

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Wisconsin Public Television, Inc.
Madison, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Wisconsin Public Television, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Wisconsin Public Television, Inc., as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, Friends of Wisconsin Public Television, Inc. adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Middleton, Wisconsin
October 18, 2019

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,306,277	\$ 2,268,876
Short-Term Investments	551,805	542,106
Promises to Give, Net	69,287	68,679
Accounts Receivable	70,286	32,919
Prepaid Expenses	211,861	263,867
Total Current Assets	<u>4,209,516</u>	<u>3,176,447</u>
TROUT EDUCATION INNOVATION - PROMISE TO GIVE	492,613	-
CRM - WORK IN PROCESS	215,040	-
ENDOWMENTS	6,049,222	5,171,353
BENEFICIAL INTEREST IN TRUSTS	1,239,196	1,246,784
LONG-TERM INVESTMENTS	<u>4,479,879</u>	<u>4,236,601</u>
Total Assets	<u><u>\$ 16,685,466</u></u>	<u><u>\$ 13,831,185</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 78,751	\$ 129,583
Licensee Support Payable	-	23,360
Project Gifts Payable	653,604	697,248
Endowment and Other Gifts Payable	403,022	354,636
Accrued Other TV Support	3,040	19,586
Other Accrued Expenses	35,332	46,283
Unearned Revenue	403,911	350,987
Total Current Liabilities	<u>1,577,660</u>	<u>1,621,683</u>
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,250,596	1,085,003
Designated Endowment	5,894,898	5,395,260
Board-Designated	3,671,525	3,534,610
NEA	284,693	283,413
Total Without Donor Restrictions	<u>11,101,712</u>	<u>10,298,286</u>
With Donor Restrictions:		
Promises to Give	69,287	68,679
Promises to Give-Trout Innovation Gift	492,613	-
Projects	2,044,620	435,375
Endowment-Jane Graf Trust	160,378	160,378
Beneficial Interest in Trusts	1,239,196	1,246,784
Total With Donor Restrictions	<u>4,006,094</u>	<u>1,911,216</u>
Total Net Assets	<u>15,107,806</u>	<u>12,209,502</u>
Total Liabilities And Net Assets	<u><u>\$ 16,685,466</u></u>	<u><u>\$ 13,831,185</u></u>

See accompanying Notes to Financial Statements.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Membership	\$ 7,738,976	\$ 69,287	\$ 7,808,263	\$ 7,448,678	\$ 68,679	\$ 7,517,357
Auction	157,568	-	157,568	250,297	-	250,297
Investment Income	657,281	-	657,281	536,593	-	536,593
Fundraising Special Events	1,027,124	-	1,027,124	1,052,383	-	1,052,383
Major Gifts	2,472,610	2,101,858	4,574,468	1,939,870	-	1,939,870
Planned Giving	419,615	-	419,615	888,666	326,408	1,215,074
Changes in Beneficial Interest in Trusts	-	37,823	37,823	-	50,536	50,536
Net Assets Released from Restrictions	114,090	(114,090)	-	249,284	(249,284)	-
Total Revenue	12,587,264	2,094,878	14,682,142	12,365,771	196,339	12,562,110
EXPENSES						
Support of Licensees:						
Direct Support	7,034,864	-	7,034,864	5,596,399	-	5,596,399
Airwaves Magazine	319,989	-	319,989	288,484	-	288,484
Total Support of Licensees	7,354,853	-	7,354,853	5,884,883	-	5,884,883
Administration	379,362	-	379,362	379,493	-	379,493
Fundraising:						
General Development	3,195,001	-	3,195,001	3,292,032	-	3,292,032
Special Events	854,622	-	854,622	813,110	-	813,110
Total Fundraising	4,049,623	-	4,049,623	4,105,142	-	4,105,142
Total Expenses	11,783,838	-	11,783,838	10,369,518	-	10,369,518
CHANGES IN NET ASSETS						
	803,426	2,094,878	2,898,304	1,996,253	196,339	2,192,592
Net Assets - Beginning of Year	10,298,286	1,911,216	12,209,502	8,302,033	1,714,877	10,016,910
NET ASSETS - END OF YEAR	\$ 11,101,712	\$ 4,006,094	\$ 15,107,806	\$ 10,298,286	\$ 1,911,216	\$ 12,209,502

See accompanying Notes to Financial Statements.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019				2018			
	Program Services	Administration	Fundraising	Total	Program Services	Administration	Fundraising	Total
Contractual Support to Licensees:								
Unrestricted Support to Licensees	\$ 3,300,000	\$ -	\$ -	\$ 3,300,000	\$ 3,100,000	\$ -	\$ -	\$ 3,100,000
Unrestricted Support to UW-WHA	1,360,000	-	-	1,360,000	790,000	-	-	790,000
Friends Endowment Gift	403,021	-	-	403,021	388,863	-	-	388,863
Project Gifts	1,153,604	-	-	1,153,604	917,248	-	-	917,248
Other Direct TV Support	264,739	19,875	335,370	619,984	239,251	20,779	430,276	690,306
Education	450,000	-	-	450,000	150,000	-	-	150,000
Facilities	103,500	-	-	103,500	-	-	-	-
Membership Expenses	-	-	1,950,095	1,950,095	-	-	2,037,020	2,037,020
Major Gifts/Planned Giving	-	-	728,544	728,544	-	-	713,735	713,735
Special Event Expenses	-	-	723,959	723,959	-	-	707,822	707,822
Airwaves Magazine: Production, Printing, and Mailing	319,989	-	-	319,989	288,484	-	-	288,484
Admin Salaries and Fringe Benefits	-	168,202	34,921	203,123	11,037	149,382	34,614	195,033
Auction Expenses	-	-	130,663	130,663	-	-	76,387	76,387
Volunteer Management	-	-	146,071	146,071	-	-	105,288	105,288
Elections and Board Expenses	-	22,067	-	22,067	-	31,720	-	31,720
Professional Services	-	47,724	-	47,724	-	85,229	-	85,229
Other	-	80,332	-	80,332	-	49,454	-	49,454
Travel and Professional Development	-	22,428	-	22,428	-	10,421	-	10,421
Computer Services	-	15,068	-	15,068	-	29,367	-	29,367
Insurance	-	3,666	-	3,666	-	3,141	-	3,141
Total Functional Expenses	\$ 7,354,853	\$ 379,362	\$ 4,049,623	\$ 11,783,838	\$ 5,884,883	\$ 379,493	\$ 4,105,142	\$ 10,369,518

See accompanying Notes to Financial Statements.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,898,304	\$ 2,192,592
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Realized and Unrealized Gains on Investments	(399,082)	(352,473)
Change in Value of Beneficial Interest in Trusts	7,588	(300,690)
Provision for Uncollectible Pledges	2,201	(2,956)
Effects of Changes in Operating Assets and Liabilities:		
Promises to Give, Net	(495,422)	2,306
Accounts Receivable	(37,367)	(21,509)
Prepaid Expenses	52,006	3,922
Accounts Payable	(50,832)	86,059
Licensee Support Payable	(23,360)	23,360
Project Gifts Payable	(43,644)	(50,087)
Endowment and Other Gifts Payable	48,386	62,146
Accrued Other TV Support	(16,546)	3,272
Other Accrued Expenses	(10,951)	23,276
Unearned Revenue	52,924	(45,978)
Net Cash Provided by Operating Activities	<u>1,984,205</u>	<u>1,623,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Long-Term Investments	4,357	486,337
Purchase of Long-Term Investments	(726,422)	(2,058,546)
Proceeds from Sale of Short-Term Investments	164,710	-
Purchases of Short-Term Investments	(174,409)	(45,909)
Purchase of CRM	(215,040)	-
Net Cash Used by Investing Activities	<u>(946,804)</u>	<u>(1,618,118)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,037,401	5,122
Cash and Cash Equivalents - Beginning of Year	<u>2,268,876</u>	<u>2,263,754</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,306,277</u></u>	<u><u>\$ 2,268,876</u></u>

See accompanying Notes to Financial Statements.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Friends of Wisconsin Public Television, Inc. (the Organization) is the result of July 1, 2009 reorganization of Friends of WHA-TV. Friends of WHA-TV was formed in 1969 to raise, hold, and disburse funds on behalf of WHA-TV, licensee of the University of Wisconsin- Madison, and the University of Wisconsin Board of Regents (hereafter known as UW-WHA). Likewise, the Wisconsin Public Broadcasting Foundation (WPBF) was formed to receive and spend dollars generated on behalf of the Educational Communications Board, a state of Wisconsin agency which holds the licenses to five public television stations throughout the state (hereafter known as ECB-WI). The licensees and their financial support organizations operated as a partnership, Wisconsin Public Television, and received gifts from the federal government, grant makers, corporations, and individuals. Effective July 1, 2009, Friends of WHA-TV, Inc., changed its name to Friends of Wisconsin Public Television, Inc., and combined the fundraising efforts of Friends of WHA-TV and WPBF to support both licensees. The Organization receives and disburses net revenues to the licensees in accordance with an annual allocation agreement. The net assets of the Organization as of June 30, 2009, are fully allocable to UW-WHA. Planned giving gifts, or bequests, received by the Organization are designated according to licensee and the related earnings are allocated between licensees. The Organization is primarily supported through membership fees, major gifts, and fundraising events. For fiscal years after 2010, 50% of the change in unrestricted, nonsegregated net assets is allocable to UW-WHA and 50% to ECB-WI.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in a checking account and investments held in short-term, highly liquid assets and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents.

Accounts Receivable

Accounts receivable primarily represent amounts due from various organizations for underwriting. The Organization considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts receivable is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investment and Endowments

Investments and endowments are carried at fair value as determined in an actively traded market. Unrealized and realized gains and losses are recognized in the statements of activities as Investment Income.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets - Software

Software, development and installation costs for the Constituent Relationship Management (CRM) project are stated at cost. Total CRM costs, including applicable staff charges, are capitalized. Amortization is calculated using the straight-line method based on the useful life of the asset.

Beneficial Interest in Trusts

The Organization has been named as an irrevocable 100% beneficiary of a charitable trust held and administered by an independent trustee, as well as a 50% beneficiary of a charitable trust held and administered by an independent trustee. These trusts were created independently by donors and are administered by an outside agent designated by the donors. Therefore, the Organization has neither possession nor control over the assets of the trusts. At the date the Organization receives notice of a beneficial interest, a contribution with donor restriction is recorded in the statements of activities, and a beneficial interest in trust is recorded in the statements of financial position at fair value. Thereafter, beneficial interests in the trust are reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

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

Project Gifts Payable

Project gifts payable represents gifts given to the Organization for Wisconsin Public Television productions. These amounts are assigned to licensees under agreement and are expected to be paid out shortly after year-end.

Endowment and Other Gifts Payable

Endowment and other gifts payable are investments and endowment funds to be paid to UW-WHA and ECB-WI in accordance with the investment and endowment terms (see Notes 4 and 7).

Unearned Revenue

Unearned revenue represents pre-payments received for fundraising special events occurring in the subsequent fiscal year.

Classification of Net Assets

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions

Net assets that are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Net assets with donor restrictions consist of contributions to be used for the Trout Education Innovation Lab, the production of Hometown Stories projects, the Stanley Cottrill Fund, various other programming projects, and the Beneficial Interest in Trusts (see Note 6). Net assets with donor restrictions also consist of donor-restricted gifts received to establish the Jane Graf Endowment, a permanent endowment.

Revenue and Support

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

All revenue received is considered to be available for general use unless specifically restricted by the donor. Income from unrestricted gifts deposited in the Organization's endowments (see Note 7) is considered designated. Income from these endowments is available for expenditure at the discretion of the board of directors.

Membership donations are recognized as income in the year received. Fundraising special event and auction revenue is recognized when the event occurs.

Promises to give (see Note 3) have been recorded as contributions based upon past practice and management assessment of the likelihood of collecting the funds. The promises to give that are expected to be collected within one year are recorded at net realizable value. There are no promises to give due in greater than one year; therefore, no discount has been recorded. The Organization expects that a portion of the promises to give will not be collectible and, thus, established an allowance for uncollectible promises to give.

Expenses

Expenses are classified on a functional basis within the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs, such as admin salaries and fringe benefits, have been allocated based on a reasonable basis of estimated employee time and effort that is consistently applied.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from Wisconsin franchise and income taxes.

Management analyzed the requirements for accounting for uncertain tax positions. The Organization determined that it was not required to record a liability related to uncertain tax positions at June 30, 2019 and 2018.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Upcoming Accounting Pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending June 30, 2020. The Organization has not yet determined which application method it will use. Management does not expect that this standard will have a significant impact to the timing and recognition pattern of the Organization's main revenue streams.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upcoming Accounting Pronouncements (Continued)

Accounting for Contributions Received and Contributions Made – In June 2018, FASB issued ASU 2018-08 related to the accounting for contributions received and contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Organization for the year ending June 30, 2020. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Such reclassifications did not change previously reported net assets.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Organization maintains cash deposits at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of FDIC limits are uninsured. At times during the year, the balances in these accounts may exceed the insurance limits.

The Organization places its short-term investments with high credit qualified financial institutions. The short-term investments (see Note 4) consist of money market accounts at financial institutions located in Madison, Wisconsin. The balances in these accounts are insured up to the National Credit Union Administration (NCUA) and FDIC limit of \$250,000.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 3 PROMISES TO GIVE

The Organization records promises to give for pledges that were not collected as of the end of the year, including the Timothy William Trout Education Innovation Lab (Trout) pledge of \$2.1 million to be paid over four years. The outstanding portion of the Trout pledge was recorded at a discount utilizing the four-year U.S. treasury bill rate. The Organization established an allowance that management believes is adequate to cover other promises to give which will not be collected. The balance as of June 30 are as follows:

	2019	2018
Membership Promises to Give	\$ 81,433	\$ 78,624
Allowance for Uncollectible Promises to Give	(12,146)	(9,945)
Membership Promises to Give, Net	<u>\$ 69,287</u>	<u>\$ 68,679</u>
Trout Education Innovation-Promise to Give	518,525	-
Discount for Trout Promise to Give	(25,912)	-
Trout Education Innovation-Promise to Give, Net	<u>\$ 492,613</u>	<u>\$ -</u>

NOTE 4 INVESTMENTS

The balance at June 30 consists of the following:

	2019	2018
Short-Term Investments:		
Money Market Funds	\$ 551,805	\$ 542,106
Long-Term Investments:		
Domestic Fixed Income	1,222,486	1,256,525
International Fixed Income	524,843	529,793
Domestic Equity	1,707,402	1,486,684
International Equity	1,025,148	963,599
Total Long-Term Investments	<u>4,479,879</u>	<u>4,236,601</u>
Endowments:		
Domestic Fixed Income	927,404	817,785
International Fixed Income	392,129	344,363
Domestic Equity	2,923,359	2,452,468
International Equity	1,806,330	1,556,737
Total Endowments	<u>6,049,222</u>	<u>5,171,353</u>
Total Investments	<u>\$ 11,080,906</u>	<u>\$ 9,950,060</u>

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 INVESTMENTS (CONTINUED)

Investment returns as of June 30 consisted of the following:

	2019	2018
Interest	\$ 33,929	\$ 15,497
Dividends	249,744	190,023
Realized Gain (Loss)	(1,397)	570
Unrealized Gain	400,479	351,903
Investment Fees	(25,474)	(21,400)
Investment Return	<u>\$ 657,281</u>	<u>\$ 536,593</u>

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Income from the long-term investments is available for use at the discretion of the board of directors. With the exception of the amounts noted in the following paragraph, 5% of the average balance of the 12 prior quarters of the long-term investment and endowment accounts established prior to July 1, 2009 is payable to UW-WHA, and 5% of the average balance of the 12 prior quarters of the endowment accounts established on or after July 1, 2009, is payable to UW-WHA and ECB-WI.

An investment account was established during the year ended June 30, 2016, and is available for use at the discretion of the board of directors; however, earnings from this account are not subject to the distribution described above. The balance of this account as of June 30, 2019 and 2018 was \$2,980,841 and \$2,784,293, respectively, and this amount is included in long-term investments.

NOTE 5 FAIR VALUE MEASUREMENTS

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

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

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used at June 30, 2019 and 2018, for assets measured at fair value.

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

Money Market Accounts: Are valued at \$1 cost, which is the value at which the fund is traded and approximates fair value based on the value of the underlying investments.

Beneficial Interests in Trust: Are valued at quoted market prices of trust investments as reported by the trustee. The Organization is the 100% beneficiary of a trust and related underlying investments. The Organization is also a 50% beneficiary of a trust and related underlying investments to be distributed upon passing of the current income beneficiary. This beneficial interest in the trust is valued at present value utilizing estimated inputs to calculate fair value of the Organization's proportional share of the underlying investments as reported to the Organization by the trustee. Both of these beneficial interests are considered Level 3 measurements.

Fair values of assets measured on a recurring basis were as follows:

	2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 551,805	\$ -	\$ -	\$ 551,805
Mutual Funds:				
Domestic Fixed Income	2,149,890	-	-	2,149,890
Domestic Equity	4,630,761	-	-	4,630,761
International Fixed Income	916,972	-	-	916,972
International Equity	2,831,478	-	-	2,831,478
Beneficial Interest in Trusts		-	1,239,196	1,239,196
Total Investments at Fair Value	<u>\$ 11,080,906</u>	<u>\$ -</u>	<u>\$ 1,239,196</u>	<u>\$ 12,320,102</u>

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

	2018		
	Level 1	Level 2	Level 3
Money Market Funds	\$ 542,106	\$ -	\$ -
Mutual Funds:			
Domestic Fixed Income	2,074,310	-	-
Domestic Equity	3,939,152	-	-
International Fixed Income	874,156	-	-
International Equity	2,520,336	-	-
Beneficial Interest in Trust	-	-	1,246,784
Total Investments at Fair Value	<u>\$ 9,950,060</u>	<u>\$ -</u>	<u>\$ 1,246,784</u>

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 investment activity for the years ended June 30:

Balance - July 1, 2017	\$ 946,094
Contributions	326,408
Investment Income	50,536
Distributions	(76,254)
Balance - June 30, 2018	<u>1,246,784</u>
Investment Income	37,823
Distributions	(45,411)
Balance - June 30, 2019	<u>\$ 1,239,196</u>

NOTE 6 ALLOCATION OF NET ASSETS

The Organization solicits funds in the name of "Wisconsin Public Television" (WPT) on behalf of the Educational Communications Board (ECB-WI) and the University of Wisconsin System Board of Regents/University of Wisconsin - Madison (UW-WHA). ECB-WI operates WLEF-TV, WHRM-TV, WHWC-TV, WHLA-TV, and WPNE-TV. UW-WHA operates WHA-TV. Operating as WPT, ECB-WI and UW-WHA operations include master control operations, broadcasting over six public television stations, program acquisition and program production, community outreach efforts and online content, special events, and other services. The Organization serves as recipient for all individual contributions, bequests and other planned gifts, matching gifts, major gifts, special events revenue, and certain restricted and designated gifts from individuals and businesses intended for WPT. The Organization, ECB-WI, and UW-WHA annually agree on the revenue and expense budget that stipulates projected gross revenue and expenses along with allocations to the licensees and payment schedules. This budget supports licensees' responsibilities to track, report on, and maintain control of funds raised and held on its behalf. The equity interests of ECB-WI and UW-WHA in the Organization are calculated in accordance with affiliation agreements that currently allocate ECB-WI and UW-WHA with 50% each of the change in unrestricted, nonsegregated net assets.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 ALLOCATION OF NET ASSETS (CONTINUED)

Allocation of net assets without donor restriction consisted of the following at June 30:

	2019		
	ECB-WI	UW-WHA	Total
Allocated Net Assets - July 1, 2018	\$ 3,277,008	\$ 7,021,278	\$ 10,298,286
Support and Revenue without Restriction	5,243,837	5,243,837	10,487,674
Investment Income	202,319	454,962	657,281
Planned Giving	140,006	279,609	419,615
Project Gifts	-	908,604	908,604
Released from Net Assets With Donor Restriction	34,340	79,750	114,090
Less: Directly Allocated Expenses	(145,512)	(1,347,514)	(1,493,026)
Less: Expenses Net of Contractual Support	(3,495,406)	(3,495,406)	(6,990,812)
Subtotal	5,256,592	9,145,120	14,401,712
Less: Contractual Support	(1,650,000)	(1,650,000)	(3,300,000)
Allocated Net Assets - June 30, 2019	<u>\$ 3,606,592</u>	<u>\$ 7,495,120</u>	<u>\$ 11,101,712</u>

	2018		
	ECB-WI	UW-WHA	Total
Allocated Net Assets - July 1, 2017	\$ 2,487,676	\$ 5,814,357	\$ 8,302,033
Support and Revenue without Restriction	5,001,990	5,001,990	10,003,980
Investment Income	106,807	429,786	536,593
Planned Giving	283,232	605,434	888,666
Project Gifts	-	687,248	687,248
Released from Net Assets With Donor Restriction	44,015	205,269	249,284
Less: Directly Allocated Expenses	(139,509)	(1,215,603)	(1,355,112)
Less: Expenses Net of Contractual Support	(2,957,203)	(2,957,203)	(5,914,406)
Subtotal	4,827,008	8,571,278	13,398,286
Less: Contractual Support	(1,550,000)	(1,550,000)	(3,100,000)
Allocated Net Assets - June 30, 2018	<u>\$ 3,277,008</u>	<u>\$ 7,021,278</u>	<u>\$ 10,298,286</u>

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6 ALLOCATION OF NET ASSETS (CONTINUED)

Allocation of net assets with donor restriction consisted of the following at June 30:

	2019		
	ECB-WI	UW-WHA	Total
Beginning Net Assets - July 1, 2018	\$ 41,839	\$ 1,869,377	\$ 1,911,216
Project Gifts - Restricted Contributions	-	2,101,858	2,101,858
Promises to Give Restricted Until Received	34,643	34,644	69,287
Reallocation of Restricted Contributions	326,408	(326,408)	-
Released from Net Assets With Donor Restriction	(34,340)	(79,750)	(114,090)
Changes in Beneficial Interests in Trust	3,521	34,302	37,823
Ending Net Assets - June 30, 2019	<u>\$ 372,071</u>	<u>\$ 3,634,023</u>	<u>\$ 4,006,094</u>

	2018		
	ECB-WI	UW-WHA	Total
Beginning Net Assets - July 1, 2017	\$ 51,514	\$ 1,663,363	\$ 1,714,877
Released from Purpose Restriction			
Net Assets	(44,015)	(205,269)	(249,284)
Promises to Give Restricted Until Received	34,340	34,339	68,679
Restricted Contributions	-	326,408	326,408
Changes in Beneficial Interests in Trust	-	50,536	50,536
Ending Net Assets - June 30, 2018	<u>\$ 41,839</u>	<u>\$ 1,869,377</u>	<u>\$ 1,911,216</u>

NOTE 7 ENDOWMENTS

The endowments of the Organization consist of funds established for the furtherance of the purpose and work of the Organization. These include funds designated by the board of directors (quasi-endowment), the National Endowment for the Arts (NEA) grant from the University of Wisconsin Foundation, and funds perpetually restricted by the donor. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of endowment assets. Under the Organization's investment policy, as approved by the board of directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and to ensure that any risk assumed is commensurate with the given investment vehicle and the Organization's objectives.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 ENDOWMENTS (CONTINUED)

To achieve its investment goals, the Organization targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Organization's asset allocations include a blend of equity and debt securities and cash equivalents.

Interest, dividends, and net appreciation in fair value of donor restricted endowment funds are classified as net assets with donor restrictions if the earnings are restricted by the donor for a specific purpose or as board-designated if the earnings are not donor restricted. Interest and dividends on donor restricted endowment funds are appropriated for distribution at the discretion of the board of directors. Unrestricted principal balances are appropriated for distribution at the discretion of the board of directors.

These endowments are as follows for June 30:

	2019		
	Board Designated	Donor Designated	Total
Without Donor Restrictions - Endowment	\$ 5,614,161	\$ -	\$ 5,614,161
Without Donor Restrictions - NEA Endowment	274,683	-	274,683
With Donor Restrictions - Perpetual Endowment	-	160,378	160,378
Total Endowment Investments	5,888,844	160,378	6,049,222
Appropriation of Endowment Assets for Expenditure	(275,857)	-	(275,857)
Endowment Assets Held in Short-Term Investments	41,452	-	41,452
Endowment Assets Held in Cash and Cash Equivalents	525,152	-	525,152
Total Net Assets - June 30, 2019	<u>\$ 6,179,591</u>	<u>\$ 160,378</u>	<u>\$ 6,339,969</u>
	2018		
	Board Designated	Donor Designated	Total
Without Donor Restrictions - Endowment	\$ 4,744,882	\$ -	\$ 4,744,882
Without Donor Restrictions - NEA Endowment	266,093	-	266,093
With Donor Restrictions - Perpetual Endowment	-	160,378	160,378
Total Endowment Investments	5,010,975	160,378	5,171,353
Appropriation of Endowment Assets for Expenditure	(232,646)	-	(232,646)
Board Quasi Endowment	295,000	-	295,000
Endowment Assets Held in Short-Term Investments	34,756	-	34,756
Endowment Assets Held in Cash Cash Equivalents	570,588	-	570,588
Total Net Assets - June 30, 2018	<u>\$ 5,678,673</u>	<u>\$ 160,378</u>	<u>\$ 5,839,051</u>

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 ENDOWMENTS (CONTINUED)

Endowment investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Income from the unrestricted, NEA, and permanent endowments is available for use at the discretion of the board of directors. For 2019 and 2018, 5% of the average balance of the 12 prior quarters of both the unrestricted endowment and the NEA portion of the endowment and permanent endowment is payable to UW-WHA. For 2019 and 2018, 5% of the average balance of the 12 prior quarters of the endowment accounts established on or after July 1, 2009 are payable to UW-WHA and ECB-WI. The balances in the endowments at June 30 consisted of the following:

	2019	2018
Fixed Income Funds	\$ 1,319,533	\$ 1,162,148
Equity Funds	4,729,689	4,009,205
Total	<u>\$ 6,049,222</u>	<u>\$ 5,171,353</u>

Changes in endowment net assets as of June 30 are as follows:

	2019		
	Board Designated	Donor Restricted	Total
Balance - June 30, 2018	\$ 5,678,673	\$ 160,378	\$ 5,839,051
Contributions	417,469	-	417,469
Contributions - Board Quasi Endowment	5,000	-	5,000
Investment Return:			
Interest and Dividends	150,271	-	150,271
Net Realized and Unrealized Gain	218,109	-	218,109
Subtotal	<u>6,469,522</u>	<u>160,378</u>	<u>6,629,900</u>
Appropriation of Endowment Assets for			
Expenditure	(275,857)	-	(275,857)
Investment Fees	(14,074)	-	(14,074)
Balance - June 30, 2019	<u>\$ 6,179,591</u>	<u>\$ 160,378</u>	<u>\$ 6,339,969</u>

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 7 ENDOWMENTS (CONTINUED)

	2018		
	Board Designated	Donor Restricted	Total
Balance - June 30, 2017	\$ 4,387,497	\$ 160,378	\$ 4,547,875
Contributions	1,193,665	-	1,193,665
Investment Return:			
Interest and Dividends	116,851	-	116,851
Net Realized and Unrealized Gain	225,875	-	225,875
Subtotal	5,923,888	160,378	6,084,266
Appropriation of Endowment Assets for			
Expenditure	(232,646)	-	(232,646)
Investment Fees	(12,569)	-	(12,569)
Balance - June 30, 2018	<u>\$ 5,678,673</u>	<u>\$ 160,378</u>	<u>\$ 5,839,051</u>

Quasi-Endowment

The board of directors has set aside certain net assets without donor restrictions for endowment purposes. As these amounts are not restricted by the donor, but are restricted only by the board's policy, the amounts have been classified as net assets without donor restrictions. The board's intent is that the amount of net assets without donor restrictions that are classified as quasi-endowment will always be equal to the market value of the funds invested in the quasi-endowment investment trust. Accordingly, changes in the fair value of quasi-endowment investments are classified as a transfer between the Organization's two categories of net assets without donor restrictions. The board may designate additional amounts from time-to-time to be added to the quasi-endowment fund.

Perpetually Restricted Endowment

The Organization received donor-restricted bequests from a sole donor which was deposited to investment accounts at the end of 2009. Additional bequests from this estate were made in 2010 and were deposited to investment accounts. The board of directors considers the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restriction the original value of gifts donated to the permanent endowment. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires be retained as a fund of perpetual duration. As of June 30, 2019 and 2018, there were no deficiencies of this nature. The board continues to review the impact of UPMIFA on endowment policy.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 COMMITMENTS

The Organization has commitments for exhibition hall rental in Madison, Wisconsin, for the Quilt Expo in September 2019 and Garden Expo in February 2020. The amounts committed as of June 30, 2019 are \$86,610 and \$103,250, respectively.

NOTE 9 RELATED PARTIES

The Organization raises funds in the name of Wisconsin Public Television on behalf of UW-WHA and ECB-WI. UW-WHA provides facilities as well as administrative and clerical services to the Organization. These services are recorded within various activity centers. Other TV support also includes support for services provided by UW-WHA and includes *Airwaves* membership magazine and WHA-TV production services for auction, pledge, and other fundraising events. Related party transactions are summarized below for the years ended June 30, 2019 and 2018:

	2019			2018		
	ECB	WHA	Total	ECB	WHA	Total
Support of Licensees						
Direct TV Support						
Unrestricted Licensee Support	1,650,000	1,650,000	3,300,000	1,550,000	1,550,000	3,100,000
PBS Dues	71,000	110,400	181,400	74,000	90,000	164,000
Endowment Gift	74,512	328,510	403,022	55,509	333,354	388,863
Project Gifts	-	1,153,604	1,153,604	-	917,248	917,248
Programming Support	-	1,300,000	1,300,000	-	700,000	700,000
Audience Services Support	-	60,000	60,000	-	60,000	60,000
Education	-	450,000	450,000	-	150,000	150,000
Facilities	-	103,500	103,500	-	-	-
Centennial	-	-	-	-	30,000	30,000
Direct TV Support	-	355,244	355,244	-	451,055	451,055
Total Direct Licensee Support	1,795,512	5,511,258	7,306,770	1,679,509	4,281,657	5,961,166
Airwaves Production	-	76,160	76,160	-	46,355	46,355
Friends Administrative Support	-	1,710,199	1,710,199	-	1,496,873	1,496,873
Underwriting Receivable	2,426	-	2,426	14,233	-	14,233
Prepaid Administrative Support	-	3,893	3,893	-	23,360	23,360
Endowment Gift Payable	74,512	328,510	403,022	55,509	299,127	354,636
Accrued TV Support	-	3,040	3,040	-	19,586	19,586
Project Gifts Payable	-	653,604	653,604	-	697,248	697,248

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 10 LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments.

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

Financial Assets at Year-End	
Cash and Cash Equivalents:	
Checking	\$ 1,881,783
CDs	773,205
CD Ladder-Endowment	651,289
Total Cash and Cash Equivalents	<u>3,306,277</u>
 Short-Term Investments	 551,805
 Accounts Receivable	 70,286
 Promises to Give	 69,287
 Less Amounts Restricted for a Specific Purpose:	
CD Ladder-Endowment	(651,289)
Project Gifts Payable	(653,604)
Project Gifts Designated to Future Periods	(282,770)
	<u><u>\$ 2,409,992</u></u>

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through October 18, 2019, the date the accompanying financial statements were available to be issued. Events or transactions occurring after June 30, 2019, but prior to October 18, 2019, that provided additional evidence about conditions that existed at June 30, 2019, have been recognized in the accompanying financial statements for the year ended June 30, 2019. Events or transactions that provided evidence about conditions that did not exist at June 30, 2019 but arose before the accompanying financial statements were available to be issued have not been recognized in the accompanying financial statements for the year ended June 30, 2019.

FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.
SCHEDULES OF REVENUES
YEARS ENDED JUNE 30, 2019 AND 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>2019</u>	<u>2018</u>
MEMBERSHIP		
Renewal Memberships	\$ 2,437,053	\$ 2,027,258
Direct Mail	2,944,671	2,982,927
On-Air Pledge Drives	927,179	940,782
Website	564,925	553,917
Canvassing	251,290	346,082
Email	274,854	282,005
Other Membership	408,291	384,386
Total Membership Revenue	<u>7,808,263</u>	<u>7,517,357</u>
AUCTION		
Auction Receipts	146,968	228,297
Auction Underwriting	10,600	22,000
Total Auction Revenue	<u>157,568</u>	<u>250,297</u>
INVESTMENT INCOME	657,281	536,593
FUNDRAISING SPECIAL EVENTS	1,027,124	1,052,383
MAJOR GIFTS	4,574,468	1,939,870
PLANNED GIVING	419,615	1,215,074
CHANGES IN BENEFICIAL INTERESTS IN TRUST	<u>37,823</u>	<u>50,536</u>
Total Revenue	<u><u>\$ 14,682,142</u></u>	<u><u>\$ 12,562,110</u></u>