

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.

**FINANCIAL STATEMENTS
WITH ADDITIONAL INFORMATION**

June 30, 2006 and 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wisconsin Public Radio Association, Inc.
Madison, Wisconsin

We have audited the accompanying statements of financial position of Wisconsin Public Radio Association, Inc. as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wisconsin Public Radio Association, Inc. as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wegner LLP
Wegner LLP
August 17, 2006



WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 827,251	\$ 696,190
Accounts receivable	27,491	92,880
Pledges receivable - net	291,187	291,187
Inventories	6,797	9,169
Prepaid expenses	52,178	42,906
Investments	625,601	767,344
Investments - bequests	384,164	299,905
Investments - board designated endowment	<u>288,585</u>	<u>267,482</u>
Total assets	<u><u>\$ 2,503,254</u></u>	<u><u>\$ 2,467,063</u></u>
LIABILITIES		
Accounts payable	\$ 267,083	\$ 351,349
Deferred revenue	<u>11,078</u>	<u>-</u>
Total liabilities	278,161	351,349
NET ASSETS		
Undesignated	1,897,727	1,805,835
Designated for endowment	<u>288,585</u>	<u>267,482</u>
Total unrestricted	2,186,312	2,073,317
Temporarily restricted	<u>38,781</u>	<u>42,397</u>
Total net assets	<u><u>2,225,093</u></u>	<u><u>2,115,714</u></u>
Total liabilities and net assets	<u><u>\$ 2,503,254</u></u>	<u><u>\$ 2,467,063</u></u>

See accompanying notes.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2006 and 2005

	2006		
	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED NET ASSETS			
SUPPORT AND REVENUE			
Membership contributions - \$1,000 or more	\$ 533,610	\$ -	\$ 533,610
Membership contributions - other	4,495,646	-	4,495,646
Total membership contributions	5,029,256	-	5,029,256
Bequests	83,550	-	83,550
Donated materials	12,382	-	12,382
Whad'Ya Know	142,206	-	142,206
Event and regional	38,002	-	38,002
Investment income - net	68,481	-	68,481
Endowment investment income - net	21,103	-	21,103
Other	576	-	576
Net assets released from restrictions			
Satisfaction of program restrictions	3,616	(3,616)	-
Total support and revenue	5,399,172	(3,616)	5,395,556
EXPENSES			
Program services			
Contractual support to licensees	3,874,873	-	3,874,873
Promotions	64,413	-	64,413
Whad'Ya Know	103,895	-	103,895
Research	28,000	-	28,000
Restricted accounts	3,616	-	3,616
Total program services	4,074,797	-	4,074,797
Supporting activities			
Fundraising - direct expenses	525,264	-	525,264
Fundraising - contractual support to licensees	545,584	-	545,584
Total fundraising	1,070,848	-	1,070,848
Administration	140,532	-	140,532
Total supporting activities	1,211,380	-	1,211,380
Total expenses	5,286,177	-	5,286,177
Change in net assets	112,995	(3,616)	109,379
Net assets - beginning of year	2,073,317	42,397	2,115,714
Net assets - end of year	\$ 2,186,312	\$ 38,781	\$ 2,225,093

See accompanying notes.

2005		
Unrestricted	Temporarily Restricted	Total
\$ 379,863	\$ -	\$ 379,863
4,220,425	-	4,220,425
4,600,288	-	4,600,288
132,487	-	132,487
16,373	-	16,373
217,582	-	217,582
44,374	-	44,374
27,819	-	27,819
27,726	-	27,726
75,579	-	75,579
-	-	-
5,142,228	-	5,142,228
3,579,644	-	3,579,644
79,231	-	79,231
182,512	-	182,512
36,650	-	36,650
-	-	-
3,878,037	-	3,878,037
495,954	-	495,954
489,476	-	489,476
985,430	-	985,430
125,502	-	125,502
1,110,932	-	1,110,932
4,988,969	-	4,988,969
153,259	-	153,259
1,920,058	42,397	1,962,455
<u>\$ 2,073,317</u>	<u>\$ 42,397</u>	<u>\$ 2,115,714</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2006 and 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 109,379	\$ 153,259
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Donated stock	(47,425)	(28,731)
Realized loss on sale of investments	9,789	-
Unrealized gain on investments	(4,102)	(8,304)
Allowance for uncollectibles - pledges receivable	-	(10,392)
(Increase) decrease in assets		
Accounts receivable	65,389	(47,313)
Pledges receivable	-	(14,193)
Inventories	2,372	2,058
Prepaid expenses	(9,272)	(4,483)
Increase (decrease) in liabilities		
Accounts payable	(84,266)	(65,572)
Deferred revenue	11,078	-
	<u>52,942</u>	<u>(23,671)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(795,335)	(158,882)
Proceeds from sales of investments	826,029	-
Proceeds from sales of donated stock	47,425	28,731
	<u>78,119</u>	<u>(130,151)</u>
Net cash provided by (used in) investing activities		
Change in cash	131,061	(153,822)
Cash - beginning of year	696,190	850,012
Cash - end of year	<u>\$ 827,251</u>	<u>\$ 696,190</u>
SUPPLEMENTAL DISCLOSURES		
Noncash investing activity		
Donated stock	\$ 47,425	\$ 28,731

See accompanying notes.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

Wisconsin Public Radio Association, Inc. (Association) 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 the Educational Communications Board. Its fundraising efforts include the entire State of Wisconsin. The Association is primarily supported by public donations. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Board Designated Net Assets – Unrestricted net assets that have been designated by the Board of Directors as an endowment fund.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that will be met either by the passage of time or by actions of the Association. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair value in the statements of financial position. Realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statements of activities.

Accounts Receivable

The Association considers all accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts receivable become uncollectible, they will be charged to operations when that determination is made.

Inventories

Inventories consist of merchandise held for resale and are valued at the lower of cost or market, with cost being determined on the first-in, first-out (FIFO) method.

Donated Materials

The Association records donated materials at their estimated fair value when they are received.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions, including pledges receivable, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable due in the next year are recorded at their net realizable value. Pledges receivable due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Income Taxes

The Association is an exempt public charity under Section 501(c)(3) of the Internal Revenue Code and therefore is not subject to federal or state income and franchise taxes.

Estimates

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

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Fundraising – contractual support to licensees consists of reimbursements to the University of Wisconsin Extension and ECB Radio Network for fundraising expenses they incur for the Association.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Association maintains cash balances at several financial institutions. The Federal Deposit Insurance Corporation insures accounts up to \$100,000 at each institution. The Association had cash balances in excess of this limit of \$751,409 and \$1,014,739 at June 30, 2006 and 2005.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2006 and 2005:

	2006	2005
Pledges receivable due within one year	\$ 455,332	\$ 455,332
Less allowance for uncollectibles	164,145	164,145
Pledges receivable - net	\$ 291,187	\$ 291,187

Presentation in the statements of activities no longer shows pledges receivable – net as part of temporarily restricted net assets, as in prior year audits.

NOTE 4 - MEMBERSHIP CONTRIBUTIONS

Membership contributions consisted of the following for fiscal 2006 and 2005:

	2006	2005
On-air pledge drives	\$ 1,777,542	\$ 1,652,815
Direct mail-renewal, additional gifts, etc.	2,148,912	2,054,356
Renewal via telemarketing	56,348	3,963
Employees' company matching	63,583	68,925
Website via wpr.org	277,286	215,698
Electronic funds transfer/payroll deductions	428,449	399,378
Major donor renewal	277,136	205,153
Total membership contributions	\$ 5,029,256	\$ 4,600,288

The associations, contributors and respective contributions are important elements in understanding support from listeners. There were 325 and 246 contributors of \$1,000 or more for fiscal 2006 and 2005. There were 39,444 and 38,228 other contributors for fiscal 2006 and 2005.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 5 - INVESTMENTS

Investments consisted of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Certificates of deposit	\$ 625,601	\$ 417,015
Money market	-	30,779
Bond funds	-	202,170
Government securities	-	117,380
	<u> </u>	<u> </u>
Investments	<u>\$ 625,601</u>	<u>\$ 767,344</u>

Investments – bequests consisted of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Certificates of deposit	\$ 373,321	\$ 86,118
Money market	10,843	213,787
	<u> </u>	<u> </u>
Investments - bequests	<u>\$ 384,164</u>	<u>\$ 299,905</u>

Investments - board designated endowment consisted of mutual funds at June 30, 2006 and 2005.

Investment income consisted of the following for fiscal 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Interest and dividends	\$ 78,781	\$ 33,027
Realized loss	(9,789)	-
Unrealized loss	-	(5,208)
	<u> </u>	<u> </u>
Investment income	68,992	27,819
Less investment fees	511	-
	<u> </u>	<u> </u>
Investment income - net	<u>\$ 68,481</u>	<u>\$ 27,819</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 5 - INVESTMENTS (continued)

Endowment investment income consisted of the following for fiscal 2006 and 2005:

	2006	2005
Interest and dividends	\$ 18,404	\$ 15,437
Unrealized gain	4,102	13,512
Endowment investment income	22,506	28,949
Less investment fees	1,403	1,223
Endowment investment income - net	\$ 21,103	\$ 27,726

Past earnings through June 30, 2005 of \$8,330 were reallocated requiring an addition to the bond fund and a reduction to the Investments – board designated endowment. Earnings in the statements of activities were stated correctly in unrestricted investment income.

NOTE 6 - DONATED MATERIALS

The Association received the following donated materials for fiscal 2006 and 2005:

	2006	2005
Promotions		
Annual report	\$ 3,538	\$ 4,905
Printing	1,447	-
Fundraising - direct expenses		
Premiums	-	840
Printing	7,397	10,628
Donated materials	\$ 12,382	\$ 16,373

The Association staff occupies space provided by the University of Wisconsin Extension and is not charged for rent or utilities.

NOTE 7 - ALLOCATION OF NET ASSETS

The Association solicits funds in the name of, and with the approval of, both ECB Radio Network (ECB), a public telecommunications entity operated by the Education Communications Board and WHA-Radio (WHA), a public telecommunications entity operated by the University of Wisconsin - Extension. Both ECB and WHA have access to the Association's net assets, retain an ongoing equity interest and are considered to be financially interrelated organizations under Financial Accounting Standards Board (FASB) Number 136, *Transfers of Net Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. ECB's and WHA's equity interests in the Association are calculated in accordance with affiliation agreements that currently provide ECB with 76 percent and WHA 24 percent of the Association's net assets.

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 7 - ALLOCATION OF NET ASSETS (continued)

The allocation of the net assets consisted of the following at June 30, 2006 and 2005:

	2006		Total
	ECB	WHA	
Allocated net assets July 1, 2005	\$ 1,158,196	\$ 915,121	\$ 2,073,317
Unrestricted support and revenue	4,084,584	1,289,869	5,374,453
Endowment investment income - net	-	21,103	21,103
Release of program restrictions	2,748	868	3,616
Less expenses net of contractual support	<u>(657,947)</u>	<u>(207,773)</u>	<u>(865,720)</u>
Subtotal	4,587,581	2,019,188	6,606,769
Less contractual support	<u>(3,359,547)</u>	<u>(1,060,910)</u>	<u>(4,420,457)</u>
Allocated net assets - end of year	<u>\$ 1,228,034</u>	<u>\$ 958,278</u>	2,186,312
Program restricted net assets			<u>38,781</u>
Net assets June 30, 2006			<u>\$ 2,225,093</u>
	2005		Total
	ECB	WHA	
Allocated net assets July 1, 2004	\$ 1,062,790	\$ 857,268	\$ 1,920,058
Unrestricted support and revenue	3,887,022	1,227,480	5,114,502
Endowment investment income - net	-	27,726	27,726
Release of program restrictions	-	-	-
Less expenses net of contractual support	<u>(699,085)</u>	<u>(220,764)</u>	<u>(919,849)</u>
Subtotal	4,250,727	1,891,710	6,142,437
Less contractual support	<u>(3,092,531)</u>	<u>(976,589)</u>	<u>(4,069,120)</u>
Allocated net assets - end of year	<u>\$ 1,158,196</u>	<u>\$ 915,121</u>	2,073,317
Program restricted net assets			<u>42,397</u>
Net assets June 30, 2005			<u>\$ 2,115,714</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2006 and 2005:

	2006			
	Beginning	Increases	Releases	Ending
Program restrictions				
Equipment upgrade	\$ 36,839	\$ -	\$ -	\$ 36,839
Platteville campaign	558	-	-	558
Ralph Johnson Bench	2,500	-	2,500	-
WPR Program Archiving	2,500	-	1,116	1,384
Total	\$ 42,397	\$ -	\$ 3,616	\$ 38,781
	2005			
	Beginning	Increases	Releases	Ending
Program restrictions				
Equipment upgrade	\$ 36,839	\$ -	\$ -	\$ 36,839
Platteville campaign	558	-	-	558
Ralph Johnson Bench	2,500	-	-	2,500
WPR Program Archiving	2,500	-	-	2,500
Total	\$ 42,397	\$ -	\$ -	\$ 42,397

Three temporarily restricted net asset balances were released to unrestricted operating revenues and expenses, requiring a prior period adjustment to the earliest presented temporarily restricted net assets. Beginning program restricted net assets at July 1, 2004 was decreased \$21,773 (Zorba Paster \$18,342; Chequamegon Campaign \$2,618; and Calling All Pets \$813) and related to this the beginning allocated net assets at July 1, 2004 was increased by \$21,773. Program restricted net assets at June 30, 2005 was decreased \$25,014 (Zorba Paster \$21,958; Chequamegon Campaign \$2,618; and Calling All Pets \$438).

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2006 and 2005

NOTE 9 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2006 and 2005 consisted of the following:

	<u>2006</u>	<u>2005</u>
UW Extension - contract	\$ 220,114	\$ 262,937
Accounts payable - general	<u>46,969</u>	<u>88,412</u>
Total accounts payable	<u>\$ 267,083</u>	<u>\$ 351,349</u>

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
SCHEDULES OF EXPENSES COMPARED WITH BUDGET
 Years ended June 30, 2006 and 2005

	2006		2005			
	Budget	Actual	Expenses (Over) Under Budget	Budget	Actual	Expenses (Over) Under Budget
UNRESTRICTED EXPENSES						
INTERNAL OPERATIONS						
Administration	\$ 150,183	\$ 140,532	\$ 9,651	\$ 125,755	\$ 125,502	\$ 253
Fundraising - direct expenses	543,200	525,264	17,936	548,415	495,954	52,461
Regional bureau promotions	27,860	24,009	3,851	26,480	23,642	2,838
State promotion	43,500	37,916	5,584	41,500	41,023	477
National promotion	16,000	2,488	13,512	22,500	14,566	7,934
Research	21,500	28,000	(6,500)	33,000	36,650	(3,650)
Whad'Ya Know	113,000	103,895	9,105	121,000	182,512	(61,512)
Total internal operations	915,243	862,104	53,139	918,650	919,849	(1,199)
SUPPORT ACTIVITIES						
Contractual agreement - ECB	3,359,547	3,359,547	-	3,092,531	3,092,531	-
Contractual agreement - WHA	1,060,910	1,060,910	-	976,589	976,589	-
Total support activities	4,420,457	4,420,457	-	4,069,120	4,069,120	-
Total unrestricted expenses	5,335,700	5,282,561	53,139	4,987,770	4,988,969	(1,199)
RESTRICTED EXPENSES						
Restricted accounts	-	3,616	(3,616)	-	-	-
Total expenses	\$ 5,335,700	\$ 5,286,177	\$ 49,523	\$ 4,987,770	\$ 4,988,969	\$ (1,199)

WISCONSIN PUBLIC RADIO ASSOCIATION, INC.
SCHEDULES OF EXPENSES
Years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CONTRACTUAL SUPPORT TO LICENSEES		
Contractual agreement - ECB	\$ 3,359,547	\$ 3,092,531
Contractual agreement - WHA	<u>1,060,910</u>	<u>976,589</u>
Total contractual support to licensees	4,420,457	4,069,120
PROMOTIONS		
Regional bureau promotions	24,009	23,642
State promotion	37,916	41,023
National promotion	<u>2,488</u>	<u>14,566</u>
Total promotions	64,413	79,231
OTHER PROJECTS		
Whad'Ya Know	103,895	182,512
Research	28,000	36,650
Restricted accounts	<u>3,616</u>	<u>-</u>
Total other projects	135,511	219,162
FUNDRAISING - DIRECT EXPENSES		
Membership solicitation	517,867	484,486
Donated materials	<u>7,397</u>	<u>11,468</u>
Total fundraising - direct expenses	525,264	495,954
ADMINISTRATION		
Salaries, wages and fringe benefits	57,183	55,643
Accountant, audit and tax preparation	8,250	7,850
General office and computer	2,107	3,194
Board expenses	5,493	10,161
Election expense	19,821	-
Bank service charges	47,219	48,391
PBMA	-	-
Donated materials	-	-
ECB/WHA discretionary	<u>459</u>	<u>263</u>
Total administration	<u>140,532</u>	<u>125,502</u>
Total expenses	<u><u>\$ 5,286,177</u></u>	<u><u>\$ 4,988,969</u></u>