

WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Dr. Mark Mone, Chancellor
University of Wisconsin - Milwaukee
Milwaukee, Wisconsin

Opinion

We have audited the accompanying financial statements of WUWM Milwaukee Public Radio ("WUWM") as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise WUWM's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of WUWM Milwaukee Public Radio as of June 30, 2023 and 2022, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the WUWM Milwaukee Public Radio, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only WUWM Milwaukee Public Radio and do not purport to, and do not present the financial position of the University of Wisconsin – Milwaukee, the UWM foundation, or the University of Wisconsin system.

Responsibilities of Management for the Financial Statements

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

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 WUWM Milwaukee Public Radio'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 WUWM Milwaukee Public Radio'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 WUWM Milwaukee Public Radio'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, management discussion and analysis, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Reilly, Penner & Benton LLP

April 25, 2024
Milwaukee, Wisconsin



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Management's Discussion and Analysis
June 30, 2023 and 2022

This analysis was prepared by WUWM Management to be read in conjunction with the financial statements and notes.

▶ USING THE FINANCIAL STATEMENTS

WUWM's financial statements are prepared in accordance with the Governmental Accounting Standards Board (GASB). The financial statements include WUWM's funds that are part of the University of Wisconsin - Milwaukee Foundation (UWM Foundation) a non-profit 501(c)(3), the University of Wisconsin - Milwaukee (UWM), and the University of Wisconsin Trust Fund.

The Statements of Net Position includes all assets and liabilities. The difference between assets and liabilities is reported as net position.

Certain significant revenue streams relied upon for operations are reported as non-operating revenue, as defined by GASB Statement Number 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, including UW- Milwaukee appropriations, indirect administrative support from the University of Wisconsin – Milwaukee and non-cash contributions and trade. This reporting model can result in operating deficits on the Statements of Activities.

The use of capital assets is reflected in the financial statements as depreciation expense, which amortizes the cost of an asset over its expected useful life. Depreciation and amortization expense is included in the functional expense categories.

The Statements of Cash Flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital and related financing, and investing activities.

The notes to the financial statements provide additional information that is essential to gaining a full understanding of the data provided in the financial statements.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

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

▶ **CONDENSED FINANCIAL STATEMENTS**

<u>Condensed Statements of Net Position</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets		
Current assets	\$4,776,917	\$5,410,998
Non-current assets	547,398	930,856
Total assets	<u>5,324,315</u>	<u>6,341,854</u>
Liabilities and Net Position		
Current liabilities	1,138,551	1,653,573
Non-current liabilities	205,861	548,514
Total liabilities	<u>1,344,412</u>	<u>2,202,087</u>
Net Position		
Net investment in capital assets	18,652	33,164
Restricted for endowment – non-expendable principal	440,296	115,596
Restricted for endowment – expendable earnings	41,954	29,068
Restricted by donor purpose	75,710	-
Restricted by time	-	70,000
Unrestricted	3,403,291	3,891,939
Total net position	<u>\$3,979,903</u>	<u>\$4,139,767</u>

<u>Condensed Statements of Activities</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Operating revenues	\$4,707,428	\$4,350,899
Operating expenses	5,421,791	5,244,690
Operating gain (loss)	<u>(714,363)</u>	<u>(893,790)</u>
Non-operating revenue	554,499	530,301
Capital contributions	-	-
Change in net position	<u>(159,864)</u>	<u>(363,489)</u>
Net position, beginning of year	<u>4,139,767</u>	<u>4,503,256</u>
Net position, end of year	<u>\$3,979,903</u>	<u>\$4,139,767</u>



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

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

▶ SUMMARY OF FINANCIAL ACTIVITY

Comparing fiscal 2023 to fiscal 2022 shows a decrease in net position of \$159,864 or 3.86%. Total assets decreased by \$1,017,539 or 16.04%. Total liabilities decreased by \$857,675 or 38.95%.

Total station revenue increased by \$380,726 or 7.80% to \$5,261,927. This was primarily attributed to an increase in membership contributions received and investment gains. Total expenses increased by \$177,101 or 3.38% to \$5,421,791.

Direct (cash) revenue increased by \$473,288 or 10.50% to \$4,979,104.

Indirect (noncash) revenue and expenses decreased by \$92,562 or 24.66% to \$282,823. This category consists of the value of indirect administrative support from UW-Milwaukee, underwriting trades and in-kind donations.

Net property and equipment decreased by \$14,512. The decrease was the result of depreciation in the amount of \$14,512.

▶ REQUESTS FOR INFORMATION

Questions or requests for additional information should be addressed to:

WUWM Milwaukee Public Radio
Manager of Finance and Administration
P.O. Box 413
Milwaukee, WI 53201-0413

Email: wuwm@uwm.edu



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and equivalents	\$ 4,349,341	\$ 4,904,860
Accounts receivable	277,214	302,787
Promise to give, current	-	35,000
Prepaid expenses	150,362	168,351
Total current assets	4,776,917	5,410,998
Non-current assets:		
Promise to give, net of current	-	35,000
Property and equipment, net	18,652	33,164
Right to use leased assets, net	528,746	862,692
Total non-current assets	547,398	930,856
Total assets	\$ 5,324,315	\$ 6,341,854
LIABILITIES AND NET POSITION		
Current liabilities:		
Accrued wages and other payables	\$ 764,583	\$ 1,266,075
Unearned underwriting revenue	31,316	58,377
Lease liability, current	342,652	329,121
Total current liabilities	1,138,551	1,653,573
Noncurrent liabilities:		
Lease liability, net of current	205,861	548,514
Total liabilities	1,344,412	2,202,087
Net position:		
Net investment in capital assets	18,652	33,164
Restricted for endowment - non-expendable principal	440,296	115,596
Restricted for endowment - expendable earnings	41,954	29,068
Restricted by donor purpose	75,710	-
Restricted by time	-	70,000
Unrestricted	3,403,291	3,891,939
Total net position	3,979,903	4,139,767
Total liabilities and net position	\$ 5,324,315	\$ 6,341,854

The accompanying notes to the financial statements are an integral part of these statements.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
CPB Community Service Grants	\$ 292,196	\$ 345,477
Membership contributions	2,446,975	2,001,590
Underwriting	1,967,957	2,001,808
Telecasting, production, and other income	300	2,025
Total operating revenues	<u>4,707,428</u>	<u>4,350,900</u>
Operating expenses:		
Program services:		
Programming	2,718,028	2,366,798
Broadcasting	334,677	364,160
Program information	124,237	27,805
Total program services expenses	<u>3,176,942</u>	<u>2,758,763</u>
Supporting services:		
Management and general	884,689	1,129,657
Fundraising	487,316	474,844
Underwriting	872,844	881,426
Total supporting services expenses	<u>2,244,849</u>	<u>2,485,927</u>
Total operating expenses	<u>5,421,791</u>	<u>5,244,690</u>
Operating loss	(714,363)	(893,790)
Non-operating revenues:		
UW-Milwaukee appropriations	180,610	287,196
Investment gains (losses)	91,066	(132,280)
Indirect administrative support - UW System	257,131	344,184
Miscellaneous non-cash donations	25,692	31,201
Total non-operating revenues	<u>554,499</u>	<u>530,301</u>
Change in net position	(159,864)	(363,489)
Net position, beginning of year	<u>4,139,767</u>	<u>4,503,256</u>
Net position, end of year	<u>\$ 3,979,903</u>	<u>\$ 4,139,767</u>

The accompanying notes to the financial statements
are an integral part of these statements.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
CPB Community Service Grant received	\$ 292,196	\$ 345,477
Membership contributions received	2,516,975	2,036,590
Underwriting revenues received	1,921,431	2,037,288
Telecasting, production, and other income received	300	2,025
Payments to vendors	(2,453,089)	(987,701)
Payments to and on behalf of employees	<u>(2,755,358)</u>	<u>(2,522,790)</u>
Net cash and equivalents provided (used) by operating activities	(477,545)	910,889
Cash flows from non-capital financing activities:		
UW-Milwaukee appropriations	<u>180,610</u>	<u>287,196</u>
Net cash and equivalents provided by non-capital financing activities	180,610	287,196
Cash flows from capital financing activities:		
Lease principal payments	(329,122)	(319,002)
Interest paid on leases	<u>(20,528)</u>	<u>(27,852)</u>
Net cash and equivalents used by capital financing activities	(349,650)	(346,854)
Cash flows from investing activities:		
Investment gains (losses)	<u>91,066</u>	<u>(132,280)</u>
Net cash and equivalents provided (used) by investing activities	<u>91,066</u>	<u>(132,280)</u>
Net change in cash and equivalents	(555,519)	718,951
Cash and equivalents at beginning of year	4,904,860	4,185,909
Cash and equivalents at end of year	<u>\$ 4,349,341</u>	<u>\$ 4,904,860</u>

The accompanying notes to the financial statements are an integral part of these statements.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of operating gain (loss) to net provided (used) by operating activities:		
Operating loss	\$ (714,363)	\$ (893,790)
Adjustments to reconcile operating gain (loss) to net cash and equivalents provided (used) by operating activities:		
Depreciation expense	14,512	18,979
Amortization on leases	333,946	333,945
Interest paid on lease	20,528	27,852
Indirect administrative support	257,131	344,184
Miscellaneous non-cash expenses	25,692	31,201
Changes in assets and liabilities:		
Accounts receivable	25,573	(16,269)
Prepaid expenses	17,989	110,421
Promises to give	70,000	35,000
Accrued wages and other payables	(501,492)	906,332
Unearned underwriting revenue	<u>(27,061)</u>	<u>13,034</u>
Total adjustments	<u>236,818</u>	<u>1,804,679</u>
Net cash and equivalents provided (used) by operating activities	\$ <u><u>(477,545)</u></u>	\$ <u><u>910,889</u></u>
Non-cash activities:		
Indirect administrative support	\$ 257,131	\$ 344,184
In-kind services, property, and trade contributions	25,692	31,201

The accompanying notes to the financial statements
are an integral part of these statements.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Notes to the Financial Statements
June 30, 2023 and 2022

1. Summary of Significant Accounting Policies

Organization

WUWM Milwaukee Public Radio ("WUWM") is a public telecommunication entity licensed to the Board of Regents of the University of Wisconsin System and operated by the University of Wisconsin-Milwaukee ("UWM" or "UW-Milwaukee"). Programming broadcast by WUWM is either produced locally or purchased from National Public Radio, American Public Media, PRX, New York Public Radio, or Canadian Broadcasting Corporation.

Funds are solicited directly by the WUWM staff for deposit into accounts at the UWM Foundation, Inc. The UWM Foundation is a non-stock, non-profit organization incorporated under the laws of Wisconsin to aid the University of Wisconsin-Milwaukee by soliciting for the benefit of the University gifts from individuals, associations, corporation, or other entities. All funds received for WUWM are restricted to purposes benefiting WUWM. The UWM Foundation provides cash custody and handling services to the station by receiving and investing deposits and making disbursements at the direction of WUWM management. More information about the UWM Foundation can be found at www.uwmfdn.org.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). Enterprise fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Significant inter-organization accounts and transactions have been eliminated.

Revenues from government-mandated or voluntary non-exchange transactions, such as contributions 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 non-exchange revenue is recognized.

Non-cash contributions are recognized as non-operating revenues in the period of receipt unless they involve trades for which on-air underwriting credits have not yet been broadcast. Non-cash expenses are shown in the functional categories of operating expenses contained in the Statements of Activities. Material expense amounts that relate to more than one category are allocated to the respective categories based on the number of employees in each department.

Operating revenues are directly related to programming, production, and development activities. Non-operating revenues are indirectly related to programming, production, and development activities.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Certain significant revenue streams relied upon for operations are reported as non-operating revenue, as defined by GASB Statement Number 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, including UW-Milwaukee appropriations, indirect administrative support from UW System, and non-cash contributions and trade. This reporting model can result in operating deficits on the Statements of Activities.

The use of capital assets is reflected in the financial statements as depreciation expense, which amortizes the cost of an asset over its expected useful life. Depreciation expense is included in the functional expense categories.

The membership contributions category includes donations from individuals, businesses, foundations and non-profits, employer matching gifts, and vehicle donation programs.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires WUWM management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates and assumptions also affect the 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 may differ from those estimates.

Cash and Equivalents and Investments

Cash and equivalents include cash balances deposited with UWM, and highly liquid investments with an original maturity of three months or less held by the UW Trust Fund and the UWM Foundation Fund. WUWM does not hold outside investments at this time. All funds with the UWM Foundation, the State Investment Fund, and the UW System Trust Fund as of June 30, 2023 and 2022 fall under the classification of “Cash and Equivalents” (See also Note 2, Cash and Equivalents).

Receivables

All accounts receivable and promises to give are recorded at gross amount. No allowance for uncollectible accounts has been provided since management determined that such an allowance would not be material. Promises to give are reported as net position restricted by time.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Right to Use Assets

WUWM has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets

Items classified as capital assets are recorded at cost or for donated property, at the estimated fair-market value at the date of the donation. A capital asset is defined as any single asset that has an acquisition cost of \$5,000 or more and a useful life of more than one year, whether purchased outright or acquired through a capital lease or donation. Capital assets may also include certain constructed or fabricated items and certain component parts. Depreciation is calculated using the straight-line method over a useful life of seven years. Expenses for repairs and maintenance are charged to operating expenses as incurred.

Payables/Receivable Due to the University of Wisconsin-Milwaukee

For project grants associated with funds on deposit at the UWM Foundation, UWM pays expenses on WUWM's behalf and receives quarterly reimbursements upon invoicing the UWM Foundation. The difference between expenses paid and cash reimbursements to UWM are reported as either payables or prepaid.

Unearned Support

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

Unearned Underwriting Revenue

Revenue is recognized when underwriting credits are broadcast. Payments received but not yet earned are reported as liabilities on the Statements of Net Position.

Net Position

WUWM classifies net position in accordance with GASB as follows:

- *Net Investment in Capital Assets* – includes WUWM's capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowings attributable to the acquisition, construction or improvement for those assets.
- *Restricted Net Position* – includes balances that have limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. They also include items that are restricted by time.
- *Unrestricted Net Position* – all balances that do not fall into one of the other two categories.

WUWM applies restricted resources first when expense is incurred for purposes for which both a restricted and unrestricted net position are available.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

Restricted Net Position

Restricted net position is reported when constraints placed on net position are externally imposed, such as by donors or grantors, as well as time restraints. WUWM's restricted net position includes purpose restrictions placed by donors on contributed support or gifts. Unrestricted net position may be used at the discretion of WUWM management.

Subsequent Events

Management has evaluated all subsequent events through April 25, 2024 for possible inclusion as a disclosure in the financial statements. There were no subsequent events that required recognition or disclosure.

2. Cash and Equivalents

WUWM invests its funds in accordance with the provisions of the Wisconsin Statutes 66.04(2) and 67.11(2), which are as follows:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association.
2. Bonds or securities of any county, city, drainage district, technical college districts, village, town, or school district of the state.
3. Bonds or securities issued or guaranteed by the federal government.
4. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
5. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
6. Repurchase agreements secured by federal bonds or securities with public depositories.
7. Bonds issued by local exposition districts.
8. Bonds issued by local professional baseball park districts and professional football stadium districts.
9. Bonds issued by the University of Wisconsin Hospitals and Clinic Authority.
10. The Local Government Investment Pool Fund.

Additional restrictions may arise from local charters, ordinances, resolutions, and grant regulations. There were no significant violations during the year of legal or contractual provisions of investments or deposits.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

2. Cash and Equivalents (Continued)

UWM Foundation

Contributions received from businesses and individuals are deposited with the UWM Foundation. The Foundation’s investments are held by bank administered trust funds. The management of the Foundation has granted the investment managers discretionary authority over investment decisions based upon the Foundation’s investment policy. The deposit balance invested in the Foundation was \$2,391,075 and \$3,130,408 as of June 30, 2023 and 2022, respectively. This balance is subject to custodial risk, WUWM does not have a policy on custodial risk.

State Investment Fund

The State of Wisconsin performs banking activity for revenues from Corporation for Public Broadcasting (“CPB”) grants, state appropriations, and auxiliary enterprises. The State Investment Fund represents a pool of cash balances of various state agencies and certain public institutions. Interest earnings are income to the State Investment Fund as a whole and are not distributed to the individual State agencies. The deposit balance invested in the State’s bank was \$1,216,159 and \$1,123,762 as of June 30, 2023 and 2022, respectively. A separate financial report for SIF is prepared in accordance with GASB and can be obtained from <https://doa.wi.gov/Pages/StateFinances/LGIP.aspx>. This balance is subject to custodial risk, WUWM does not have a policy on custodial risk.

UW System Trust Fund

The UW System Trust Fund provides banking service for WUWM for specific grants that were previously held in the State Investment Fund. The purpose of the trust fund account is to provide investment earnings for WUWM on funds that will not be expended immediately. The deposit balance invested in the UW System Trust was \$742,107 and \$650,690 as of June 30, 2023 and 2022, respectively. A separate financial report for the UW System is prepared in accordance with GASB and can be obtained from <https://www.wisconsin.edu/financial-administration/forms-and-publications/annual-financial-reports/>. This balance is subject to custodial risk, WUWM does not have a policy on custodial risk.

3. Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give, such as planned giving, are not included as support until the conditions are substantially met. WUWM determined that no allowance was necessary on the promises to give. No discount was recorded due to all promised to give being current. WUWM had no conditional promises to give to disclose for the periods ending June 30, 2023 and 2022, respectively.

Included in promises to give are the following unconditional promises to give at June 30:

	<u>2023</u>	<u>2022</u>
Unconditional promises to give	\$ <u> </u> - \$ <u> </u>	\$ <u> </u> 70,000



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

4. Property and Equipment

During fiscal 2023 and 2022, no capital assets were purchased or disposed of.

Property and Equipment at June	2023	2022
Equipment	\$ 842,970	\$ 842,970
Less: accumulated depreciation	<u>(824,318)</u>	<u>(809,806)</u>
Book Value	\$ <u>18,652</u>	\$ <u>33,164</u>

Depreciation expense was charged to the various functions as follows:

	2023	2022
Broadcasting	\$ <u>14,512</u>	\$ <u>18,979</u>

5. Right of Use Leased Assets

Right of use leased assets for the years ended June 30, 2023 and 2022 were as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Intangible right to use assets:				
Leased building	\$ 1,500,909	\$ -	\$ -	\$ 1,500,909
Less: accumulated amortization	<u>(638,217)</u>	<u>(333,946)</u>	<u>-</u>	<u>(972,163)</u>
Net intangible right to use assets	\$ <u>862,692</u>	\$ <u>(333,946)</u>	\$ <u>-</u>	\$ <u>528,746</u>
	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Intangible right to use assets:				
Leased building	\$ 1,500,909	\$ -	\$ -	\$ 1,500,909
Less: accumulated amortization	<u>(304,272)</u>	<u>(333,945)</u>	<u>-</u>	<u>(638,217)</u>
Net intangible right to use assets	\$ <u>1,196,637</u>	\$ <u>(333,945)</u>	\$ <u>-</u>	\$ <u>862,692</u>

Amortization expense was charged to the various functions as follows:

	2023	2022
Programming	\$ 209,910	\$ 178,104
Broadcasting	19,082	22,263
Management and general	38,165	55,658
Fundraising	28,624	33,394
Underwriting	38,165	44,526
Total	\$ <u>333,946</u>	\$ <u>333,945</u>



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

6. Lease Liability

Lease liability for the years ended June 30, 2023 and 2022 were as follows:

<u>Type</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Amounts due within one year</u>
\$1,196,637 Building lease	\$ <u>877,635</u>	\$ <u>-</u>	\$ <u>(329,122)</u>	\$ <u>548,513</u>	\$ <u>342,652</u>

<u>Type</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts due within one year</u>
\$1,196,637 Building lease	\$ <u>1,196,637</u>	\$ <u>-</u>	\$ <u>(319,002)</u>	\$ <u>877,635</u>	\$ <u>329,121</u>

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Monthly Payment Amount (1)</u>	<u>Interest Rate</u>	<u>Balance June 30, 2023</u>
Building	7/1/2020	55 months	\$ 28,493	2.93%	\$ 548,513

(1) – Lease payments increase by around 1% each year

Future minimum lease payments are as follows:

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 342,652	\$ 11,508	\$ 354,160
2025	205,861	2,015	207,877
Total	<u>\$ 548,513</u>	<u>\$ 13,523</u>	<u>\$ 562,037</u>

7. Restricted Net Position

Endowment

Endowment fund principal is permanently restricted by donor stipulation. In January of each year, the UWM Foundation board determines an annual spending percentage based on a three-year rolling average of the total of the principal account and the investment earnings account. If the calculated spending allowance exceeds the deposit balance in the investment earnings account, the actual spending allowance will be reduced to match that amount. As of June 30, 2023 and 2022, the principal account balance was \$440,297 and \$115,596, respectively. As of June 30, 2023 and 2022, the investment earnings account balance was \$41,954 and \$29,068, respectively. These amounts are reflected as net position on the Statements of Net Position as restricted for endowment - non-expendable principal, and restricted for endowment - expendable earnings, respectively.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

7. Restricted Net Position (Continued)

Donor Purpose

Unexpended donations received for a specific purpose or fundraising appeals are reflected on the Statement of Net Position as Net Position - Restricted by donor purpose. Donations restricted for purpose totaled \$75,710 and \$0 at June 30, 2023 and 2022, respectively.

Donations that have been recognized but not yet received are reflected on the Statement of Net Position as Net Position - Restricted by time. Donations restricted for time totaled \$0 and \$70,000 at June 30, 2023 and 2022, respectively.

8. Designated Net Position

Designated assets are not restricted by donor or grantor and, as such, are not broken out on the Statements of Net Position.

WUWM management has designated net position held in the UW System Trust Fund as operating reserves. This designated but unrestricted net position totaled \$742,107 and \$650,690 at June 30, 2023 and 2022, respectively.

WUWM management has designated a trust donation to be used for a future capital campaign. This designated but unrestricted net position totaled \$150,000 at June 30, 2023 and 2022.

9. Corporation for Public Broadcasting and Other Grants and Contracts

CPB Community Service Grant ("CSG")

Each year, a portion of the CSG is restricted for the purchase of nationally produced programming. WUWM meets this restriction in the fiscal year received by purchasing programming from National Public Radio, American Public Media, or Public Radio Exchange. At June 30, 2023 and 2022, no restricted net position remained for CSG.

FY2023: \$292,196 total; \$76,527 restricted portion used to purchase national programming
FY2022: \$345,477 total; \$91,932 restricted portion used to purchase national programming

10. Employee Retirement Plan

The employees of WUWM are employees of the University of Wisconsin System. The employees of WUWM are covered under the University of Wisconsin System's participation in the Wisconsin Retirement System, a cost-sharing, multiple-employer, defined benefit plan. The financial statements of WUWM do not include pension expenses or the related liabilities other than those actually paid to the University of Wisconsin System, which are allocated to various functional expenses on the statement of activities. Any net pension obligation resulting from participation in this plan is included in the State of Wisconsin's financial statements but is not included in WUWM's financial statements.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

11. 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. The employees of WUWM are employees of the University of Wisconsin System. The financial statements of WUWM 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.

Health Insurance – The State’s Health Insurance Program, a cost-sharing, multiple-employer, defined benefit plan not held in a trust, 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 net OPEB obligation related to this plan is included in the State of Wisconsin’s financial statements but is not included in WUWM’s financial statements.

The State’s financial statements, additional note disclosures, and required supplementary information for this plan are included in the State’s Comprehensive Annual Financial Report. This report is publicly available at www.doa.wi.gov or may be obtained by contacting:

State Controller’s Office
Department of Administration
101 East Wilson Street
Madison, Wisconsin 53703

Life Insurance – The State’s Life Insurance Program, a cost-sharing, multiple-employer, defined benefit plan held in trust, provides post-employment coverage to all eligible employees. The plan is administered under section 40.70 of Wisconsin Statutes. Beginning at age 65, retirees and terminating participants continue to receive, at no cost to themselves, basic life insurance coverage. Retirees and terminating participants under age 65 must continue to pay the employee premium to maintain coverage. The relative portion of the State’s contributions to the Life Insurance OPEB plan attributable to WUWM is not readily available.

The Department of Employee Trust Funds issues a publicly available financial report that includes financial statements, additional note disclosures, and required supplementary information for the Life Insurance OPEB plan. That report is available at www.etf.wi.gov or may be obtained by contacting:

Department of Employee Trust Funds
P.O. Box 7931
Madison, Wisconsin 53707-7931

The State’s Comprehensive Annual Financial Report also includes additional note disclosures for the plan.



Notes to the Financial Statements
June 30, 2023 and 2022
(Continued)

12. Donated Goods and Services

Indirect administrative support from UWM is the most significant source of donated services to WUWM. It is derived from a CPB developed allocation method that uses a ratio of WUWM total expenses to UWM expense categories that benefit the station.

All other In-kind and traded goods and services are recorded as revenues and expenses at the estimated fair market value. Unearned underwriting totaled \$5,100 and \$2,500 at June 30, 2023 and 2022, respectively.

Indirect, In-kind, and Trades	2023	2022
Indirect Administrative Support – UW System	\$ 257,131	\$ 344,184
In-kind Tower Rental - Fox 6	10,000	10,000
Local Advertising Trades	12,450	13,900
Fundraising Related Trades	3,242	7,301
Total	\$ 282,823	\$ 375,385

13. Compensated Absences for Employees

Unused, earned compensated absences, other than accumulated sick leave, are accrued with a resulting liability. Leave policies restrict the accumulation of unused vacation and thus limit actual payments made to employees upon termination or retirement. The liability and the expense for compensated absences are based on the subsequent years’ rates of pay. Revenue is recognized for the value of compensated absence liability for employees who are funded with grant money from the State of Wisconsin/UWM.

Starting in fiscal year 2017, WUWM is no longer liable for any accumulated unused vacation time that would be paid out at an employees’ retirement or termination of employment. This is now a liability of the University of Wisconsin system. WUWM is still liable for accumulated vacation time to be used for day to day purposes.

The total compensated absence liability, shown as part of the wages and other payables liability on the Statements of Net Position, was \$111,798 and \$112,648 as of June 30, 2023 and 2022, respectively.

14. Fundraising Activities

Contributions received from the proceeds of a vehicle donations program are reported in Membership contributions on the Statements of Activities. Proceeds received from vehicle donations totaled \$72,013 and \$78,230 for the years ended June 30, 2023 and 2022, respectively.

15. Federal Income Taxes

WUWM has been granted tax exempt status by the Internal Revenue Service. Accordingly, no provision or credit for income taxes is recorded in the accompanying financial statements.

16. Commitments

On April 3, 2020, WUWM entered into an agreement with a company to provide underwriting services beginning July 1, 2020. The agreement expires on June 30, 2025, which automatically renews if no notice of intention to not renew is done within six-months of the expiration date. WUWM has agreed to compensate the company a set percentage of underwriting revenue generated by the company. Commissions paid to the company by WUWM amounted to \$783,504 and \$789,932 for the years ended June 30, 2023 and 2022, respectively