

WHA Radio & Television

Financial Statements

June 30, 2023 and 2022

WHA Radio & Television

Table of Contents
June 30, 2023 and 2022

	<u>Page</u>
Independent Auditors' Report	i
Required Supplementary Information	
Management's Discussion and Analysis	iv
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	3
Statement of Cash Flows	5
Index to Notes to Financial Statements	9
Notes to Financial Statements	10
Required Supplementary Information	
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	45
Schedule of Employer Contributions - Wisconsin Retirement System	45
Notes to Required Supplementary Information	46

Independent Auditors' Report

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

Wisconsin Public Media
University of Wisconsin - Madison

Opinions

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise WHA's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2023 and 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Wisconsin Public Radio Association, Inc. and the Friends of PBS Wisconsin, Inc., which respectively represent 32% and 54% of the total assets, 32% and 51% of the total net position, and 26% and 51% of the total revenues of the WHA Radio and WHA TV funds, and 48%, 47%, and 15%, 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, 2023. We did not audit the financial statements of the Wisconsin Public Radio Association, Inc., and the Friends of PBS Wisconsin, Inc., which respectively represent 26% and 47% of the total assets, 27% and 49% of the total net position, and 24% and 30% of the total revenues of the WHA Radio and WHA TV funds, and 40%, 43%, and 27%, 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, 2022. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Wisconsin Public Radio Association, Inc. and the Friends of PBS Wisconsin, Inc. are based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only WHA and do not purport to, and do not present fairly the financial position of the University of Wisconsin - Madison. Our opinions are not modified with respect to this matter.

As discussed in Note 1, WHA adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* effective July 1, 2022. Accordingly, the accounting changes have been retroactively applied to prior period presented. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WHA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WHA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WHA's ability to continue as a going concern for a reasonable period of time.

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

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 is the responsibility of management and, 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 and other auditors 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
February 2, 2024

WHA Radio & Television

Management's Discussion and Analysis
June 30, 2023 and 2022
(Unaudited)

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, 2023 and June 30, 2022.

Overview of the Financial Statements

WHA Radio is a public telecommunications entity operated by the University of Wisconsin-Madison and is part of the University of Wisconsin System. 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 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

Management's Discussion and Analysis
June 30, 2023 and 2022
(Unaudited)

Financial Analysis

Condensed financial information for WHA (in thousands) as of and for the fiscal years ended June 30, 2023, June 30, 2022, and June 30, 2021¹ is as follows:

	<u>June 30, 2023</u>	<u>Percent Change from Previous Year</u>	<u>June 30, 2022</u>	<u>Percent Change from Previous Year</u>	<u>June 30, 2021¹</u>
Capital assets	\$ 3,564	21 %	\$ 2,955	(7)%	\$ 3,176
Other assets	44,356	(14)	51,339	(2)	52,650
Total assets	47,920	(12)	54,294	(2)	55,317
Deferred outflows	19,870	39	14,307	48	9,670
Current liabilities	3,721	44	2,586	63	1,589
Noncurrent liabilities	6,446	754	755	(9)	832
Total liabilities	10,167	204	3,341	38	2,421
Deferred inflows	11,542	(35)	17,879	32	13,585
Investment in capital assets	2,888	13	2,563	(4)	2,667
Restricted – nonexpendable	2,016	(2)	2,061	65	1,249
Restricted – expendable	4,702	3	4,580	(25)	6,100
Restricted – pensions	0		7,585	22	6,192
Unrestricted	36,474	19	30,592	(8)	33,282
Total net position	46,080	(3)	47,381	(4)	49,490
Operating revenues	20,104	(14)	23,482	4	22,535
Operating expenses	34,063	11	30,774	12	27,575
Net operating loss	(13,959)	91	(7,292)	45	(5,040)
Nonoperating revenues/expenses and capital contributions	12,658	144	5,184	(67)	15,652
Change in net position	<u>\$ (1,301)</u>	<u>(38)%</u>	<u>\$ (2,108)</u>	<u>(120)%</u>	<u>\$ 10,612</u>

¹ restated to account for the implementation of GASB 87, Accounting for Leases in FY2021-22.

WHA Radio & Television

Management's Discussion and Analysis
June 30, 2023 and 2022
(Unaudited)

Fiscal year (FY) 2022-23 activity reflects decreased operating revenue and increased operating expenses, and increased nonoperating revenues, while FY 2021-22 activity reflects increased operating revenue, increased operating expenses, and decreased nonoperating revenues. The decrease in FY 2022-23 operating revenue is related to decreases in membership income, telecasting, production and other revenue, and major gifts that was partially offset by increases in grant revenue in Corporation for Public Broadcasting (CPB) Community Service Grant revenue and underwriting. The increase in nonoperating revenues relates largely to increases in investment income. The rise in FY 2021-22 operating revenue is related to increases in CPB Community Service Grant revenue, membership income, and major gifts that were partially offset by decreases in grants revenue, underwriting and telecasting, production and other revenue. The decrease in nonoperating revenues is related largely to a decrease in investment income. Total assets decreased by 12% in FY 2022-23, while liabilities increased 204%, deferred outflows increased by 39% and deferred inflows decreased by 35%. This compares to a 2% decrease in total assets, 38% increase in liabilities, a 48% increase in deferred outflows and a 32% increase in deferred inflows. The FY 2022-23 changes were greatly impacted by pension-related changes and increases in investment values. The FY 2021-22 changes were greatly impacted by decreases in current assets, capital assets and investments.

Capital assets increased by 21% in FY 2022-23 after decreasing by 7% in FY 2021-22. Capital asset values tend to fluctuate due to the timing of significant capital asset purchases. The FY 2022-23 capital asset value increased the purchase of new capital assets outpaced depreciation and amortization. The slowdown in purchases in FY 2021-22 is attributed to supply chain issues in the Broadcast and IT industries.

Current liabilities increased by 39% in FY2022-23, after increasing by 63% in FY 2021-22. The increase in FY 2022-23 was largely due to increase in amounts due to the University of Wisconsin System. The FY 2021-22 increase was largely due to an increase in the wages payable and the current portion of compensated absences, which is affected by staff pay dates in relation to the fiscal year end. Noncurrent liabilities increased by 771% in FY 2022-23 after decreasing by 9% in FY 2021-22. The FY 2022-23 increase was due to increases in the pension liability, after being an asset in FY 2021-22. The FY 2021-22 decrease was due to a decrease in the noncurrent portion of compensated absences and amortization of the lease liability.

Operating revenues decreased by 14% in FY 2022-23 after increasing by 4% in FY 2021-22. The decrease in FY2022-23 reflected a \$603,000 decrease in CPB Community Service Grant revenue, due to the timing of acceptance of the funding, a \$755,000 decrease in membership revenue, and a \$2.6 million decrease in major gifts. These decreases were partially offset by an increase in telecasting, production and other income by \$564,000. The increase in FY 2021-22 reflected a \$40,000 increase in CPB Community Service Grant revenue, a \$1.7 million increase in membership revenue and a \$2.1 million increase in major gift revenue. These increases were partially offset by a \$1.0 million decrease in grant revenue, a \$1.2 million decrease in underwriting revenue and a \$700,000 decrease in telecasting, production, and other revenue.

Operating expenses increased by 11% in FY2022-23 compared to a 12% increase in FY 2021-22. Increases in FY 2021-22 and FY2022-23 related largely to staffing costs and a return to more normal activity levels following pandemic-related decreases.

WHA Radio & Television

Management's Discussion and Analysis
June 30, 2023 and 2022
(Unaudited)

Nonoperating revenues/expenses consist of investment income, State of Wisconsin general appropriations, gain or loss on the sale of assets, insurance proceeds and donated support from the University of Wisconsin System. Nonoperating revenues and capital contributions increased by 144% in FY 2022-23, after a decrease of 67% in FY 2021-22. The increase in FY 2022-23 occurred primarily due to investment losses from FY 2021-22 becoming investment gains in FY 2022-23, creating a shift in investment income of \$7.0 million. State general appropriations increased \$417,000 and donated facilities and administrative support increased by \$44,000. The decrease in FY 2021-22 occurred because prior investment gains turned to investment losses creating a shift in nonoperating revenues of \$10.6 million between FY 2020-21 and FY 2021-22. These decreases were slightly offset by a \$270,000 increase in state general appropriations, a \$140,000 increase in donated facilities and administrative support.

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 Executive Director
821 University Avenue
Madison, WI 53706

WHA Radio & Television

Statement of Net Position

June 30, 2023

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Assets			
Current assets:			
Cash and equivalents	\$ 560,682	\$ 3,924,359	\$ 4,485,041
Investments	-	604,130	604,130
Contributions receivable, net	2,612	17,209	19,821
Accounts and interest receivable, net	519,003	1,970,568	2,489,571
Accounts receivable, related party	594,293	460,723	1,055,016
Due from University of Wisconsin System	-	669,259	669,259
Prepaid expenses	7,664	227,570	235,234
Inventory	-	7,443	7,443
Total current assets	<u>1,684,254</u>	<u>7,881,261</u>	<u>9,565,515</u>
Noncurrent assets			
Investments	8,854,941	25,935,743	34,790,684
Capital assets			
Work in progress	36,991	76,349	113,340
Depreciable assets net of accumulated depreciation/amortization	<u>1,366,336</u>	<u>2,084,129</u>	<u>3,450,465</u>
Total noncurrent assets	<u>10,258,268</u>	<u>28,096,221</u>	<u>38,354,489</u>
Total assets	<u>11,942,522</u>	<u>35,977,482</u>	<u>47,920,004</u>
Deferred Outflows of Resources			
Pension related amounts	<u>9,530,494</u>	<u>10,339,379</u>	<u>19,869,873</u>
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	227,521	161,596	389,117
Accounts payable, related party	25,024	200,000	225,024
Due to University of Wisconsin System	689,281	-	689,281
Wages payable	496,611	579,680	1,076,291
Current portion of compensated absences payable	465,589	593,004	1,058,593
Current portion of lease liability	-	29,179	29,179
Current portion of subscription liability	99,301	-	99,301
Unearned revenue	-	154,104	154,104
Total current liabilities	<u>2,003,327</u>	<u>1,717,563</u>	<u>3,720,890</u>
Noncurrent liabilities			
Compensated absences payable	130,841	263,772	394,613
Lease liability	-	450,672	450,672
Subscription liability	96,754	-	96,754
Net pension liability	<u>2,634,005</u>	<u>2,870,693</u>	<u>5,504,698</u>
Total noncurrent liabilities	<u>2,861,600</u>	<u>3,585,137</u>	<u>6,446,737</u>
Total liabilities	<u>4,864,927</u>	<u>5,302,700</u>	<u>10,167,627</u>
Deferred Inflows of Resources			
Pension related amounts	5,513,580	6,009,020	11,522,600
Beneficial interest in trust	19,464	-	19,464
Total deferred inflows of resources	<u>5,533,044</u>	<u>6,009,020</u>	<u>11,542,064</u>
Net Position			
Net investment in capital assets	1,207,272	1,680,627	2,887,899
Restricted, nonexpendable endowments	811,203	1,205,189	2,016,392
Restricted, expendable endowments	-	280,619	280,619
Restricted, expendable grantee and donor	125,537	4,295,572	4,421,109
Unrestricted	<u>8,931,033</u>	<u>27,543,134</u>	<u>36,474,167</u>
Total net position	<u>\$ 11,075,045</u>	<u>\$ 35,005,141</u>	<u>\$ 46,080,186</u>

See notes to financial statements

WHA Radio & TelevisionStatement of Net Position
June 30, 2022

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Assets			
Current assets			
Cash and equivalents	\$ 393,256	\$ 4,521,722	\$ 4,914,978
Investments	596,888	635,164	1,232,052
Contributions receivable, net	6,171	539,673	545,844
Accounts and interest receivable, net	57,950	107,249	165,199
Accounts receivable, related party	344,338	1,116,766	1,461,104
Due from University of Wisconsin System	1,183,526	2,577,126	3,760,652
Prepaid expenses	12,060	84,106	96,166
Inventory	2,468	8,343	10,811
	<hr/>	<hr/>	<hr/>
Total current assets	2,596,657	9,590,149	12,186,806
Noncurrent assets			
Investments	7,624,745	23,941,961	31,566,706
Net pension asset	3,891,426	3,693,681	7,585,107
Capital assets			
Work in progress	192,751	-	192,751
Depreciable assets net of accumulated depreciation/amortization	966,876	1,795,550	2,762,426
	<hr/>	<hr/>	<hr/>
Total noncurrent assets	12,675,798	29,431,192	42,106,990
	<hr/>	<hr/>	<hr/>
Total assets	15,272,455	39,021,341	54,293,796
Deferred Outflows of Resources			
Pension related amounts	7,445,839	6,861,500	14,307,339
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	77,681	105,829	183,510
Accounts payable - related party	17,682	-	17,682
Wages payable	386,234	486,433	872,667
Current portion of compensated absences payable	625,186	705,135	1,330,321
Unearned revenue	-	181,670	181,670
	<hr/>	<hr/>	<hr/>
Total current liabilities	1,106,783	1,479,067	2,585,850
Noncurrent liabilities			
Compensated absences payable	94,221	167,754	261,975
Lease liability	-	493,324	493,324
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	94,221	661,078	755,299
	<hr/>	<hr/>	<hr/>
Total liabilities	1,201,004	2,140,145	3,341,149
Deferred Inflows of Resources			
Pension related amounts	9,404,963	8,455,789	17,860,752
Beneficial interest in trust	17,947	-	17,947
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	9,422,910	8,455,789	17,878,699
Net Position			
Net investment in capital assets	1,159,627	1,302,226	2,461,853
Restricted, nonexpendable endowments	856,116	1,205,189	2,061,305
Restricted, expendable endowments	-	318,570	318,570
Restricted, expendable grantee and donor	82,643	4,178,692	4,261,335
Restricted, net pension asset	3,891,426	3,693,681	7,585,107
Unrestricted	6,104,568	24,588,549	30,693,117
	<hr/>	<hr/>	<hr/>
Total net position	\$ 12,094,380	\$ 35,286,907	\$ 47,381,287
	<hr/>	<hr/>	<hr/>

See notes to financial statements

WHA Radio & Television

Statement of Activities
Year Ended June 30, 2023

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Operating Revenues			
Grants	\$ 723,657	\$ 221,151	\$ 944,808
Community services grant from CPB	409,609	1,571,733	1,981,342
Underwriting	1,296,622	809,839	2,106,461
Telecasting, production and other income	4,461,223	594,351	5,055,574
Membership income	2,556,913	4,858,082	7,414,995
Major gifts	740,373	1,860,441	2,600,814
	<hr/>	<hr/>	<hr/>
Total operating revenues	10,188,397	9,915,597	20,103,994
	<hr/>	<hr/>	<hr/>
Operating Expenses			
Program services:			
Programming and production	7,284,903	8,348,243	15,633,146
Broadcasting	1,532,206	392,750	1,924,956
Program information	731,726	3,249,843	3,981,569
	<hr/>	<hr/>	<hr/>
Total program services expenses	9,548,835	11,990,836	21,539,671
	<hr/>	<hr/>	<hr/>
Supporting services:			
Management and general	3,212,015	3,662,437	6,874,452
Fundraising	824,746	3,040,259	3,865,005
Underwriting	1,502,293	282,012	1,784,305
	<hr/>	<hr/>	<hr/>
Total supporting services expenses	5,539,054	6,984,708	12,523,762
	<hr/>	<hr/>	<hr/>
Total operating expenses	15,087,889	18,975,544	34,063,433
	<hr/>	<hr/>	<hr/>
Operating loss	(4,899,492)	(9,059,947)	(13,959,439)
	<hr/>	<hr/>	<hr/>
Nonoperating Revenues			
State general appropriations	2,647,372	5,557,280	8,204,652
Donated facilities and administrative support from the University of Wisconsin System	642,319	1,005,561	1,647,880
Gain (loss) on sale of assets	(30,834)	-	(30,834)
Investment income	621,300	2,215,340	2,836,640
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	3,880,157	8,778,181	12,658,338
	<hr/>	<hr/>	<hr/>
Change in net position	(1,019,335)	(281,766)	(1,301,101)
	<hr/>	<hr/>	<hr/>
Net Position, Beginning	12,094,380	35,286,907	47,381,287
	<hr/>	<hr/>	<hr/>
Net Position, Ending	\$ 11,075,045	\$ 35,005,141	\$ 46,080,186
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements

WHA Radio & Television

Statement of Activities
Year Ended June 30, 2022

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Operating Revenues			
Grants	\$ 628,021	\$ 214,150	\$ 842,171
Community services grant from CPB	553,768	2,030,337	2,584,105
Underwriting	1,219,305	971,522	2,190,827
Telecasting, production and other income	4,460,084	560,715	5,020,799
Membership income	3,649,812	4,520,080	8,169,892
Major gifts	1,639,524	3,563,474	5,202,998
	<u>12,150,514</u>	<u>11,860,278</u>	<u>24,010,792</u>
Operating Expenses			
Program services:			
Programming and production	8,207,792	7,394,535	15,602,327
Broadcasting	1,186,727	448,618	1,635,345
Program information	601,394	2,311,532	2,912,926
	<u>9,995,913</u>	<u>10,154,685</u>	<u>20,150,598</u>
Supporting services:			
Management and general	2,588,021	2,876,402	5,464,423
Fundraising	710,593	3,067,960	3,778,553
Underwriting	1,338,410	572,079	1,910,489
	<u>4,637,024</u>	<u>6,516,441</u>	<u>11,153,465</u>
Total operating expenses	<u>14,632,937</u>	<u>16,671,126</u>	<u>31,304,063</u>
Operating loss	<u>(2,482,423)</u>	<u>(4,810,848)</u>	<u>(7,293,271)</u>
Nonoperating Revenues			
State general appropriations	2,517,808	5,269,646	7,787,454
Donated facilities and administrative support from the University of Wisconsin System	669,251	934,667	1,603,918
Investment income (loss)	(1,058,348)	(3,148,869)	(4,207,217)
	<u>2,128,711</u>	<u>3,055,444</u>	<u>5,184,155</u>
Change in net position	(353,712)	(1,755,404)	(2,109,116)
Net Position, Beginning	<u>12,448,092</u>	<u>37,042,311</u>	<u>49,490,403</u>
Net Position, Ending	<u>\$ 12,094,380</u>	<u>\$ 35,286,907</u>	<u>\$ 47,381,287</u>

See notes to financial statements

WHA Radio & Television

Statement of Cash Flows
Year Ended June 30, 2023

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Cash Flows From Operating Activities			
Cash received from grants	\$ 810,876	\$ 272,913	\$ 1,083,789
Cash received from CPB, community service grant	503,213	3,467,976	3,971,189
Cash received from contributed support	5,143,117	7,906,966	13,050,083
Cash received from sales and services	3,414,116	(603,772)	2,810,344
Cash paid to vendors for goods and services	960,871	(4,591,733)	(3,630,862)
Cash paid to employees for payroll	(12,811,592)	(12,064,716)	(24,876,308)
Net cash flows from operating activities	<u>(1,979,399)</u>	<u>(5,612,366)</u>	<u>(7,591,765)</u>
Cash Flows From Noncapital Financing Activities			
Receipts from state government	<u>2,647,372</u>	<u>5,557,280</u>	<u>8,204,652</u>
Net cash flows from noncapital financing activities	<u>2,647,372</u>	<u>5,557,280</u>	<u>8,204,652</u>
Cash Flows From Investing Activities			
Marketable securities (purchased) and sold	(217,518)	(228,575)	(446,093)
Investment, interest and dividend income	<u>205,400</u>	<u>474,191</u>	<u>679,591</u>
Net cash flows from investing activities	<u>(12,118)</u>	<u>245,616</u>	<u>233,498</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	<u>(488,429)</u>	<u>(787,893)</u>	<u>(1,276,322)</u>
Net cash flows from capital and related financing activities	<u>(488,429)</u>	<u>(787,893)</u>	<u>(1,276,322)</u>
Net change in cash and cash equivalents	167,426	(597,363)	(429,937)
Cash and Cash Equivalents, Beginning	<u>393,256</u>	<u>4,521,722</u>	<u>4,914,978</u>
Cash and Cash Equivalents, Ending	<u>\$ 560,682</u>	<u>\$ 3,924,359</u>	<u>\$ 4,485,041</u>

See notes to financial statements

WHA Radio & Television

Statement of Cash Flows

Year Ended June 30, 2023

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Cash Flows From Operating Activities			
Operating loss	\$ (4,899,492)	\$ (9,059,947)	\$ (13,959,439)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Noncash items included in operating loss			
Depreciation and amortization expense	469,757	294,383	764,140
Donated facilities and administrative support from the University of Wisconsin System expense	642,319	1,005,561	1,647,880
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources:			
Accounts receivable, net excluding interest receivable	(1,028,110)	(677,835)	(1,705,945)
Inventory	2,468	900	3,368
Prepaid expenses	4,395	(100,826)	(96,431)
Accounts payable and accrued expenses	405,547	332,900	738,447
Due to (from) the University of Wisconsin System	1,872,807	1,907,867	3,780,674
Unearned revenues	-	44,905	44,905
Pension related amounts	550,910	639,726	1,190,636
	<u>\$ (1,979,399)</u>	<u>\$ (5,612,366)</u>	<u>\$ (7,591,765)</u>
Net cash flows from operating activities			
Noncash Investing, Capital and Relating Financing Activities			
Assets purchased through SBITAs	<u>\$ 291,250</u>	<u>\$ -</u>	<u>\$ 291,250</u>

See notes to financial statements

WHA Radio & Television

Statement of Cash Flows
Year Ended June 30, 2022

	WHA Radio	WHA TV	Total
Cash Flows From Operating Activities			
Cash received from grants	\$ 858,203	\$ 218,915	\$ 1,077,118
Cash received from CPB, community service grant	213,770	1,835,472	2,049,242
Cash received from contributed support	6,061,699	9,398,629	15,460,328
Cash received from sales and services	4,548,655	1,858,905	6,407,560
Cash paid to vendors for goods and services	841,396	(3,223,466)	(2,382,070)
Cash paid to employees for payroll	(13,952,149)	(11,952,853)	(25,905,002)
Net cash flows from operating activities	(1,428,426)	(1,864,398)	(3,292,824)
Cash Flows From Noncapital Financing			
Receipts from state government	2,517,808	5,269,646	7,787,454
Net cash flows from noncapital financing activities	2,517,808	5,269,646	7,787,454
Cash Flows From Investing Activities			
Marketable securities (purchased) and sold	505,926	750,499	1,256,425
Investment, interest and dividend income (loss)	(1,058,348)	(3,148,869)	(4,207,217)
Net cash flows from investing activities	(552,422)	(2,398,370)	(2,950,792)
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(525,943)	8,796	(517,147)
Net cash flows from capital and related financing activities	(525,943)	8,796	(517,147)
Net change in cash and cash equivalents	11,017	1,015,674	1,026,691
Cash and Cash Equivalents, Beginning	382,239	3,506,048	3,888,287
Cash and Cash Equivalents, Ending	<u>\$ 393,256</u>	<u>\$ 4,521,722</u>	<u>\$ 4,914,978</u>

See notes to financial statements

WHA Radio & Television

Statement of Cash Flows
Year Ended June 30, 2022

	<u>WHA Radio</u>	<u>WHA TV</u>	<u>Total</u>
Cash Flows From Operating Activities			
Operating loss	\$ (2,482,423)	\$ (4,810,848)	\$ (7,293,271)
Adjustments to reconcile operating loss to net cash flows from operating activities:			
Noncash items included in operating loss			
Depreciation and amortization expense	455,592	258,635	714,227
Donated facilities and administrative support from the University of Wisconsin System expense	669,251	934,667	1,603,918
Change in assets, liabilities, deferred outflows of resources and deferred inflows of resources:			
Accounts receivable, net excluding interest receivable	75,477	2,232,801	2,308,278
Inventory	664	6,974	7,638
Prepaid expenses	34,011	(48,383)	(14,372)
Accounts payable and accrued expenses	311,373	529,415	840,788
Due to (from) the University of Wisconsin System	297,857	(48,694)	249,163
Unearned revenues	-	25,118	25,118
Pension related amounts	(790,228)	(944,083)	(1,734,311)
	<u>\$ (1,428,426)</u>	<u>\$ (1,864,398)</u>	<u>\$ (3,292,824)</u>
Net cash flows from operating activities			

Noncash Investing, Capital and Relating Financing Activities

None.

See notes to financial statements

WHA Radio & Television

Index to Notes to Financial Statements

June 30, 2023 and 2022

	<u>Page</u>
1. Summary of Significant Accounting Policies	10
Reporting Entity	10
Measurement Focus, Basis of Accounting and Financial Statement Presentation	10
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	11
Deposits and Investments	11
Inventory	12
Due from (to) the University of Wisconsin System	12
Unearned Revenue	12
Capital Assets	13
Right to Use Assets	13
Deferred Outflows of Resources	13
Compensated Absences	13
Leases	13
Long-Term Obligations	13
Deferred Inflows of Resources	13
Equity Classifications	14
Pension	14
Subscription-Based Information Technology Agreements	14
Comparative Data	14
2. Detailed Notes on All Funds	15
Deposits and Investments	15
Capital Assets	19
Capital Asset Lien	20
Long-Term Obligations	21
Lease Disclosures	21
Subscription-Based Information Technology Arrangement Disclosures	22
Donated Goods and Services	22
Net Investment in Capital Assets	23
Restricted Net Position	24
Concentrations	24
3. Other Information	24
Employees' Retirement System	24
Risk Management	31
Commitments and Contingencies	31
Postemployment Benefits Other Than Pensions	31
Subsequent Event	31
Related Entities	32
Effect of New Accounting Standards on Current-Period Financial Statements	42
Allocation of WLSU-FM	42

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

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 receives contributions for the Wisconsin Public Radio partnership, which includes 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 3 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 3. for further information regarding Friends.

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.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement requires the recognition of certain subscription-based information technology arrangements (SBITAs) as right-to-use subscription assets and a corresponding subscription liability. This standard was implemented July 1, 2022. Accordingly, the accounting changes have been retroactively applied to the prior period presented.

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

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

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.

WHA Radio & Television

Notes to Financial Statements

June 30, 2023 and 2022

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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

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

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

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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 are 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 2. The asset allocation for the Long-Term Fund sets a target of 57% public equities, 20% fixed-income and 23% 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 <https://www.wisconsin.edu> or may be obtained by contacting:

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

WRPA's and Friends' cash and investments are managed separately from the cash and investment activities of the State Investment Fund (SIF) and University of Wisconsin funds. WRPA and Friends do not have investment policies specific to the investment risks identified in Note 2.

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 2. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income.

See Note 2 for further information.

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.

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.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Unearned Revenue

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

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.

Right to Use Assets

Right to use assets include the rights WHA has to use assets that are leased, or subscribed to, from other parties. Amounts represent the present value of future expected lease or subscription payments WHA is contractually obligated to make under the leases or subscriptions. The leases or subscriptions are amortized over the lease term and are presented at net book value.

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.

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.

Leases

WHA is a lessee because it leases capital assets from other entities. As a lessee, WHA reports a lease liability and an intangible right to use capital asset (known as the lease asset) on the statement of net position.

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, lease and subscription liabilities, and the net pension liability.

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.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Equity Classifications

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

- a. **Net Investment in Capital Assets** – Consists of capital assets including right to use assets and 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.

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.

Subscription-Based Information Technology Arrangements

WHA reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the statement of net position.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

2. Detailed Notes on All Funds

Deposits and Investments

WHA's cash and investments at year-end were comprised of the following as of June 30, 2023:

Description	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 2,491,905	\$ 2,491,905	Custodial credit
Mutual Funds - bond funds	5,668,708	5,668,708	Credit, interest rate, foreign currency
Mutual Funds - other than bonds	14,135,204	14,135,204	N/A
UW ASAP Regent Intermediate -Term Fund	12,683,691	12,683,691	Credit
UW Long-Term Fund	2,733,481	2,733,481	Credit
SIF	2,166,866	2,166,866	Credit
Total cash and investments	<u>\$ 39,879,855</u>	<u>\$ 39,879,855</u>	

Reconciliation to financial statements
per statement of net position:

Cash and equivalents	\$ 4,485,041
Current investments	604,130
Noncurrent investments	<u>34,790,684</u>
Total	<u>\$ 39,879,855</u>

WHA's cash and investments at year-end were comprised of the following as of June 30, 2022:

Description	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 2,864,261	\$ 3,013,165	Custodial credit
Mutual Funds - bond funds	5,344,162	5,344,162	Credit, interest rate, foreign currency
Mutual Funds - other than bonds	11,914,707	11,914,707	N/A
UW ASAP Regent Intermediate -Term Fund	2,739,481	2,739,481	Credit
UW Long-Term Fund	12,533,360	12,533,360	Credit
SIF	2,317,765	2,317,765	Credit
Total cash and investments	<u>\$ 37,713,736</u>	<u>\$ 37,862,640</u>	

Reconciliation to financial statements
per statement of net position:

Cash and equivalents	\$ 4,914,978
Current investments	1,232,052
Noncurrent investments	<u>31,566,706</u>
Total	<u>\$ 37,713,736</u>

WHA Radio & Television

Notes to Financial Statements

June 30, 2023 and 2022

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, pursuant to s. 20.144(1)(a), Wis. Stats., by the Public 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, 2023 and June 30, 2022, respectively, \$1,113,299 and \$1,706,476 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, 2023 or as of June 30, 2022.

Credit Risk

As of June 30, 2023 and June 30, 2022, WHA's investments were rated as follows:

	Standard & Poor's
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
June 30, 2023 and 2022

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, 2023, WHA's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		1-3	3-5	5-8
Mutual funds – bond funds	\$ 5,668,708	\$ 2,189,604	\$ 898,579	\$ 2,580,525

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

As of June 30, 2022, WHA's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		1-3	3-5	5-8
Mutual funds – bond funds	\$ 5,344,162	\$ 2,264,619	\$ 483,779	\$ 2,595,764

See Note 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, 2023, WHA was exposed to foreign currency risk totaling \$1,353,028 within the mutual fund – bond funds investment balances. Of the total investments exposed to foreign currency risk, \$1,225,567 related to investments held by Friends and \$127,461 related to investments held by WPRA. At June 30, 2022, WHA was exposed to foreign currency risk totaling \$793,082 within the mutual fund – bond funds investment balances. Of the total investments exposed to foreign currency risk, \$793,082 related to investments held by Friends and \$0 related to investments held by WPRA.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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.

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds – bond funds	\$ 5,668,708	\$ -	\$ -	\$ 5,668,708
Mutual Funds – other than bonds	14,135,204	-	-	14,135,204
UW ASAP Regent Intermediate Fund	-	12,683,691	-	12,683,691
UW Long-Term Fund	-	2,733,481	-	2,733,481
Total	<u>\$ 19,803,912</u>	<u>\$ 15,417,172</u>	<u>\$ -</u>	<u>\$ 35,221,084</u>

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual Funds – bond funds	\$ 5,344,162	\$ -	\$ -	\$ 5,344,162
Mutual Funds – other than bonds	11,914,707	-	-	11,914,707
UW ASAP Regent Intermediate Fund	-	2,739,481	-	2,739,481
UW Long-Term Fund	-	12,533,360	-	12,533,360
Total	<u>\$ 17,258,869</u>	<u>\$ 15,272,841</u>	<u>\$ -</u>	<u>\$ 32,531,710</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated/amortized:				
Work in progress	<u>\$ 192,751</u>	<u>\$ 111,154</u>	<u>\$ 190,565</u>	<u>\$ 113,340</u>
Capital assets being depreciated/amortized:				
Equipment	11,183,116	1,166,433	219,093	12,130,456
Intangible assets	1,170,720	26,228	256,432	940,516
Right to use assets				
Lease assets	509,052	-	-	509,052
Subscription assets	<u>-</u>	<u>291,250</u>	<u>-</u>	<u>291,250</u>
Total capital assets being depreciated/ amortized	12,862,888	1,483,911	475,525	13,871,274
Less accumulated depreciation/ amortization	<u>(10,100,462)</u>	<u>(765,038)</u>	<u>444,691</u>	<u>(10,420,809)</u>
Total capital assets being depreciated/ amortized net of accumulated depreciation/ amortization	<u>2,762,426</u>	<u>718,873</u>	<u>30,834</u>	<u>3,450,465</u>
Net capital assets	<u>\$ 2,955,177</u>	<u>\$ 830,027</u>	<u>\$ 221,399</u>	<u>\$ 3,563,805</u>

Depreciation and amortization expense was charged to functions as follows:

Programming and production	\$ 273,888
Program information	1,505
Broadcasting	328,977
Fundraising	22,814
Management and general	86,847
Underwriting	<u>51,007</u>
Total	<u>\$ 765,038</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated/amortized:				
Work in progress	<u>\$ 86,172</u>	<u>\$ 106,579</u>	<u>\$ -</u>	<u>\$ 192,751</u>
Capital assets being depreciated/amortized:				
Equipment	11,321,574	157,989	296,447	11,183,116
Intangible assets	1,141,754	245,131	216,165	1,170,720
Right to use asset	<u>509,052</u>	<u>-</u>	<u>-</u>	<u>509,052</u>
Total capital assets being depreciated/ amortized	<u>12,972,380</u>	<u>403,120</u>	<u>512,612</u>	<u>12,862,888</u>
Less accumulated depreciation/ amortization	<u>(9,882,066)</u>	<u>(731,008)</u>	<u>512,612</u>	<u>(10,100,462)</u>
Total capital assets being depreciated/ amortized net of accumulated depreciation/ amortization	<u>3,090,314</u>	<u>(327,888)</u>	<u>-</u>	<u>2,762,426</u>
Net capital assets	<u>\$ 3,176,486</u>	<u>\$ (221,309)</u>	<u>\$ -</u>	<u>\$ 2,955,177</u>

Depreciation and amortization expense was charged to functions as follows:

Programming and production	\$ 349,141
Program information	2,129
Broadcasting	299,284
Fundraising	22,815
Management and general	<u>57,639</u>
Total	<u>\$ 731,008</u>

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 Radio was awarded four NTIA capital equipment grants from FY2001-02 through FY 2010-11. The depreciated value of equipment subject to a priority lien was \$27,317 as of June 30, 2023 and \$40,974 as of June 30, 2022.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Vested compensated absences	\$ 1,592,296	\$ 330,876	\$ 469,966	\$ 1,453,206	\$ 1,058,593
Lease liability	493,324	-	13,473	479,851	29,179
Subscription liability	-	196,055	-	196,055	99,301
Net pension liability	-	5,504,698	-	5,504,698	-
Total	<u>\$ 2,085,620</u>	<u>\$ 6,031,629</u>	<u>\$ 483,439</u>	<u>\$ 7,633,810</u>	<u>\$ 1,187,073</u>

Long-term obligations activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Vested compensated absences	\$ 1,586,916	\$ 427,881	\$ 422,501	\$ 1,592,296	\$ 1,330,321
Lease liability	509,052	-	15,728	493,324	13,473
Total	<u>\$ 2,095,968</u>	<u>\$ 427,881</u>	<u>\$ 438,229</u>	<u>\$ 2,085,620</u>	<u>\$ 1,343,794</u>

Lease Disclosures

WHA Television entered into a 20-year lease for space in Madison, Wisconsin 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, with two possible 10-year extensions through 2035. Lease payments are determined on an annual basis. The present value of the lease payments is used to determine the lease liability reported on the Statement of Net Position. The discount rate used in this calculation is 1.6%. WHA Television lease activity is summarized with other capital assets in Note 2.

Future principal and interest payment requirements related to WHA lease liability at June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>
Fiscal Years:		
2024	\$ 29,179	\$ 7,838
2025	30,793	7,335
2026	32,466	6,805
2027	34,203	6,246
2028	36,005	5,658
2029-2033	209,488	18,342
2034-2036	107,717	2,067
Total	<u>\$ 479,851</u>	<u>\$ 54,291</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Subscription-Based Information Technology Arrangement Disclosures

WHA Radio entered into two subscription-based information technology arrangements during fiscal year 2023. One arrangement was for the rights to use streaming and support services software (“Support Software”) and the other was to schedule underwriting spots on air (“Scheduling Software”). The support software term ends June 30, 2026, and the scheduling software term ends June 30, 2024. The discount rate used in the calculation of the support software is 2.26% and the discount rate used in the calculation of the scheduling software is 2.01%. WHA Radio subscription-based information technology arrangement activity is summarized with other capital assets in Note 2.

Future principal and interest payment requirements related to WHA subscription liability at June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>
Fiscal Years:		
2024	\$ 99,301	\$ 3,335
2025	47,831	1,693
2026	<u>48,923</u>	<u>601</u>
Total	<u>\$ 196,055</u>	<u>\$ 5,629</u>

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.

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, 2023 are as follows:

Indirect administrative support	\$ 1,319,049
Donated facilities:	
Plant operating costs	313,576
Occupancy	<u>15,255</u>
Total	<u>\$ 1,647,880</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, 2022 are as follows:

Indirect administrative support	\$ 1,278,928
Donated facilities:	
Plant operating costs	309,912
Occupancy	<u>15,077</u>
Total	<u>\$ 1,603,917</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Net Investment in Capital Assets

WHA's net investment in capital assets reported on the statement of net position at June 30, 2023 is comprised of the following:

Work in progress	\$ 113,340
Equipment	12,130,456
Intangible assets	940,516
Lease assets	509,052
Subscription assets	291,250
Less accumulated depreciation/amortization	(10,420,809)
Less lease liability	(479,851)
Less subscription liability	<u>(196,055)</u>
Total net investment in capital assets	<u>\$ 2,887,899</u>

WHA's net investment in capital assets reported on the statement of net position at June 30, 2022 is comprised of the following:

Work in progress	\$ 192,751
Equipment	11,183,116
Intangible assets	1,170,720
Right to use assets	509,052
Less accumulated depreciation/amortization	(10,100,462)
Less long-term lease liability	<u>(493,324)</u>
Total net investment in capital assets	<u>\$ 2,461,853</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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, 2023, the principal balance of the WHA account was \$1,000,000 and the investment earnings account balance was \$280,619. For the year ended June 30, 2022, the principal balance of the WHA account was \$1,000,000 and the investment earnings account balance was \$318,570. 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, 2023 and June 30, 2022, the principal balance of the WPRA accounts was \$811,203 and \$856,116, respectively. For the years ended June 30, 2023 and June 30, 2022, the principal balance of the Friends' accounts was \$205,189 and \$205,189.

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, 2023 and June 30, 2022, WHA donations in this category totaled \$4,421,109 and \$4,261,335 respectively. For the year ended June 30, 2023, the portion of the total balance related to the WPRA accounts was \$92,170; the portion of the total balances related to the Friends' accounts was \$4,073,138. For the year ended June 30, 2022, the portion of the total balance related to the WPRA accounts was \$20,472; the portion of the total balances related to the Friends' accounts was \$3,918,857.

Concentrations

For the years ended June 30, 2023 and June 30, 2022, respectively, approximately 25% and 27% of revenue came from state general appropriations.

3. Other Information

Employees' Retirement System

Plan Description. The Wisconsin Retirement System (WRS) is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wis. Stats. 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 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

WHA Radio & Television

Notes to Financial Statements

June 30, 2023 and 2022

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 occupations, 62 for elected officials and executive service plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings and creditable service.

Final average earnings are 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.

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.

	Core Fund Adjustment	Variable Fund Adjustment
	%	%
Years ending June 30:		
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wis. Stats. 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.

During the reporting period ending June 30, 2023, the WRS recognized \$1,210,606 in contributions from the employer.

Contribution rates reported as of June 30, 2023 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.50 %	6.50 %

During the reporting period ending June 30, 2022, the WRS recognized \$1,110,486 in contributions from the employer.

Contribution rates reported as of June 30, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.75 %	6.75 %

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

At June 30, 2023 and 2022, WHA reported a liability (asset) of \$5,504,698 and \$(7,585,107) for its proportionate share of the net pension liability (asset), respectively. The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. 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, 2022, WHA's proportion was 0.10390727%. At December 31, 2021, WHA's proportion was 0.09411331%, which was an increase of 0.00979396%.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

For the years ended June 30, 2023 and June 30, 2022, WHA recognized pension expense (revenue) of \$2,399,778 and \$(1,176,309), respectively.

At June 30, 2023, 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	\$ 8,767,281	\$ 11,518,238
Changes in assumptions	1,082,452	-
Net differences between projected and actual earnings on pension plan investment	9,351,213	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,663	4,362
Employer contributions subsequent to the measurement date	658,264	-
	<u>\$ 19,869,873</u>	<u>\$ 11,522,600</u>
Total		

\$658,264 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending June 30:

2024	\$ 319,953
2025	1,591,491
2026	1,633,888
2027	4,143,677
2028	-

At June 30, 2022, 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	\$ 12,254,325	\$ 883,669
Changes in assumptions	1,415,233	-
Net differences between projected and actual earnings on pension plan investment	-	16,969,856
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,526	7,227
Employer contributions subsequent to the measurement date	628,255	-
	<u>\$ 14,307,339</u>	<u>\$ 17,860,752</u>
Total		

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

\$628,255 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Years ending June 30:	
2023	\$ (351,591)
2024	(2,057,284)
2025	(905,594)
2026	(865,357)
2027	(1,842)

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability	December 31, 2022
Experience Study	January 1, 2018 – December 31, 2020 published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1%-5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

WHA Radio & Television

Notes to Financial Statements

June 30, 2023 and 2022

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. 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 Returns¹						
As of December 31, 2022						
Core Fund Asset Class	Asset Allocation %		Long-Term Expected Nominal Rate of Return %		Long-Term Expected Real Rate of Return² %	
Public Equity	48	%	7.6	%	5.0	%
Public Fixed Income	25		5.3		2.7	
Inflation Sensitive	19		3.6		1.1	
Real Estate	8		5.2		2.6	
Private Equity/Debt	15		9.6		6.9	
Total Core Fund³	115	%	7.4	%	4.8	%
Variable Fund Asset Class						
U.S. Equities	70	%	7.2	%	4.6	%
International Equities	30		8.1		5.5	
Total Variable Fund	100	%	7.7	%	5.1	%
¹ Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.						
² New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.						
³ The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.						

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Single Discount Rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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.

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) at June 30, 2023 calculated using the discount rate of 6.8%, 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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
WHA's proportionate share of the net pension liability (asset) at June 30, 2023	\$ 18,269,918	\$ 5,504,698	\$ (3,276,676)

The following presents WHA's proportionate share of the net pension liability (asset) at June 30, 2022 calculated using the discount rate of 6.8%, 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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
WHA's proportionate share of the net pension liability (asset) at June 30, 2022	\$ 5,382,596	\$ (7,585,107)	\$ (16,920,471)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>. At June 30, 2023 and 2022, WHA reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the fiscal year.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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.

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.

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 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.

Subsequent Event

In September 2023, the CPB issued a penalty to WHA for late filing of the fiscal year 2022 annual financial report. Under the penalty provisions established by CPB, the assessed penalty for late filing is applied against the upcoming community service grant based on the number of days lateness. CPB assessed the following late penalties against the fiscal year 2024 community service grants: \$499,575 to WHA-TV; \$113,715 to WHA-AM; \$32,175 to WLSU-FM.

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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, 2023, WHA had a receivable of \$1,055,016 due from ECB and a payable due to ECB of \$225,024. For the year ended June 30, 2022, WHA had a receivable of \$1,461,104 due from ECB and a payable due to ECB of \$17,682. 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 \$3,335,661 as of June 30, 2023 and \$3,097,777 as of June 30, 2022. The accumulated interest is available to be transferred to the University of Wisconsin – Madison and spent by WHA. Accumulated interest totaled \$309,126 as of June 30, 2023 and \$203,308 as of June 30, 2022. WHA transferred \$32,500 from the Foundation in fiscal year 2023 and \$228,620 in fiscal year 2022. Only actual transfers from the Foundation are reflected in the WHA financial statements.

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% of WPRA's net resources and ECB with 76%. 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 & Television

Notes to Financial Statements
June 30, 2023 and 2022

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 \$200,181 for both assets and liabilities as of June 30, 2023 and \$164,428 for both assets and liabilities as of June 30, 2022. The financial statement amounts are also reported net of eliminations of \$2,075,123 for both revenues and expenses for fiscal year 2023 and \$3,994,114 for both revenues and expenses for fiscal year 2022.

The following summarizes amounts for both WHA Radio and WHA Radio's allocation portion of WPRA as of June 30, 2023:

Condensed Statement of Net Position

	<u>WHA Radio</u>	<u>WPRA</u>	<u>Total</u>
Assets			
Current assets	\$ 1,696,744	\$ (12,490)	\$ 1,684,254
Interfund receivable/(payable)	200,181	(200,181)	-
Capital assets, net	1,338,105	65,222	1,403,327
Other assets	5,068,326	3,786,615	8,854,941
	<u>8,303,356</u>	<u>3,639,166</u>	<u>11,942,522</u>
Total assets			
	9,530,494	-	9,530,494
Deferred Outflows			
	<u>9,530,494</u>	<u>-</u>	<u>9,530,494</u>
Liabilities			
Current	1,935,631	67,696	2,003,327
Long-term	2,861,600	-	2,861,600
	<u>4,797,231</u>	<u>67,696</u>	<u>4,864,927</u>
Total liabilities			
	5,513,580	19,464	5,533,044
Deferred Inflows			
	<u>5,513,580</u>	<u>19,464</u>	<u>5,533,044</u>
Net Position			
Net investment in capital assets	1,142,050	65,222	1,207,272
Restricted:			
Nonexpendable, endowments	-	811,203	811,203
Expendable, grantee and donor restrictions	33,367	92,170	125,537
Unrestricted	6,347,622	2,583,411	8,931,033
	<u>6,347,622</u>	<u>2,583,411</u>	<u>8,931,033</u>
Total net position	<u>\$ 7,523,039</u>	<u>\$ 3,552,006</u>	<u>\$ 11,075,045</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Condensed Statement of Activities

	<u>WHA Radio</u>	<u>WPRA</u>	<u>Total</u>
Operating Revenues			
Grants	\$ 723,657	\$ -	\$ 723,657
Community service grant, CPB	409,609	-	409,609
Underwriting	1,296,622	-	1,296,622
Telecasting, production and other income	4,461,102	121	4,461,223
Membership income	-	2,556,913	2,556,913
Major gifts	50,131	690,242	740,373
	<u>6,941,121</u>	<u>3,247,276</u>	<u>10,188,397</u>
Total operating revenues			
Operating Expenses			
Nondepreciation expenses	13,514,144	1,202,304	14,716,448
Depreciation expense	348,627	22,814	371,441
	<u>13,862,771</u>	<u>1,225,118</u>	<u>15,087,889</u>
Total operating expenses			
Operating income (loss)	(6,921,650)	2,022,158	(4,899,492)
Nonoperating Revenues			
State general appropriations	2,647,372	-	2,647,372
Donated facilities and administrative support	642,319	-	642,319
Gain (loss) on sale of assets	(30,834)	-	(30,834)
Investment income	251,614	369,686	621,300
	<u>3,510,471</u>	<u>369,686</u>	<u>3,880,157</u>
Total nonoperating revenues			
Transfers	2,075,123	(2,075,123)	-
	<u>2,075,123</u>	<u>(2,075,123)</u>	<u>-</u>
Changes in net position	(1,336,056)	316,721	(1,019,335)
Net Position, Beginning	8,859,095	3,235,285	12,094,380
Net Position, Ending	<u>\$ 7,523,039</u>	<u>\$ 3,552,006</u>	<u>\$ 11,075,045</u>

Condensed Statement of Cash Flows

	<u>WHA Radio</u>	<u>WPRA</u>	<u>Total</u>
Net Cash From			
Operating activities	\$ (2,441,876)	\$ 364,161	\$ (2,077,715)
Noncapital financing activities	2,647,372	-	2,647,372
Capital and related financing activities	(355,309)	(34,804)	(390,113)
Investing activities	210,499	(222,617)	(12,118)
	<u>60,686</u>	<u>106,740</u>	<u>167,426</u>
Net change in cash and cash equivalents			
Cash and Cash Equivalents, Beginning	239,533	153,723	393,256
Cash and Cash Equivalents, Ending	<u>\$ 300,219</u>	<u>\$ 260,463</u>	<u>\$ 560,682</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

The following summarizes amounts for both WHA Radio and WHA Radio's allocation portion of WPRA as of June 30, 2022:

Condensed Statement of Net Position

	<u>WHA Radio</u>	<u>WPRA</u>	<u>Total</u>
Assets			
Current assets	\$ 2,414,517	\$ 182,140	\$ 2,596,657
Interfund receivable/(payable)	164,428	(164,428)	-
Capital assets, net	1,106,395	53,232	1,159,627
Other assets	8,321,860	3,194,311	11,516,171
	<u>12,007,200</u>	<u>3,265,255</u>	<u>15,272,455</u>
Deferred Outflows	<u>7,445,839</u>	<u>-</u>	<u>7,445,839</u>
Liabilities			
Current	1,094,760	12,023	1,106,783
Long-term	94,221	-	94,221
	<u>1,188,981</u>	<u>12,023</u>	<u>1,201,004</u>
Deferred Inflows	<u>9,404,963</u>	<u>17,947</u>	<u>9,422,910</u>
Net Position			
Net investment in capital assets	1,106,395	53,232	1,159,627
Restricted:			
Pensions	3,891,426	-	3,891,426
Nonexpendable, endowments	-	856,116	856,116
Expendable, grantee and donor restrictions	62,172	20,471	82,643
Unrestricted	3,799,102	2,305,466	6,104,568
	<u>8,859,095</u>	<u>3,235,285</u>	<u>12,094,380</u>
Total net position	<u>\$ 8,859,095</u>	<u>\$ 3,235,285</u>	<u>\$ 12,094,380</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Condensed Statement of Activities

	WHA Radio	WPRA	Total
Operating Revenues			
Grants	\$ 628,021	\$ -	\$ 628,021
Community service grant, CPB	553,768	-	553,768
Underwriting	1,219,305	-	1,219,305
Telecasting, production and other income	4,457,970	2,117	4,460,084
Membership income	-	3,649,812	3,649,812
Major gifts	77,131	1,562,393	1,639,524
	<u>6,936,195</u>	<u>5,214,319</u>	<u>12,150,514</u>
Operating Expenses			
Nondepreciation expenses	13,901,536	275,810	14,177,346
Depreciation expense	432,776	22,815	455,591
	<u>14,334,312</u>	<u>298,625</u>	<u>14,632,937</u>
Total operating revenues	<u>6,936,195</u>	<u>5,214,319</u>	<u>12,150,514</u>
Total operating expenses	<u>14,334,312</u>	<u>298,625</u>	<u>14,632,937</u>
Operating income (loss)	<u>(7,398,120)</u>	<u>4,915,700</u>	<u>(2,482,420)</u>
Nonoperating Revenues			
State general appropriations	2,517,808	-	2,517,808
Donated facilities and administrative support	669,251	-	669,251
Investment income	(455,103)	(603,245)	(1,058,348)
	<u>2,713,956</u>	<u>(603,425)</u>	<u>2,128,711</u>
Total nonoperating revenues	<u>2,713,956</u>	<u>(603,425)</u>	<u>2,128,711</u>
Transfers			
	<u>3,994,114</u>	<u>(3,994,114)</u>	<u>-</u>
Changes in net position	(672,047)	318,345	(353,712)
Net Position, Beginning	<u>9,531,142</u>	<u>2,916,950</u>	<u>12,448,092</u>
Net Position, Ending	<u>\$ 8,859,095</u>	<u>\$ 3,235,295</u>	<u>\$ 12,094,380</u>

Condensed Statement of Cash Flows

	WHA Radio	WPRA	Total
Net Cash From			
Operating activities	\$ (2,454,350)	\$ 1,025,924	\$ (1,428,426)
Noncapital financing activities	2,517,808	-	2,517,808
Capital and related financing activities	(525,943)	-	(525,943)
Investing activities	678,195	(1,230,617)	(552,422)
	<u>215,710</u>	<u>(204,693)</u>	<u>11,017</u>
Net change in cash and cash equivalents	<u>215,710</u>	<u>(204,693)</u>	<u>11,017</u>
Cash and Cash Equivalents, Beginning	<u>23,823</u>	<u>358,416</u>	<u>382,239</u>
Cash and Cash Equivalents, Ending	<u>\$ 239,533</u>	<u>\$ 153,723</u>	<u>\$ 393,256</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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% 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 \$1,035,095 for both assets and liabilities as of June 30, 2023 and \$1,073,271 for both assets and liabilities as of June 30, 2022. The financial statement amounts are also reported net of eliminations of \$6,305,401 for both revenues and expenses for fiscal year 2023 and \$6,139,347 for both revenues and expenses for fiscal year 2022.

WHA Radio & Television

Notes to Financial Statements

June 30, 2023 and 2022

The following summarizes amounts for both WHA Television and WHA Television's allocation portion of Friends as of June 30, 2023:

Condensed Statement of Net Position

	<u>WHA-TV</u>	<u>Friends</u>	<u>Total</u>
Assets			
Current assets	\$ 4,341,106	\$ 3,540,155	\$ 7,881,261
Interfund receivable/(payable)	1,035,095	(1,035,095)	-
Capital assets, net	2,032,570	127,908	2,160,478
Other assets	10,348,846	15,586,897	25,935,743
	<u>17,757,617</u>	<u>18,219,865</u>	<u>35,977,482</u>
Deferred Outflows	<u>10,339,379</u>	<u>-</u>	<u>10,339,379</u>
Liabilities			
Current	1,467,588	249,975	1,717,563
Long-term	3,585,137	-	3,585,137
	<u>5,052,725</u>	<u>249,975</u>	<u>5,302,700</u>
Deferred Inflows	<u>6,009,020</u>	<u>-</u>	<u>6,009,020</u>
Net Position			
Net investment in capital assets	1,552,719	127,908	1,680,627
Restricted:			
Nonexpendable, endowments	1,000,000	205,189	1,205,189
Expendable, endowments	280,619	-	280,619
Expendable, grantee and donor restrictions	222,434	4,073,138	4,295,572
Unrestricted	13,979,479	13,563,655	27,543,134
	<u>17,035,251</u>	<u>17,969,890</u>	<u>35,005,141</u>
Total net position	<u>\$ 17,035,251</u>	<u>\$ 17,969,890</u>	<u>\$ 35,005,141</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Condensed Statement of Activities

	<u>WHA-TV</u>	<u>Friends</u>	<u>Total</u>
Operating Revenues			
Grants	\$ 221,151	\$ -	\$ 221,151
Community service grant, CPB	1,571,733	-	1,571,733
Underwriting	842	808,997	809,839
Telecasting, production and other income	111,249	483,102	594,351
Membership income	-	4,858,082	4,858,082
Major gifts	5,404	1,855,037	1,860,441
	<u>1,910,379</u>	<u>8,005,218</u>	<u>9,915,597</u>
Operating Expenses			
Nondepreciation expenses	16,289,924	2,427,170	18,717,094
Depreciation expense	219,750	38,700	258,450
	<u>16,509,674</u>	<u>2,465,870</u>	<u>18,975,544</u>
Total operating revenues	1,910,379	8,005,218	9,915,597
Total operating expenses	16,509,674	2,465,870	18,975,544
Operating income (loss)	<u>(14,599,295)</u>	<u>5,539,348</u>	<u>(9,059,947)</u>
Nonoperating Revenues			
State general appropriations	5,557,280	-	5,557,280
Donated facilities and administrative support	1,005,561	-	1,005,561
Investment income	672,993	1,542,347	2,215,340
	<u>7,235,834</u>	<u>1,542,347</u>	<u>8,778,181</u>
Total nonoperating revenues	7,235,834	1,542,347	8,778,181
Transfers	6,305,401	(6,305,401)	-
Changes in net position	(1,058,060)	776,294	(281,766)
Net Position, Beginning	18,093,311	17,193,596	35,286,907
Net Position, Ending	<u>\$ 17,035,251</u>	<u>\$ 17,969,890</u>	<u>\$ 35,005,141</u>

Condensed Statement of Cash Flows

	<u>WHA-TV</u>	<u>Friends</u>	<u>Total</u>
Net Cash From			
Operating activities	\$ (5,652,635)	\$ 4,336	\$ (5,648,299)
Noncapital financing activities	5,557,280	-	5,557,280
Capital and related financing activities	(676,509)	(75,451)	(751,960)
Investing activities	560,274	(314,658)	245,616
	<u>(211,590)</u>	<u>(385,773)</u>	<u>(597,363)</u>
Net change in cash and cash equivalents	(211,590)	(385,773)	(597,363)
Cash and Cash Equivalents, Beginning	2,078,233	2,443,489	4,521,722
Cash and Cash Equivalents, Ending	<u>\$ 1,866,643</u>	<u>\$ 2,057,716</u>	<u>\$ 3,924,359</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

The following summarizes amounts for both WHA Television and WHA Television's allocation portion of Friends as of June 30, 2022:

Condensed Statement of Net Position

	<u>WHA-TV</u>	<u>Friends</u>	<u>Total</u>
Assets			
Current assets	\$ 4,871,446	\$ 4,718,703	\$ 9,590,149
Interfund receivable/(payable)	1,073,271	(1,073,271)	-
Capital assets, net	1,704,392	91,157	1,795,550
Other assets	13,936,785	13,698,858	27,635,642
	<u>21,585,894</u>	<u>17,435,447</u>	<u>39,021,341</u>
Deferred Outflows	<u>6,861,500</u>	<u>-</u>	<u>6,861,500</u>
Liabilities			
Current	1,237,216	241,851	1,479,067
Long-term	661,078	-	661,078
	<u>1,898,294</u>	<u>241,851</u>	<u>2,140,145</u>
Deferred Inflows	<u>8,455,789</u>	<u>-</u>	<u>8,455,789</u>
Net Position			
Net investment in capital assets	1,211,067	91,159	1,302,226
Restricted:			
Pensions	3,693,681	-	3,693,681
Nonexpendable, endowments	1,000,000	205,189	1,205,189
Expendable, endowments	318,570	-	318,570
Expendable, grantee and donor restrictions	259,836	3,918,856	4,178,692
Unrestricted	11,610,157	12,978,392	24,588,549
	<u>18,093,311</u>	<u>17,193,596</u>	<u>35,286,907</u>
Total net position	<u>\$ 18,093,311</u>	<u>\$ 17,193,596</u>	<u>\$ 35,286,907</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

Condensed Statement of Activities

	<u>WHA-TV</u>	<u>Friends</u>	<u>Total</u>
Operating Revenues			
Grants	\$ 214,150	\$ -	\$ 214,150
Community service grant, CPB	2,030,337	-	2,030,337
Underwriting	2,315	969,207	971,522
Telecasting, production and other income	170,825	389,890	560,715
Membership income	-	4,520,080	4,520,080
Major gifts	137,963	3,425,511	3,563,474
	<u>2,555,590</u>	<u>9,304,688</u>	<u>11,860,278</u>
Total operating revenues			
	2,555,590	9,304,688	11,860,278
Operating Expenses			
Nondepreciation expenses	14,338,100	2,074,392	16,412,492
Depreciation expense	219,635	38,999	258,634
	<u>14,557,735</u>	<u>2,113,391</u>	<u>16,671,126</u>
Total operating expenses			
	14,557,735	2,113,391	16,671,126
Operating income (loss)	<u>(12,002,145)</u>	<u>7,191,297</u>	<u>(4,810,848)</u>
Nonoperating Revenues			
State general appropriations	5,269,646	-	5,269,646
Donated facilities and administrative support	934,667	-	934,667
Investment income	(1,057,579)	(2,091,290)	(3,148,869)
	<u>5,146,734</u>	<u>(2,091,290)</u>	<u>3,055,443</u>
Total nonoperating revenues			
	5,146,734	(2,091,290)	3,055,443
Transfers	<u>6,139,347</u>	<u>(6,139,347)</u>	<u>-</u>
Changes in net position	(716,064)	(1,039,340)	(1,755,404)
Net Position, Beginning	<u>18,809,375</u>	<u>18,232,936</u>	<u>37,042,311</u>
Net Position, Ending	<u>\$ 18,093,311</u>	<u>\$ 17,193,596</u>	<u>\$ 35,286,907</u>

Condensed Statement of Cash Flows

	<u>WHA-TV</u>	<u>Friends</u>	<u>Total</u>
Net Cash From			
Operating activities	\$ (4,312,208)	\$ 2,447,810	\$ (1,864,398)
Noncapital financing activities	5,269,646	-	5,296,646
Capital and related financing activities	8,796	-	8,796
Investing activities	172,864	(2,571,234)	(2,398,370)
	<u>1,139,098</u>	<u>(123,424)</u>	<u>1,015,674</u>
Net change in cash and cash equivalents			
	1,139,098	(123,424)	1,015,674
Cash and Cash Equivalents, Beginning	<u>939,135</u>	<u>2,566,913</u>	<u>3,506,048</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,078,233</u>	<u>\$ 2,443,489</u>	<u>\$ 4,521,722</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

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

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.

WHA Radio & Television

Notes to Financial Statements

June 30, 2023 and 2022

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 2023. 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	\$ 723,567	\$ 90	\$ 723,657
Community service grant – CPB	287,634	121,975	409,609
Underwriting	1,131,464	165,158	1,296,622
Telecasting, production and other income	4,461,223	-	4,461,223
Membership income	2,319,010	237,903	2,556,913
Major gifts	737,601	2,772	740,373
	<u>9,660,499</u>	<u>527,898</u>	<u>10,188,397</u>
Operating Expenses			
Program services:			
Programming and production	6,752,525	532,378	7,284,903
Broadcasting	1,486,280	45,926	1,532,206
Program information	684,280	47,446	731,726
	<u>8,923,085</u>	<u>625,750</u>	<u>9,548,835</u>
Support services:			
Management and general	2,972,454	239,561	3,212,015
Fundraising	812,013	12,733	824,746
Underwriting	1,344,356	157,937	1,502,293
	<u>5,128,824</u>	<u>410,230</u>	<u>5,539,054</u>
Total operating expenses	<u>14,051,909</u>	<u>1,035,980</u>	<u>15,087,889</u>
Operating loss	<u>(4,391,410)</u>	<u>(508,082)</u>	<u>(4,899,492)</u>
Nonoperating Revenues			
State general appropriations	2,340,875	306,497	2,647,372
Donated facilities and administrative support	582,191	60,128	642,319
Gain/(loss) on sale of assets	(30,834)	-	(30,834)
Investment income	621,300	-	621,300
	<u>3,513,532</u>	<u>366,625</u>	<u>3,880,157</u>
Change in net position	<u>\$ (877,878)</u>	<u>\$ (141,457)</u>	<u>\$ (1,019,335)</u>

WHA Radio & Television

Notes to Financial Statements
June 30, 2023 and 2022

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 2022. 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	\$ 628,021	\$ -	\$ 628,021
Community service grant – CPB	393,300	160,468	553,768
Underwriting	899,923	319,382	1,219,305
Telecasting, production and other income	4,460,084	-	4,460,084
Membership income	3,347,031	302,781	3,649,812
Major gifts	1,635,230	4,294	1,639,524
	<u>11,363,589</u>	<u>786,925</u>	<u>12,150,514</u>
Operating Expenses			
Program services:			
Programming and production	7,382,882	824,910	8,207,792
Broadcasting	1,144,039	42,688	1,186,727
Program information	558,071	43,323	601,394
	<u>9,084,992</u>	<u>910,921</u>	<u>9,995,913</u>
Support services:			
Management and general	2,404,917	183,104	2,588,021
Fundraising	688,066	22,527	710,593
Underwriting	1,193,518	144,892	1,338,410
	<u>4,286,501</u>	<u>350,523</u>	<u>4,637,024</u>
Total operating expenses	<u>13,371,493</u>	<u>1,261,444</u>	<u>14,632,937</u>
Operating loss	<u>(2,007,904)</u>	<u>(474,519)</u>	<u>(2,482,423)</u>
Nonoperating Revenues			
State general appropriations	2,270,168	247,640	2,517,808
Donated facilities and administrative support	583,699	85,552	669,251
Investment income	(1,058,348)	-	(1,058,348)
	<u>1,795,519</u>	<u>333,192</u>	<u>2,128,711</u>
Change in net position	<u>\$ (212,385)</u>	<u>\$ (141,327)</u>	<u>\$ (353,712)</u>

REQUIRED SUPPLEMENTARY INFORMATION

WHA Radio & Television

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System
Year Ended June 30, 2023

WRS 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
6/30/23	0.10390727 %	\$ 5,504,698	\$ 18,500,041	29.76%	95.72 %
6/30/22	0.09411331 %	(7,585,107)	16,452,199	46.10%	106.02 %
6/30/21	0.09917254 %	(6,191,479)	16,360,036	37.85%	105.26 %
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
Year Ended June 30, 2023

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
6/30/23	\$ 1,240,668	\$ 1,240,668	\$ -	\$ 18,998,392	6.53 %
6/30/22	1,186,159	1,186,159	-	17,572,685	6.75 %
6/30/21	1,109,535	1,109,535	-	16,437,546	6.75 %
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 notes to required supplementary information

WHA Radio & Television

Notes to Required Supplementary Information
Year Ended June 30, 2023

Wisconsin Retirement System

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 in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table