

WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

AUDITED FINANCIAL STATEMENTS

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of WUWM Milwaukee Public Radio ("WUWM") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise WUWM's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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, 2021 and 2020, and the respective changes in net position and cash flows thereof for the years then ended in accordance with U.S. GAAP.

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 fairly the financial position of the University of Wisconsin-Milwaukee, the UWM Foundation, or the University of Wisconsin System.

Other Matters

Required Supplementary Information

U.S. GAAP requires that the management's 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.

A handwritten signature in black ink that reads "Reilly, Penner & Benton LLP". The signature is written in a cursive, flowing style.

January 7, 2022
Milwaukee, Wisconsin



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Management's Discussion and Analysis
June 30, 2021 and 2020

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 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, 2021 and 2020
(Continued)

▶ **CONDENSED FINANCIAL STATEMENTS**

| <u>Condensed Statements of Net Position</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|--|--------------------------|--------------------------|
| Assets | | |
| Current assets | \$5,339,898 | \$5,258,966 |
| Non-current assets | 52,143 | 73,131 |
| Total assets | <u>5,392,041</u> | <u>5,332,097</u> |
| Liabilities and Net Position | | |
| Current liabilities | <u>405,086</u> | <u>270,903</u> |
| Net Position | | |
| Net investment in capital assets | 52,143 | 73,131 |
| Restricted for endowment – non-expendable principal | 85,448 | 85,448 |
| Restricted for endowment – expendable earnings | 44,114 | 16,476 |
| Restricted by donor purpose | 13,413 | 356,796 |
| Unrestricted | <u>4,791,837</u> | <u>4,529,343</u> |
| Total net position | <u>\$4,986,955</u> | <u>\$5,061,194</u> |

| <u>Condensed Statements of Activities</u> | <u>Fiscal 2021</u> | <u>Fiscal 2020</u> |
|---|------------------------|------------------------|
| Operating revenues | \$4,305,278 | \$5,538,550 |
| Operating expenses | <u>5,187,841</u> | <u>5,159,986</u> |
| Operating gain (loss) | (882,563) | 378,564 |
| Non-operating revenue | 808,324 | 1,217,903 |
| Capital contributions | - | - |
| Change in net position | <u>(74,239)</u> | <u>1,596,467</u> |
| Net position, beginning of year | <u>5,061,194</u> | <u>3,464,727</u> |
| Net position, end of year | <u>\$4,986,955</u> | <u>\$5,061,194</u> |



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Management's Discussion and Analysis
June 30, 2021 and 2020
(Continued)

▶ SUMMARY OF FINANCIAL ACTIVITY

Comparing fiscal 2021 to fiscal 2020 shows an decrease in net position of \$74,239 or 1.47%. Total assets increased by \$59,944 or 1.12%. Total liabilities increased by \$134,183 or 49.53%.

Total station revenue decreased by \$1,642,851 or 24.32% to \$5,113,602. This was primarily attributed to a decrease in membership contributions received and investment gains. Total expenses increased by \$27,855 or .54% to \$5,187,841.

Direct (cash) revenue decreased by \$1,678,354 or 26.18% to \$4,732,329. This was primarily attributed to a decrease in membership contributions received and investment gains.

Indirect (noncash) revenue and expenses increased by \$35,503 or 10.27% to \$381,273. This category consists of the value of indirect administrative support from UW-Milwaukee, underwriting trades and in-kind donations. The increase was attributed to an increase in indirect administrative support from UW System.

Net property and equipment decreased by \$20,988. The decrease was the result of depreciation in the amount of \$20,988.

▶ 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, 2021 and 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and equivalents | \$ 4,774,608 | \$ 4,876,208 |
| Accounts receivable | 286,518 | 244,728 |
| Prepaid expenses | 278,772 | 138,030 |
| Total current assets | 5,339,898 | 5,258,966 |
| Non-current assets: | | |
| Property and equipment, net | 52,143 | 73,131 |
| Total assets | \$ 5,392,041 | \$ 5,332,097 |
| LIABILITIES AND NET POSITION | | |
| Current liabilities: | | |
| Accrued wages and other payables | \$ 360,622 | \$ 227,931 |
| Unearned underwriting revenue | 44,464 | 42,972 |
| Total current liabilities | 405,086 | 270,903 |
| Net position: | | |
| Net investment in capital assets | 52,143 | 73,131 |
| Restricted for endowment - non-expendable principal | 85,448 | 85,448 |
| Restricted for endowment - expendable earnings | 44,114 | 16,476 |
| Restricted by donor purpose | 13,413 | 356,796 |
| Unrestricted | 4,791,837 | 4,529,343 |
| Total net position | 4,986,955 | 5,061,194 |
| Total liabilities and net position | \$ 5,392,041 | \$ 5,332,097 |

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, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Operating revenues: | | |
| CPB Community Service Grants | \$ 253,127 | \$ 262,077 |
| CPB Stabilization Grants | 201,967 | 75,000 |
| Membership contributions | 2,284,531 | 3,371,816 |
| Underwriting | 1,564,753 | 1,826,432 |
| Telecasting, production, and other income | 900 | 3,225 |
| Total operating revenues | <u>4,305,278</u> | <u>5,538,550</u> |
| Operating expenses: | | |
| Program services: | | |
| Programming | 2,481,022 | 2,371,225 |
| Broadcasting | 287,993 | 360,244 |
| Program information | 157,477 | 143,177 |
| Total program services expenses | <u>2,926,492</u> | <u>2,874,646</u> |
| Supporting services: | | |
| Management and general | 1,055,727 | 1,069,484 |
| Fundraising | 487,558 | 408,234 |
| Underwriting | 718,064 | 807,622 |
| Total supporting services expenses | <u>2,261,349</u> | <u>2,285,340</u> |
| Total operating expenses | <u>5,187,841</u> | <u>5,159,986</u> |
| Operating gain (loss) | (882,563) | 378,564 |
| Non-operating revenues: | | |
| UW-Milwaukee appropriations | 321,221 | 292,805 |
| Investment gains | 105,830 | 579,328 |
| Indirect administrative support - UW System | 351,634 | 312,426 |
| Miscellaneous non-cash donations | 29,639 | 33,344 |
| Total non-operating revenues | <u>808,324</u> | <u>1,217,903</u> |
| Income before contributions and transfers | <u>(74,239)</u> | <u>1,596,467</u> |
| Change in net position | (74,239) | 1,596,467 |
| Net position, beginning of year | <u>5,061,194</u> | <u>3,464,727</u> |
| Net position, end of year | <u>\$ 4,986,955</u> | <u>\$ 5,061,194</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, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|----------------------------|----------------------------|
| Cash flows from operating activities: | | |
| CPB Community Service Grant received | \$ 253,127 | \$ 262,077 |
| CPB CARES Stabilization Grant received | 201,967 | 75,000 |
| Membership contributions received | 2,284,531 | 3,371,816 |
| Underwriting revenues received | 1,511,693 | 2,079,593 |
| Telecasting, production, and other income received | 900 | 3,225 |
| Payments to vendors | (2,174,755) | (2,284,181) |
| Payments to and on behalf of employees | (2,606,114) | (2,505,508) |
| Net cash and equivalents provided (used) by operating activities | <u>(528,651)</u> | <u>1,002,022</u> |
| Cash flows from non-capital financing activities: | | |
| UW-Milwaukee appropriations | <u>321,221</u> | <u>292,805</u> |
| Net cash and equivalents provided by non-capital financing activities | <u>321,221</u> | <u>292,805</u> |
| Cash flows from investing activities: | | |
| Investment gains | <u>105,830</u> | <u>579,328</u> |
| Net cash and equivalents provided by investing activities | <u>105,830</u> | <u>579,328</u> |
| Net change in cash and equivalents | (101,600) | 1,874,155 |
| Cash and equivalents at beginning of year | <u>4,876,208</u> | <u>3,002,053</u> |
| Cash and equivalents at end of year | <u><u>\$ 4,774,608</u></u> | <u><u>\$ 4,876,208</u></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, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Reconciliation of operating gain (loss) to net provided (used) by operating activities: | | |
| Operating gain (loss) | \$ (882,563) | \$ 378,564 |
| Adjustments to reconcile operating gain (loss) to net cash and equivalents provided (used) by operating activities: | | |
| Depreciation expense | 20,988 | 21,980 |
| Indirect administrative support | 351,634 | 312,426 |
| Miscellaneous non-cash expenses | 29,639 | 33,344 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (41,790) | 271,378 |
| Prepaid expenses | (140,742) | 1,737 |
| Accounts wages and other payables | 132,691 | 3,131 |
| Unearned underwriting revenue | 1,492 | (20,538) |
| Total adjustments | <u>353,912</u> | <u>623,458</u> |
| Net cash and equivalents provided (used) by operating activities | <u>\$ (528,651)</u> | <u>\$ 1,002,022</u> |
| Non-cash activities: | | |
| Indirect administrative support | \$ 351,634 | \$ 312,426 |
| In-kind services, property, and trade contributions | 29,639 | 33,344 |

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, 2021 and 2020

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, 2021 and 2020
(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.

Pledges that are legally enforceable are recorded as assets and reported at their estimated realizable values. There were no enforceable pledges at June 30, 2021 and 2020.

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

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.

Investments

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, 2021 and 2020 fall under the classification of “Cash and Equivalents” (See also Note 2, Cash and Equivalents).

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.



Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

Restricted Net Position

Restricted net position is reported when constraints placed on net position are externally imposed, such as by donors or grantors. 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.

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.
- *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.

Subsequent Events

Management has evaluated all subsequent events through January 7, 2022 for possible inclusion as a disclosure in the financial statements. See footnote 14 for subsequent event. There were no other subsequent events that required recognition or disclosure.



Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

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.

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 \$2,933,522 and \$3,569,373 as of June 30, 2021 and 2020, 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 \$1,130,970 and \$981,578 as of June 30, 2021 and 2020, 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.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

2. Cash and Equivalents (Continued)

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 \$650,116 and \$325,257 as of June 30, 2021 and 2020, 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. Capital Assets

During fiscal 2021, no capital assets were purchased or disposed of. During fiscal 2020, no capital assets were purchased and \$38,031 WUWM of capital assets were disposed of.

| Capital Assets at June 30: | 2021 | 2020 |
|-----------------------------------|------------------|------------------|
| Equipment | \$ 842,970 | \$ 842,970 |
| Less: accumulated depreciation | (790,827) | (769,839) |
| Book Value | \$ 52,143 | \$ 73,131 |

Depreciation expense was charged to the various functions as follows:

| | 2021 | 2020 |
|--------------|------------------|------------------|
| Programming | \$ 200 | \$ 1,192 |
| Broadcasting | 20,788 | 20,788 |
| Total | \$ 20,988 | \$ 21,980 |

4. 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, 2021 and 2020, the principal account balance was \$85,448. As of June 30, 2021 and 2020, the investment earnings account balance was \$44,114 and \$16,476, 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.

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 in this category totaled \$13,413 and \$356,796 at June 30, 2021 and 2020, respectively.



Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

5. 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, 2021 and 2020, no temporarily restricted net position remained.

FY2021: \$253,127 total; \$68,269 restricted portion used to purchase national programming
FY2020: \$262,077 total; \$69,896 restricted portion used to purchase national programming

CPB Stabilization Grant

During fiscal year 2021, WUWM also received a CPB Stabilization grant in the amount of \$201,967. The grant was considered unrestricted. During fiscal year 2020, WUWM also received a CPB Cares Stabilization grant in the amount of \$75,000. The grant was considered unrestricted.

6. Designated Net Position

WUWM management has designated net position held in the UW System Trust Fund as operating reserves. Designated assets are not restricted by donor or grantor and, as such, are not broken out on the Statements of Net Position. This designated but unrestricted net position totaled \$650,116 and \$325,257 at June 30, 2021 and 2020, respectively.

7. 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.

8. Operating Lease

On WUWM’s behalf, the State of Wisconsin entered into a 15-year operating lease agreement with BREF BNK Midwest LLC for space in the Chase Tower building. Total lease payments were \$354,066 and \$323,710 for the years ended June 30, 2021 and 2020, respectively.

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

| | <u>Lease Obligation</u> | |
|--------------|-------------------------|------------------|
| 2022 | \$ | 346,853 |
| 2023 | | 350,453 |
| 2024 | | 354,160 |
| 2025 | | 207,877 |
| Total | \$ | 1,259,343 |



Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

9. 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 contributions totaled \$2,050 and \$750 at June 30, 2021 and 2020, respectively.

| Indirect, In-kind, and Trades | 2021 | 2020 |
|---|-------------------|-------------------|
| Indirect Administrative Support – UW System | \$ 351,634 | \$ 312,426 |
| In-kind Tower Rental - Fox 6 | 10,000 | 10,000 |
| Local Advertising Trades | 19,200 | 19,442 |
| Fundraising Related Trades | 439 | 2,894 |
| Other Trades | - | 1,008 |
| Total | \$ 381,273 | \$ 345,770 |

10. 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 State of Wisconsin. 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



Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

10. Postemployment Benefits Other than Pensions (Continued)

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.

11. 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 \$171,587 and \$132,215 as of June 30, 2021 and 2020, respectively.

12. 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 \$99,064 and \$52,574 for the years ended June 30, 2021 and 2020, respectively.

13. 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.



WUWM MILWAUKEE PUBLIC RADIO
Milwaukee, Wisconsin

Notes to the Financial Statements
June 30, 2021 and 2020
(Continued)

14. 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 \$624,109 and \$721,950 for the years ended June 30, 2021 and 2020, respectively.

On July 21, 2021, WUWM entered into an agreement with a company to provide DEI consulting services. The agreement requires an estimated flat fixed project fee of \$48,500 to be invoiced quarterly. The contract end date is to be whenever deliverables stated in bid and proposal are met.

15. Concentration

During the year ended June 30, 2021, WUWM had no concentrations. Approximately 13% of WUWM's revenue during the year ended June 30, 2020 was received from a single donor.