

WHA RADIO & TELEVISION

Madison, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended June 30, 2020 and 2019

WHA RADIO & TELEVISION

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INDEPENDENT AUDITORS' REPORT

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

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, 2020 and 2019, 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 PBS Wisconsin, Inc., which respectively represent 23 percent and 46 percent of the total assets, 26 percent and 47 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 39 percent, 41 percent, and 27 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, 2020. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc., and the Friends of PBS Wisconsin, 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. 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 PBS Wisconsin, 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, 2020 and 2019, 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 US, LLP

Madison, Wisconsin
January 11, 2021

WHA RADIO & TELEVISION

UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended June 30, 2020 and 2019

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, 2020 and June 30, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 PBS Wisconsin, 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, 2020 and 2019

FINANCIAL ANALYSIS

Condensed financial information for WHA (in thousands) as of and for the fiscal years ended June 30, 2020, June 30, 2019, and June 30, 2018 is as follows:

	June 30, 2020	Percent Change from Previous Year	June 30, 2019	Percent Change from Previous Year	June 30, 2018
Capital assets	\$ 2,577	17	\$ 2,211	62	\$ 1,369
Other assets	40,650	13	36,086	3	35,020
Total Assets	<u>43,227</u>	<u>13</u>	<u>38,297</u>	<u>5</u>	<u>36,389</u>
Deferred outflows	<u>6,697</u>	<u>(18)</u>	<u>8,181</u>	<u>105</u>	<u>3,984</u>
Current liabilities	1,467	(4)	1,529	25	1,221
Noncurrent liabilities	282	(92)	3,467	1,276	252
Total Liabilities	<u>1,749</u>	<u>(65)</u>	<u>4,996</u>	<u>239</u>	<u>1,473</u>
Deferred Inflows	<u>9,296</u>	<u>110</u>	<u>4,422</u>	<u>(9)</u>	<u>4,846</u>
Investment in capital assets	2,577	17	2,211	62	1,369
Restricted – nonexpendable	1,249	-	1,248	-	1,243
Restricted – expendable	4,198	(12)	4,785	83	2,608
Restricted – pensions	3,099	100	-	(100)	2,434
Unrestricted	<u>27,755</u>	<u>(4)</u>	<u>28,816</u>	<u>9</u>	<u>26,400</u>
Total Net Position	<u>38,878</u>	<u>5</u>	<u>37,060</u>	<u>9</u>	<u>34,054</u>
Operating revenues	22,063	1	21,885	5	20,781
Operating expenses	30,315	1	29,968	6	28,376
Net Operating Loss	<u>(8,252)</u>	<u>2</u>	<u>(8,083)</u>	<u>6</u>	<u>(7,595)</u>
Nonoperating revenues and capital contributions	<u>10,070</u>	<u>(9)</u>	<u>11,088</u>	<u>14</u>	<u>9,714</u>
Change in Net Position	<u>\$ 1,818</u>	<u>(7)</u>	<u>\$ 3,005</u>	<u>21</u>	<u>\$ 2,119</u>

Fiscal year 2019-20 activity reflects increased operating revenue and operating expenses, and a decrease in nonoperating revenues, while fiscal year 2018-19 activity reflects increased operating revenue, operating expenses, and nonoperating revenues. The rise in FY 2019-20 operating revenue related to increases in grants, membership income and telecasting, production and other revenue that were partially offset by decreases in CPB Community Service Grant revenue and major gift revenue. Decreases in nonoperating revenues related largely to decreases in capital contributions, donated facilities and administrative support and investment income. The increase 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.

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UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Years Ended June 30, 2020 and 2019

FINANCIAL ANALYSIS (cont.)

Total assets increased by 13 percent in FY 2019-20, while liabilities decreased by 65 percent, deferred outflows decreased by 18 percent and deferred inflows increased by 110 percent. This compares to a 5 percent increase in total assets, a 239 percent increase in liabilities, a 105 percent increase in deferred outflows and a 9 percent decrease in deferred inflows in FY 2018-19. The FY 2019-20 changes were greatly impacted by pension-related changes which increased net pension assets and deferred inflows, while decreasing liabilities and deferred outflows. The increase in FY 2019-20 assets also reflected increases in investments. 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.

Capital assets increased by 17 percent in FY 2019-20 after increasing by 62 percent in FY 2018-19. Capital asset values tend to fluctuate due to the timing of significant capital asset purchases. The FY 2019-20 increase related to the replacement of various WHA radio equipment as well as the replacement of WHA Television's antenna. The FY 2018-19 increase related largely to WHA Television's transmitter.

Current liabilities decreased by 4 percent in FY 2019-20 after increasing by 25 percent in FY 2018-19. The FY 2019-20 decrease was due to decreases in accounts payable and unearned revenue but was partially offset by increases in the current portion of compensated absences. The FY 2018-19 increase was due to both increases in accounts payable and to increases in the current portion of compensated absences payable. Noncurrent liabilities decreased by 92 percent in FY 2018-19 after decreasing by 1,276 percent in FY 2018-19. The FY 2019-20 decrease was due to a 3,191,000 decrease in net pension liabilities while the FY 2018-19 increase was due to a \$3,191,000 increase in net pension liabilities.

Operating revenues increased by 1 percent in FY 2019-20 after increasing by 5 percent in FY 2018-19. The increase in FY 2019-20 reflected a \$387,000 increase in grant revenue, a \$380,000 increase in membership revenue and a \$133,000 increase in telecasting, production and other income. These increases were partially offset by a \$366,000 decrease in major gift revenue, a \$249,000 decrease in CPB Community Service Grant revenue and a \$106,000 decrease in underwriting revenue. The increase in grant revenue related to one-time stabilization funds provided by the Corporation for Public Broadcasting (CPB) as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The increase in FY 2018-19 operating revenues 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 FY 2018-19 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).

Operating expenses increased by 1 percent in FY 2019-20 and by 6 percent in FY 2018-19. Increases in FY 2019-20 related largely to staffing costs while FY 2018-19 related to staffing and pension costs. The FY 2019-20 increases occurred despite a \$384,000 decrease in donated facilities and administration costs. Increases in FY 2018-19 operating costs were partially offset by 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.

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UNAUDITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL ANALYSIS (cont.)

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 decreased by 9 percent in FY 2019-20 after increasing by 14 percent in FY 2018-19. The decrease in FY 2019-20 was due to decreased capital contributions of \$449,000, decreases in donated facilities and administrative support of \$384,000, and decrease investment income of \$318,000. These decreases were slightly offset by a \$86,000 increase in state general appropriations and a \$47,000 decrease in losses on the sale of assets. 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 of \$2,836,000.

As identified in the notes to the financial statements, a reorganization of the University of Wisconsin system 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.

RISKS AND UNCERTAINTIES

During the year ended June 30, 2020, the World Health Organization declared Coronavirus Disease (COVID-19) as a worldwide pandemic. The COVID-19 pandemic is having significant effect on global markets, supply chains, businesses, governmental organizations and communities. COVID-19 may impact various parts of WHA Radio and Television's operations and financial results. The full impact of the pandemic is unknown and cannot be reasonably estimated as these events are still developing.

CONTACTING WHA'S FINANCIAL MANAGEMENT

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 Finance, 821 University Avenue, Madison, WI 53706.

WHA RADIO & TELEVISION

STATEMENT OF NET POSITION As of June 30, 2020

	WHA Radio	WHA TV	Total
ASSETS			
Current Assets			
Cash and equivalents	\$ 1,979,873	\$ 2,177,069	\$ 4,156,942
Investments	485,601	759,749	1,245,350
Contributions receivable, net	24,670	33,263	57,933
Grants receivable	-	22,333	22,333
Accounts and interest receivable, net	95,529	119,167	214,696
Accounts receivable - related party	370,964	975,467	1,346,431
Due from University of Wisconsin System	783,311	1,783,383	2,566,694
Prepaid expenses	52,936	166,876	219,812
Inventory	2,979	13,181	16,160
Total Current Assets	3,795,863	6,050,488	9,846,351
Noncurrent Assets			
Investments	7,026,277	20,155,407	27,181,684
Contributions receivable, net	6,410	516,868	523,278
Net pension asset	1,609,775	1,489,132	3,098,907
Capital Assets			
Work in progress	-	394,104	394,104
Depreciable assets net of accumulated depreciation/amortization	993,691	1,189,141	2,182,832
Total Noncurrent Assets	9,636,153	23,744,652	33,380,805
Total Assets	13,432,016	29,795,140	43,227,156
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	3,528,413	3,168,198	6,696,611
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	164,826	129,971	294,797
Accounts payable - related party	5,495	27,795	33,290
Wages payable	35,283	31,229	66,512
Current portion of compensated absences payable	550,034	488,618	1,038,652
Unearned revenue	-	33,925	33,925
Total Current Liabilities	755,638	711,538	1,467,176
Noncurrent Liabilities			
Compensated absences payable	120,367	161,766	282,133
Total Noncurrent Liabilities	120,367	161,766	282,133
Total Liabilities	876,005	873,304	1,749,309
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	4,946,847	4,333,508	9,280,355
Beneficial interest in trust	15,955	-	15,955
Total Deferred Inflows of Resources	4,962,802	4,333,508	9,296,310
NET POSITION			
Investment in capital assets	993,691	1,583,244	2,576,935
Restricted - nonexpendable endowments	88,894	1,160,378	1,249,272
Restricted - expendable endowments	-	350,805	350,805
Restricted - expendable grantee and donor	369,703	3,477,286	3,846,989
Restricted - net pension asset	1,609,775	1,489,132	3,098,907
Unrestricted	8,059,559	19,695,681	27,755,240
TOTAL NET POSITION	\$ 11,121,622	\$ 27,756,526	\$ 38,878,148

See accompanying notes to financial statements.

WHA RADIO & TELEVISION

STATEMENT OF NET POSITION As of June 30, 2019

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
ASSETS			
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	716,194	1,121,330	1,837,524
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>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related amounts	<u>4,154,990</u>	<u>4,025,985</u>	<u>8,180,975</u>
LIABILITIES			
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	1,679,361	1,511,462	3,190,823
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>
DEFERRED INFLOWS OF RESOURCES			
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>
NET POSITION			
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>
TOTAL NET POSITION	<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, 2020

	WHA Radio	WHA TV	Total
OPERATING REVENUES			
Grants	\$ 819,846	\$ 376,356	\$ 1,196,202
Community services grant from CPB	516,069	1,737,308	2,253,377
Underwriting	1,341,952	926,772	2,268,724
Telecasting, production, and other income	5,275,283	791,304	6,066,587
Membership income	1,812,070	4,160,096	5,972,166
Major gifts	1,255,588	3,050,577	4,306,165
Total Operating Revenues	<u>11,020,808</u>	<u>11,042,413</u>	<u>22,063,221</u>
OPERATING EXPENSES			
Program services			
Programming and production	8,353,445	8,109,208	16,462,653
Broadcasting	1,383,417	504,567	1,887,984
Program information	614,950	2,077,736	2,692,686
Total Program Services Expenses	<u>10,351,812</u>	<u>10,691,511</u>	<u>21,043,323</u>
Supporting services			
Management and general	2,370,626	2,466,019	4,836,645
Fundraising	700,207	2,148,183	2,848,390
Underwriting	1,366,742	220,384	1,587,126
Total Supporting Services Expenses	<u>4,437,575</u>	<u>4,834,586</u>	<u>9,272,161</u>
Total Operating Expenses	<u>14,789,387</u>	<u>15,526,097</u>	<u>30,315,484</u>
Operating Loss	<u>(3,768,579)</u>	<u>(4,483,684)</u>	<u>(8,252,263)</u>
NONOPERATING REVENUES			
State general appropriations	2,430,141	4,856,324	7,286,465
Donated facilities and administrative support from the University of Wisconsin System	535,556	843,294	1,378,850
Investment income	365,559	775,869	1,141,428
Total Nonoperating Revenues	<u>3,331,256</u>	<u>6,475,487</u>	<u>9,806,743</u>
Income (loss) before capital contributions	(437,323)	1,991,803	1,554,480
Capital contributions	-	263,784	263,784
Change in Net Position	(437,323)	2,255,587	1,818,264
NET POSITION - Beginning of Year	<u>11,558,945</u>	<u>25,500,939</u>	<u>37,059,884</u>
NET POSITION - END OF YEAR	<u>\$ 11,121,622</u>	<u>\$ 27,756,526</u>	<u>\$ 38,878,148</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
OPERATING REVENUES			
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>
OPERATING EXPENSES			
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>
NONOPERATING REVENUES (EXPENSES)			
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 CASH FLOWS For the Year Ended June 30, 2020

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from grants	\$ 583,985	\$ 144,378	\$ 728,363
Cash received from CPB - community service grant	261,361	1,956,782	2,218,143
Cash received from contributed support	4,852,272	8,477,045	13,329,317
Cash received from sales and services	5,367,486	785,432	6,152,918
Cash paid to vendors for goods and services	(550,880)	(4,261,056)	(4,811,936)
Cash paid to employees for payroll	<u>(12,604,293)</u>	<u>(10,301,488)</u>	<u>(22,905,781)</u>
Net Cash Flows from Operating Activities	<u>(2,090,069)</u>	<u>(3,198,907)</u>	<u>(5,288,976)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipts from state government	<u>2,430,141</u>	<u>4,856,324</u>	<u>7,286,465</u>
Net Cash Flows from Noncapital Financing Activities	<u>2,430,141</u>	<u>4,856,324</u>	<u>7,286,465</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Marketable securities (purchased) and sold	42,730	(2,530,033)	(2,487,303)
Interest and dividend income	<u>257,608</u>	<u>519,168</u>	<u>776,776</u>
Net Cash Flows from Investing Activities	<u>300,338</u>	<u>(2,010,865)</u>	<u>(1,710,527)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	<u>(598,079)</u>	<u>(204,356)</u>	<u>(802,435)</u>
Net Cash Flows from Capital and Related Financing Activities	<u>(598,079)</u>	<u>(204,356)</u>	<u>(802,435)</u>
Net Change in Cash and Cash Equivalents	42,331	(557,804)	(515,473)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,937,542</u>	<u>2,734,873</u>	<u>4,672,415</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,979,873</u>	<u>\$ 2,177,069</u>	<u>\$ 4,156,942</u>

See accompanying notes to financial statements.

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (3,768,579)	\$ (4,483,684)	\$ (8,252,263)
Adjustments to reconcile operating loss to net cash flows from operating activities			
Noncash items included in operating loss			
Depreciation and amortization expense	443,397	256,431	699,828
Donated facilities and administrative support from the University of Wisconsin System expense	535,556	843,295	1,378,851
Change in Assets, Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources			
Accounts receivable, net excluding interest receivable	202,361	43,164	245,525
Inventory	(2,397)	8,378	5,981
Prepaid expenses	(50,080)	(107,947)	(158,027)
Accounts payable and accrued expenses	66,039	(44,279)	21,760
Due to (from) the University of Wisconsin System	465,379	317,378	782,757
Unearned revenues	1,847	(83,804)	(81,957)
Pension related amounts	16,408	52,161	68,569
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (2,090,069)</u>	<u>\$ (3,198,907)</u>	<u>\$ (5,288,976)</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, 2019

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
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>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
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>
CASH FLOWS FROM INVESTING ACTIVITIES			
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>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
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>
Net Change in Cash and Cash Equivalents	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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<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>
CASH FLOWS FROM OPERATING ACTIVITIES			
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	553,091	451,971	1,005,062
NET CASH FLOWS FROM OPERATING ACTIVITIES	<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

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WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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 PBS Wisconsin, Inc. (Friends), a not-for-profit corporation that receives contributions for the PBS Wisconsin partnership, which includes WHA Television and the Wisconsin Education Communications Board (ECB) television network. Friends was known as the Friends of Wisconsin Public Television, Inc., prior to a name change that occurred in December of 2019. 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.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

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

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

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.

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 expenses 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.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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.)

1. Deposits and Investments (cont.)

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'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 Regent 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 Regent 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 to provide educational investment management opportunity for the UW-Madison School of Business Applied Security Analysis Program. The ASAP Regent Fund 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. Investment management responsibilities for the UW Long Term Fund is provided by the State of Wisconsin Investment Board (SWIB) which manages 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 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.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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.)

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.

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.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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

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

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.

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, 2020 and 2019

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, 2020:

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 3,153,111	\$ 3,067,409	Custodial credit
Mutual funds – bond funds	4,540,773	4,540,773	Credit, interest rate, foreign currency
Mutual funds – other than bonds	7,740,978	7,740,978	N/A
UW ASAP Regent Intermediate-term Fund	3,300,888	3,300,888	Credit
UW Long-term Fund	11,917,706	11,917,706	Credit
SIF	1,930,520	1,930,520	Credit
 Total Cash and Investments	 \$ 32,583,976	 \$ 32,498,274	
 Reconciliation to financial statements			
Per statement of net position			
Cash and equivalents	\$ 4,156,942		
Current investments	1,245,350		
Noncurrent investments	27,181,684		
 Total Cash and Investments	 \$ 32,583,976		

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 Regent 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	Credit
 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 RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

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

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, 2020 and June 30, 2019, respectively, \$1,558,437 and \$2,120,374 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, 2020 or as of June 30, 2019.

Credit Risk

As of June 30, 2020 and June 30, 2019, WHA's investments were rated as follows:

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

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

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

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

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, 2020, WHA's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		1-3	3-5	5-8
Mutual funds – bond funds	\$ 4,540,773	\$ 2,214,066	\$ 540,150	\$ 1,786,557

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

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, 2020, WHA was exposed to foreign currency risk totaling \$893,953 within the mutual fund – bond funds investment balances. Of the total investments exposed to foreign currency risk, \$805,974 related to investments held by Friends and \$87,979 related to investments held by WPRA. 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.

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 Regent Fund and Long-term Fund – 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, 2020 and 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Value Measurement (cont.)

Investment Type	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds – bond funds	\$ 4,540,773	\$ -	\$ -	\$ 4,540,773
Mutual funds – other than bonds	7,740,978	-	-	7,740,978
UW ASAP Regent Intermediate Fund	-	3,300,888	-	3,300,888
UW Long-term Fund	-	11,917,706	-	11,917,706
Totals	<u>\$ 12,281,751</u>	<u>\$ 15,218,594</u>	<u>\$ -</u>	<u>\$ 27,500,345</u>

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 Regent Intermediate Fund	-	2,924,732	-	2,924,732
UW Long-term Fund	-	12,166,876	-	12,166,876
Totals	<u>\$ 10,038,304</u>	<u>\$ 15,091,608</u>	<u>\$ -</u>	<u>\$ 25,129,912</u>

B. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated/Amortized				
Work in progress	\$ 373,019	\$ 251,420	\$ 230,335	\$ 394,104
Capital Assets Being Depreciated/Amortized				
Equipment	12,405,233	410,055	445,560	12,369,728
Intangible assets	517,220	635,081	270,139	882,162
Total Capital Assets Being Depreciated/Amortized	<u>12,922,453</u>	<u>1,045,136</u>	<u>715,699</u>	<u>13,251,890</u>
Less: Accumulated depreciation/amortization	<u>(11,084,929)</u>	<u>(699,828)</u>	<u>715,699</u>	<u>(11,069,058)</u>
Total Capital Assets Being Depreciated/Amortized Net of Accumulated Depreciation/Amortization	<u>1,837,524</u>	<u>345,308</u>	<u>-</u>	<u>2,182,832</u>
Net Capital Assets	<u>\$ 2,210,543</u>	<u>\$ 596,728</u>	<u>\$ (230,335)</u>	<u>\$ 2,576,936</u>

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

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	\$ 474,156
Program information	1,432
Broadcasting	164,590
Fundraising	15,210
Management and general	<u>44,440</u>
Total	<u>\$ 699,828</u>

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	<u>516,858</u>	<u>264,979</u>	<u>264,617</u>	<u>517,220</u>
Total Capital Assets Being Depreciated/Amortized	<u>13,542,404</u>	<u>1,340,261</u>	<u>1,960,212</u>	<u>12,922,453</u>
Less: Accumulated depreciation/amortization	<u>(12,394,518)</u>	<u>(603,822)</u>	<u>1,913,411</u>	<u>(11,084,929)</u>
Total Capital Assets Being Depreciated/Amortized Net of Accumulated Depreciation/ Amortization	<u>1,147,886</u>	<u>736,439</u>	<u>(46,801)</u>	<u>1,837,524</u>
Net Capital Assets	<u>\$ 1,368,623</u>	<u>\$ 1,068,779</u>	<u>\$ (226,859)</u>	<u>\$ 2,210,543</u>

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>\$ 603,822</u>

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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, 2020 and \$0 as of June 30, 2019. 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 \$71,896 as of June 30, 2020 and \$87,358 as of June 30, 2019.

D. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 964,291	\$ 489,149	\$ 132,655	\$ 1,320,785	\$1,038,652
Net pension liability	<u>3,190,823</u>	-	<u>3,190,823</u>	-	-
Totals	<u>\$ 4,155,114</u>	<u>\$ 489,149</u>	<u>\$ 3,323,478</u>	<u>\$ 1,320,785</u>	<u>\$1,038,652</u>

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

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

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 \$46,677 for the year ended June 30, 2020, and \$48,677 for the year ended June 30, 2019.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

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

E. OPERATING LEASES (cont.)

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 fiscal year 2021. The estimated future minimum payments related to this lease are as follows for the fiscal years ended June 30:

2021	\$	27,175
2022		27,175
2023		27,175
2024		27,175
2025		27,175
2026		<u>13,588</u>
Total	\$	<u>149,463</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 \$16,116 for the year ended June 30, 2020 and \$15,646 for the year ended June 30, 2019.

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

2021	\$	16,599
2022		17,097
2023		<u>1,468</u>
Total	\$	<u>35,164</u>

In 2020, the University of Wisconsin-Madison entered 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 lease agreement term is for five years and commenced on June 9, 2020. The current lease will expire on June 8, 2025.

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

2021	\$	4,500
2022		4,635
2023		4,774
2024		4,917
2025		<u>5,065</u>
Total	\$	<u>23,891</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, 2020 and 2019

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

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, 2020 are as follows:

Indirect administrative support	\$	1,101,298
Donated Facilities:		
Plant operating costs		264,676
Occupancy		<u>12,876</u>
Total	\$	<u>1,378,850</u>

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>

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, 2020, the principal balance of the WHA account was \$1,000,000 and the investment earnings account balance was \$350,805. 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. 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, 2020 and June 30, 2019, the principal balance of the WPRA accounts was \$88,894 and \$87,907, respectively. For the years ended June 30, 2020 and June 30, 2019, 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, 2020 and 2019

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

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, 2020 and June 30, 2019, WHA donations in this category totaled \$3,846,989 and \$4,229,384, respectively. For the year ended June 30, 2020, the portion of the total balance related to the WPRA accounts was \$221,502; the portion of the total balances related to the Friends' accounts was \$3,306,200. 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.

H. CONCENTRATIONS

For the years ended June 30, 2020 and June 30, 2019, respectively, approximately 23% and 22% of revenue came from state general appropriations.

NOTE III – OTHER INFORMATION

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, 2020 and 2019

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
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	2.2	17
2019	0.0	(10)

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, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

During the reporting period ending June 30, 2020, the WRS recognized \$1,014,188 in contributions from the employer.

Contribution rates for the plan year reported as of June 30, 2020 are:

Employee Category	Employee	Employer
General (including teachers)	6.55%	6.55%

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%

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

At June 30, 2020, WHA reported a liability (asset) of (\$3,098,907) for its proportionate share of the net pension liability (asset). At June 30, 2019, WHA reported a liability (asset) of \$3,190,823 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2019, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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, 2019, WHA's proportion was 0.09610633%, which was an increase of 0.00631400% from its proportion measured as of December 31, 2018. 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.

For the years ended June 30, 2020 and June 30, 2019, WHA recognized pension expense of \$1,082,639 and \$1,943,338, respectively.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At June 30, 2020, WHA 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	\$ 5,882,434	\$ 2,943,764
Changes in assumptions	241,487	-
Net differences between projected and actual earnings on pension plan investments	-	6,335,267
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,797	1,324
Employer contributions subsequent to the measurement date	558,893	-
Totals	\$ 6,696,611	\$ 9,280,355

\$558,893 is reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2021. 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
2021	\$ (933,826)
2022	(694,323)
2023	113,674
2024	(1,628,162)
2025	-

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

At June 30, 2019, WHA 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	-
Totals	\$ 8,180,975	\$ 4,406,538

\$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 a reduction 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, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
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, 2019 is based upon a roll-forward of the asset calculated from the December 31, 2018 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, 2020 and 2019

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, 2019

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49	8.0	5.1
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
U.S. Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
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 2.75%. 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, 2020 and 2019

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, 2020	\$ 7,980,239	(\$ 3,098,907)	(\$ 11,381,843)
WHA's proportionate share of the net pension liability (asset) at June 30, 2019	\$ 12,680,668	\$ 3,190,823	(\$ 3,865,611)

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, 2020 and 2019, 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, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

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 PBS Wisconsin 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 PBS Wisconsin and Wisconsin Public Radio), and financial commitments of the partners. The directors of PBS Wisconsin 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, 2020 WHA had a receivable of \$1,346,431 due from ECB and a payable due to ECB of \$33,290. 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. 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 \$2,292,405 as of June 30, 2020 and \$2,402,962 as of June 30, 2019. The accumulated interest is available to be transferred to the University of Wisconsin – Madison and spent by WHA. Accumulated interest totaled \$137,668 as of June 30, 2020 and \$149,406 as of June 30, 2019. WHA transferred \$113,453 from the Foundation in fiscal year 2019 and \$63,559 in fiscal year 2019. 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, 2020 and 2019

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 \$247,405 for both assets and liabilities as of June 30, 2020 and \$293,668 for both assets and liabilities as of June 30, 2019. The financial statement amounts are also reported net of eliminations of \$2,628,795 for both revenues and expenses for fiscal year 2020 and \$2,842,230 for both revenues and expenses for fiscal year 2019.

The following summarizes amounts for both WHA Radio and WHA Radio's allocation portion of WPRA as of June 30, 2020:

Condensed Statement of Net Position

	WHA-Radio	WPRA	Total
Assets			
Current assets	\$ 2,703,076	\$ 1,092,787	\$ 3,795,863
Interfund receivable/(payable)	247,405	(247,405)	-
Capital assets, net	894,828	98,863	993,691
Other assets	6,680,734	1,961,728	8,642,462
Total Assets	10,526,043	2,905,973	13,432,016
Deferred Outflows	3,528,413	-	3,528,413
Liabilities			
Current	749,818	5,820	755,638
Long-term	120,367	-	120,367
Total Liabilities	870,185	5,820	876,005
Deferred Inflows	4,946,847	15,955	4,962,802
Net Position			
Invested in capital assets	894,828	98,863	993,691
Restricted			
Pensions	1,609,775	-	1,609,775
Nonexpendable – endowments	-	88,894	88,894
Expendable – grantee and donor restrictions	148,201	221,502	369,703
Unrestricted	5,584,620	2,474,939	8,059,559
Total Net Position	\$ 8,237,424	\$ 2,884,198	\$ 11,121,622

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Wisconsin Public Radio Association, Inc. (cont.)

Condensed Statement of Activities

	WHA-Radio	WPRA	Total
Operating Revenues			
Grants	\$ 819,846	\$ -	\$ 819,846
Community service grant – CPB	516,069	-	516,069
Underwriting	1,341,952	-	1,341,952
Telecasting, production, and other income	5,252,679	22,604	5,275,283
Membership income	-	1,812,070	1,812,070
Major gifts	54,212	1,201,376	1,255,588
Total Operating Revenues	7,984,758	3,036,050	11,020,808
Operating Expenses			
Nondepreciation expenses	14,152,751	193,239	14,345,990
Depreciation expense	428,187	15,210	443,397
Total Operating Expenses	14,580,938	208,448	14,789,387
Operating Gain (Loss)	(6,596,180)	2,827,601	(3,768,579)
Nonoperating Revenues			
State general appropriations	2,430,141	-	2,430,141
Donated facilities and administrative support	535,556	-	535,556
Investment income	298,812	66,747	365,559
Total Nonoperating Revenues	3,264,509	66,747	3,331,256
Transfers	2,628,795	(2,628,795)	-
Change in Net Position	(702,876)	265,553	(437,323)
Beginning Net Position	8,940,300	2,618,645	11,558,945
Ending Net Position	\$ 8,237,424	\$ 2,884,198	\$ 11,121,622

Condensed Statement of Cash Flows

	WHA-Radio	WPRA	Total
Net Cash From			
Operating activities	\$ (2,292,802)	\$ 202,733	\$ (2,090,069)
Noncapital financing activities	2,430,141	-	2,430,141
Capital and related financing activities	(542,262)	(55,817)	(598,079)
Investing activities	538,878	(238,540)	300,338
Net Change in Cash and Cash Equivalents	133,955	(91,624)	42,331
Beginning Cash and Cash Equivalents	790,972	1,146,570	1,937,542
Ending Cash and Cash Equivalents	\$ 924,927	\$ 1,054,946	\$ 1,979,873

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

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, 2019:

Condensed Statement of Net Position

	WHA-Radio	WPRA	Total
Assets			
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
Deferred Outflows	4,154,990	-	4,154,990
Liabilities			
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
Deferred Inflows	2,267,998	15,836	2,283,834
Net Position			
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, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Wisconsin Public Radio Association, Inc. (cont.)

Condensed Statement of Activities

	WHA-Radio	WPRA	Total
Operating Revenues			
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
Operating Expenses			
Nondepreciation expenses	13,873,679	-	13,873,679
Depreciation expense	372,649	-	372,649
Total Operating Expenses	14,246,328	-	14,246,328
Operating Gain (Loss)	(6,575,935)	2,832,968	(3,742,967)
Nonoperating Revenues			
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
Transfers	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
Ending Net Position	\$ 8,940,300	\$ 2,618,645	\$ 11,558,945

Condensed Statement of Cash Flows

	WHA-Radio	WPRA	Total
Net Cash From			
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)
Net Change in Cash and Cash Equivalents	763,477	(105,161)	658,316
Beginning Cash and Cash Equivalents	27,495	1,251,731	1,279,226
Ending Cash and Cash Equivalents	\$ 790,972	\$ 1,146,570	\$ 1,937,542

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

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 PBS Wisconsin, Inc.

The Friends is a publicly supported not-for-profit corporation whose purpose is to administer various fundraising and membership duties of PBS Wisconsin 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. In December of 2019, the Friends of Wisconsin Public Television, Inc. changed their name to the Friends of PBS Wisconsin, Inc. 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 \$958,345 for both assets and liabilities as of June 30, 2020 and \$986,006 for both assets and liabilities as of June 30, 2019. The financial statement amounts are also reported net of eliminations of \$5,267,626 for both revenues and expenses for fiscal year 2020 and \$6,492,918 for both revenues and expenses for fiscal year 2019.

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Friends of PBS Wisconsin, Inc. (cont.)

The following summarizes amounts for both WHA Television and WHA Television's allocation portion of Friends as of June 30, 2020:

Condensed Statement of Net Position

	WHA-TV	Friends	Total
Assets			
Current assets	\$ 3,164,089	\$ 2,886,399	\$ 6,050,488
Interfund receivable/(payable)	958,345	(958,345)	-
Capital assets, net	1,415,586	167,659	1,583,245
Other assets	11,151,166	11,010,241	22,161,407
Total Assets	16,689,186	13,105,954	29,795,140
Deferred Outflows	3,168,198	-	3,168,198
Liabilities			
Current	598,386	113,152	711,538
Long-term	161,766	-	161,766
Total Liabilities	760,152	113,152	873,304
Deferred Inflows	4,333,508	-	4,333,508
Net Position			
Invested in capital assets	1,415,585	167,659	1,583,244
Restricted			
Pensions	1,489,132	-	1,489,132
Nonexpendable – endowments	1,000,000	160,378	1,160,378
Expendable – endowments	350,805	-	350,805
Expendable – grantee and donor restrictions	171,086	3,306,200	3,477,286
Unrestricted	10,337,116	9,358,565	19,695,681
Total Net Position	\$ 14,763,724	\$ 12,992,802	\$ 27,756,526

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Friends of PBS Wisconsin, Inc. (cont.)

Condensed Statement of Activities

	WHA-TV	Friends	Total
Operating Revenues			
Grants	\$ 376,356	\$ -	\$ 376,356
Community service grant – CPB	1,737,308	-	1,737,308
Underwriting	338,799	587,973	926,772
Telecasting, production, and other income	281,653	509,651	791,304
Membership income	-	4,160,096	4,160,096
Major gifts	70,653	2,979,924	3,050,577
Total Operating Revenues	2,804,769	8,237,644	11,042,413
Operating Expenses			
Nondepreciation expenses	13,935,295	1,386,118	15,321,413
Depreciation expense	178,884	25,800	204,684
Total Operating Expenses	14,114,179	1,411,919	15,526,097
Operating Gain (Loss)	(11,309,409)	6,825,725	(4,483,684)
Nonoperating Revenues (Expenses)			
State general appropriations	4,856,324	-	4,856,324
Donated facilities and administrative support	843,294	-	843,294
Investment income	470,310	305,559	775,869
Total Nonoperating Revenues (Expenses)	6,169,928	305,559	6,475,487
Transfers	5,267,626	(5,267,626)	-
Capital contributions	263,784	-	263,784
Change in Net Position	391,929	1,863,658	2,255,587
Beginning Net Position	14,371,795	11,129,144	25,500,939
Ending Net Position	\$ 14,763,724	\$ 12,992,802	\$ 27,756,526

Condensed Statement of Cash Flows

	WHA-TV	Friends	Total
Net Cash From			
Operating activities	\$ (4,706,647)	\$ 1,507,740	\$ (3,198,907)
Noncapital financing activities	4,856,324	-	4,856,324
Capital and related financing activities	(118,417)	(85,939)	(204,356)
Investing activities	86,948	(2,097,813)	(2,010,865)
Net Increase in Cash and Cash Equivalents	118,208	(676,012)	(557,804)
Beginning Cash and Cash Equivalents	887,381	1,847,492	2,734,873
Ending Cash and Cash Equivalents	\$ 1,005,589	\$ 1,171,480	\$ 2,177,069

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Friends of PBS Wisconsin, 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
Assets			
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
Deferred Outflows	4,025,985	-	4,025,985
Liabilities			
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
Deferred Inflows	2,138,540	-	2,138,540
Net Position			
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, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Friends of PBS Wisconsin, Inc. (cont.)

Condensed Statement of Activities

	WHA-TV	Friends	Total
Operating Revenues			
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
Operating Expenses			
Nondepreciation expenses	15,490,201	-	15,490,201
Depreciation expense	231,152	-	231,152
Total Operating Expenses	15,721,353	-	15,721,353
Operating Gain (Loss)	(12,908,689)	8,568,553	(4,340,136)
Nonoperating Revenues (Expenses)			
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
Transfers	6,492,918	(6,492,918)	-
Capital contributions	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
Ending Net Position	\$ 14,371,795	\$ 11,129,144	\$ 25,500,939

Condensed Statement of Cash Flows

	WHA-TV	Friends	Total
Net Cash From			
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)
Net Increase in Cash and Cash Equivalents	(2,918,611)	461,053	(2,457,558)
Beginning Cash and Cash Equivalents	3,805,992	1,386,439	5,192,431
Ending Cash and Cash Equivalents	\$ 887,381	\$ 1,847,492	\$ 2,734,873

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

NOTE III – OTHER INFORMATION (cont.)

E. RELATED ENTITIES (cont.)

Friends of PBS Wisconsin, 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 PBS Wisconsin, 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. 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*
- > Statement No. 92, *Omnibus 2020*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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, 2020 and 2019

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 2020. 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
Operating Revenues			
Grants	\$ 707,710	\$ 112,136	\$ 819,846
Community service grant – CPB	371,973	144,096	516,069
Underwriting	1,180,176	161,777	1,341,953
Telecasting, production, and other income	5,275,283	-	5,275,283
Membership income	1,412,025	400,044	1,812,069
Major gifts	1,246,064	9,524	1,255,588
Total Operating Revenues	10,193,231	827,577	11,020,808
Operating Expenses			
Program Services			
Programming and production	7,800,727	552,718	8,353,445
Broadcasting	1,338,936	44,481	1,383,417
Program information	593,587	21,363	614,950
Total Program Services	9,733,250	618,562	10,351,812
Support Services			
Management and general	2,119,289	251,337	2,370,626
Fundraising	676,795	23,412	700,207
Underwriting	1,199,209	167,533	1,366,742
Total Support Services	3,995,293	442,282	4,437,575
Total Operating Expenses	13,728,542	1,060,844	14,789,387
Operating Loss	(3,535,312)	(233,267)	(3,768,579)
Nonoperating Revenues			
State general appropriations	2,142,874	287,267	2,430,141
Donated facilities and administrative support	469,396	66,160	535,556
Investment income	365,559	-	365,559
Total Nonoperating Revenues	2,977,829	353,427	3,331,256
Change in Net Position	\$ (557,483)	\$ 120,160	\$ (437,323)

WHA RADIO & TELEVISION

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2020 and 2019

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 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
Operating Revenues			
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
Total Operating Revenues	<u>9,774,018</u>	<u>729,343</u>	<u>10,503,361</u>
Operating Expenses			
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	<u>8,903,840</u>	<u>621,979</u>	<u>9,525,819</u>
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	<u>4,227,659</u>	<u>492,850</u>	<u>4,720,509</u>
Total Operating Expenses	<u>13,131,499</u>	<u>1,114,829</u>	<u>14,246,328</u>
Operating Loss	<u>(3,357,481)</u>	<u>(385,486)</u>	<u>(3,742,967)</u>
Nonoperating Revenues			
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
Total Nonoperating Revenues	<u>3,014,644</u>	<u>353,170</u>	<u>3,367,814</u>
Change in Net Position	<u>\$ (342,837)</u>	<u>\$ (32,316)</u>	<u>\$ (375,153)</u>

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, 2020

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
6/30/20	0.09610633%	\$ (3,098,907)	\$ 15,483,793	20.01%	102.96%
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, 2020

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
6/30/20	\$ 1,082,759	\$ 1,082,759	\$ -	\$ 16,277,857	6.65%
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.

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2020

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. Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017. Based on the experience study conducted in 2018, actuarial assumptions used to develop Total Pension Liability changed, including the discount rate, long-term expected rate of return, post-retirement adjustment, wage inflation rate, mortality and separation rates.