 2023 and 2022, 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. At June 30, 2023, one fund with an original gift value of \$810,331, fair value of \$753,231 and deficiency of \$57,100 was reported in net assets with donor restrictions. At June 30, 2022, one fund with an original gift value of \$810,331, fair value of \$689,213 and deficiency of \$121,118 was reported in net assets with donor restrictions.

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%.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS (CONTINUED)

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.

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:

| | 2023 | | |
|---|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment UW Madison/ECB | \$ 9,428,308 | \$ - | \$ 9,428,308 |
| Endowment UW Madison | 436,124 | - | 436,124 |
| Endowment: | | | |
| Original Donor-Restricted Gift Amount | | | |
| Required to be Maintained in Perpetuity | - | 1,058,046 | 1,058,046 |
| Accumulated Investment Gains (Losses) | - | (572) | (572) |
| Endowment Net Assets | <u>\$ 9,864,432</u> | <u>\$ 1,057,474</u> | <u>\$ 10,921,906</u> |
| | | | |
| | 2022 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment UW Madison/ECB | \$ 7,374,316 | \$ - | \$ 7,374,316 |
| Endowment UW Madison | 410,817 | - | 410,817 |
| Endowment: | | | |
| Original Donor-Restricted Gift Amount | | | |
| Required to be Maintained in Perpetuity | - | 1,055,546 | 1,055,546 |
| Accumulated Investment Gains (Losses) | - | (82,578) | (82,578) |
| Endowment Net Assets | <u>\$ 7,785,133</u> | <u>\$ 972,968</u> | <u>\$ 8,758,101</u> |

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 BOARD-DESIGNATED AND DONOR RESTRICTED ENDOWMENTS (CONTINUED)

Changes in endowment net assets were as follows:

| | 2023 | | |
|-----------------------------|-------------------------------|----------------------------|----------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Balance - Beginning of Year | \$ 7,785,133 | \$ 972,968 | \$ 8,758,101 |
| Contributions | 1,388,277 | 2,500 | 1,390,777 |
| Appropriations | (300,962) | (26,370) | (327,332) |
| Investment Return: | | | |
| Interest and Dividends | 297,161 | 33,571 | 330,732 |
| Realized Gain (Loss) | (37,709) | (38,313) | (76,022) |
| Unrealized Gain | 772,733 | 117,767 | 890,500 |
| Investment Fees | (40,201) | (4,649) | (44,850) |
| Balance - End of Year | <u>\$ 9,864,432</u> | <u>\$ 1,057,474</u> | <u>\$ 10,921,906</u> |
| | | | |
| | 2022 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Balance - Beginning of Year | \$ 8,507,524 | \$ 478,825 | \$ 8,986,349 |
| Contributions | 1,108,722 | 720,216 | 1,828,938 |
| Appropriations | (259,428) | (20,762) | (280,190) |
| Investment Return: | | | |
| Interest and Dividends | 401,652 | 27,041 | 428,693 |
| Realized Gain (Loss) | 200,690 | (494) | 200,196 |
| Unrealized Loss | (2,123,430) | (227,457) | (2,350,887) |
| Investment Fees | (50,597) | (4,401) | (54,998) |
| Balance - End of Year | <u>\$ 7,785,133</u> | <u>\$ 972,968</u> | <u>\$ 8,758,101</u> |

NOTE 11 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:

| | 2023 | | 2022 | |
|--|--------------|--------------|--------------|--------------|
| | UW Madison | ECB | UW Madison | ECB |
| Contractual Support Paid | \$ 3,123,735 | \$ 5,141,828 | \$ 3,042,057 | \$ 4,883,181 |
| Endowment Appropriations Paid | 103,815 | 223,517 | 88,699 | 191,491 |
| Staff Support | 1,593,240 | - | 1,402,949 | - |
| Other Payments for Projects and Capital | 277,119 | 100,000 | 104,448 | 117,235 |
| Programming Paid from Designated Gifts | 200,000 | - | 250,000 | - |
| Accounts Payable at June 30 | 200,181 | - | 164,428 | - |

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 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 \$9.9 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:

| | 2023 | 2022 |
|---|--------------|--------------|
| Cash and Cash Equivalents | \$ 889,948 | \$ 775,401 |
| Short-Term Investments | 1,328,500 | 2,030,138 |
| Accounts Receivable | 31,515 | 32,141 |
| Pledges Receivable - Net of Noncurrent Portion | 10,882 | 25,714 |
| Subtotal | 2,260,845 | 2,863,394 |
| Less: Amounts Restricted for a Specific Purpose | (106,305) | (144,429) |
| Total | \$ 2,154,540 | \$ 2,718,965 |

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 9, 2023, the date the accompanying financial statements were available to be issued. Events or transactions occurring after June 30, 2023 but prior to November 9, 2023, that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the accompanying financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist at June 30, 2023, 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, 2023.



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