

**FRIENDS OF WISCONSIN PUBLIC  
TELEVISION, INC.  
Madison, Wisconsin**

**FINANCIAL STATEMENTS  
June 30, 2014 and 2013**

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## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Friends of Wisconsin Public Television, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Wisconsin Public Television, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

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

*CliftonLarsonAllen LLP*

Milwaukee, Wisconsin  
October 16, 2014

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2014 and 2013

**ASSETS**

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 361,848	\$ 290,732
Short-term investments	498,638	248,279
Promises to give, net	64,440	234,830
Accounts receivable	5,657	12,909
Prepaid expenses	159,411	91,144
Total current assets	1,089,994	877,894
Endowments	3,071,422	2,316,076
Long-term investments	1,572,375	1,414,041
<b>TOTAL ASSETS</b>	<b>\$ 5,733,791</b>	<b>\$ 4,608,011</b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 62,429	\$ 69,485
Project gifts payable	433,087	357,913
Endowment and other gifts payable	179,632	154,774
Accrued other TV support	-	71,966
Other accrued expenses	24,502	25,660
Unearned revenue	268,190	259,118
Total current liabilities	967,840	938,916

**NET ASSETS**

Unrestricted		
Undesignated	888,931	427,543
Designated endowment	2,523,298	1,847,140
Board designated	582,442	632,442
NEA	275,150	246,762
	4,269,821	3,153,887
Temporarily restricted		
Promises to give	64,440	234,830
Projects	271,312	120,000
	335,752	354,830
Permanently restricted	160,378	160,378
Total net assets	4,765,951	3,669,095

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,733,791</b>	<b>\$ 4,608,011</b>
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The accompanying notes are an integral part of the financial statements.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
Years Ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE</b>								
Membership	\$ 4,626,959	\$ 64,440	\$ -	\$ 4,691,399	\$ 4,482,005	\$ 234,830	\$ -	\$ 4,716,835
Auction	308,187	-	-	308,187	310,215	-	-	310,215
Investment income	605,778	-	-	605,778	356,603	-	-	356,603
Fundraising special events	909,537	-	-	909,537	879,198	-	-	879,198
Major gifts	1,099,299	150,000	-	1,249,299	964,955	-	-	964,955
Planned giving	474,780	6,312	-	481,092	300,049	-	-	300,049
Net assets released from restrictions	239,830	(239,830)	-	-	206,054	(206,054)	-	-
Total revenue	<u>8,264,370</u>	<u>(19,078)</u>	<u>-</u>	<u>8,245,292</u>	<u>7,499,079</u>	<u>28,776</u>	<u>-</u>	<u>7,527,855</u>
<b>EXPENSES</b>								
Support of licensees								
Direct support	4,166,866	-	-	4,166,866	3,975,541	-	-	3,975,541
<i>Airwaves</i> magazine	191,914	-	-	191,914	179,715	-	-	179,715
Total support of licensees	<u>4,358,780</u>	<u>-</u>	<u>-</u>	<u>4,358,780</u>	<u>4,155,256</u>	<u>-</u>	<u>-</u>	<u>4,155,256</u>
Administration	114,104	-	-	114,104	96,899	-	-	96,899
Fundraising								
General development	2,033,081	-	-	2,033,081	1,840,750	-	-	1,840,750
Special events	642,471	-	-	642,471	611,345	-	-	611,345
Total fundraising	<u>2,675,552</u>	<u>-</u>	<u>-</u>	<u>2,675,552</u>	<u>2,452,095</u>	<u>-</u>	<u>-</u>	<u>2,452,095</u>
Total expenses	<u>7,148,436</u>	<u>-</u>	<u>-</u>	<u>7,148,436</u>	<u>6,704,250</u>	<u>-</u>	<u>-</u>	<u>6,704,250</u>
<b>CHANGES IN NET ASSETS</b>	1,115,934	(19,078)	-	1,096,856	794,829	28,776	-	823,605
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,153,887</u>	<u>354,830</u>	<u>160,378</u>	<u>3,669,095</u>	<u>2,359,058</u>	<u>326,054</u>	<u>160,378</u>	<u>2,845,490</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,269,821</u>	<u>\$ 335,752</u>	<u>\$ 160,378</u>	<u>\$ 4,765,951</u>	<u>\$ 3,153,887</u>	<u>\$ 354,830</u>	<u>\$ 160,378</u>	<u>\$ 3,669,095</u>

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

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,096,856	\$ 823,605
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(603,994)	(355,905)
Effects of changes in operating assets and liabilities:		
Promises to give, net	170,390	(28,776)
Accounts receivable	7,252	(8,516)
Prepaid expenses	(68,267)	(9,574)
Accounts payable	(7,056)	(5,253)
Licensees support payable	-	(115,422)
Project gifts payable	75,174	204,071
Friends endowment gift payable	24,858	19,731
Accrued other TV support	(71,966)	(30,534)
Other accrued expenses	(1,158)	11,505
Unearned revenue	9,072	(1,646)
	<u>631,161</u>	<u>503,286</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of long-term investments	155,094	135,043
Purchase of long-term investments	(464,780)	(275,048)
Purchases of short-term investments	(250,359)	(135,000)
	<u>(560,045)</u>	<u>(275,005)</u>
Net cash used in investing activities		
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	71,116	228,281
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>290,732</u>	<u>62,451</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 361,848</u>	<u>\$ 290,732</u>

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

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Friends of Wisconsin Public Television, Inc. (the Organization) is the result of July 1, 2009 reorganization of Friends of WHA-TV. Friends of WHA-TV was formed in 1969 to raise, hold, and disburse funds on behalf of WHA-TV, licensee of the University of Wisconsin Extension, and the University of Wisconsin Board of Regents (hereafter known as UW-WHA). Likewise, the Wisconsin Public Broadcasting Foundation (WPBF) was formed to receive and spend dollars generated on behalf of the Educational Communications Board, a State of Wisconsin agency which holds the licenses to 5 public television stations throughout the state (hereafter known as ECB-WI). The licensees and their financial support organizations operated as a partnership, Wisconsin Public Television, and received gifts from the federal government, grant makers, corporations, and individuals. Effective July 1, 2009, Friends of WHA-TV, Inc. changed its name to Friends of Wisconsin Public Television, Inc. and combined the fundraising efforts of Friends of WHA-TV and WPBF to support both licensees. The Organization receives and disburses net revenues to the licensees in accordance with an annual allocation agreement. The net assets of the Organization as of June 30, 2009 are fully allocable to UW-WHA. Planned giving gifts, or bequests, received by the Organization are designated according to licensee; however, the related earnings are allocated 50% to each licensee. The Organization is primarily supported through membership fees, major gifts, and fundraising events. For fiscal years after 2010, 50% of the change in unrestricted, non-segregated net assets is allocable to UW-WHA and 50% to ECB-WI.

**Basis of Presentation**

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

**Classification of Net Assets**

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

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

*Temporarily Restricted Net Assets* - Net assets that are subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.



**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Classification of Net Assets** (continued)

*Permanently Restricted Net Assets* - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes.

**Restricted and Unrestricted Revenue and Support**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

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

Membership donations are recognized as income in the year received.

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

**Use of Estimates**

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

**Unearned Revenue**

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

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Accounts Receivable**

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

**Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of promises to give (See Note 3) and contributions to be used for the production of the Hometown Stories project and the Stanley Cottrill Fund (see note 6)

**Permanently Restricted Net Assets**

Permanently restricted net assets consist of donor-restricted gifts received to establish the permanent endowment. There were no donor-restricted gifts received in 2014 or 2013.

**Expenses**

Expenses are classified on a functional basis. For the years ended June 30, 2014 and 2013, a portion of the administration costs was allocated to support the licensees of Wisconsin Public Television.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash in a checking account and investments held in short-term, highly liquid assets.

**Investment and Endowments**

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

**Equipment**

Equipment is stated at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets. The Organization considers items with a cost greater than \$1,000 and a useful life of more than one year to be equipment. As of June 30, 2014 and 2013, the Organization had \$20,000 of equipment that was fully depreciated.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Income Tax Status**

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

Management analyzed the requirements for accounting for uncertain tax positions. The Organization determined that it was not required to record a liability related to uncertain tax positions at June 30, 2014 and 2013.

The federal income tax returns of the Organization for the years 2011, 2012 and 2013 are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

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

The Organization places its short-term investments with high credit qualified financial institutions. The short-term investments (see Note 4) consist of money market accounts at two financial institutions located in Madison, Wisconsin. The balances in these accounts are insured up to the National Credit Union Administration (NCUA) and FDIC limit of \$250,000. The endowments (see Note 7) are invested in money market funds, fixed income mutual funds, and equity mutual funds.

**NOTE 3 - PROMISES TO GIVE**

The Organization records promises to give for pledges that were not collected as of the end of the year. The Organization has established an allowance that management believes is adequate to cover promises to give which will not be collected. The balance as of June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Promises to give	\$ 73,060	\$ 271,260
Allowance for uncollectible promises to give	<u>(8,620)</u>	<u>(36,430)</u>
<b>Totals</b>	<u>\$ 64,440</u>	<u>\$ 234,830</u>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 4 - INVESTMENTS**

The balance at June 30, 2014 and 2013 consists of the following:

	<u>2014</u>	<u>2013</u>
Short-term investments		
Money market funds	\$ 498,638	\$ 248,279
Long-term investments		
Domestic fixed income funds	616,677	543,513
Domestic equity	669,895	625,823
International equity	285,803	244,705
	<u>1,572,375</u>	<u>1,414,041</u>
Endowments		
Domestic fixed income funds	1,213,159	784,748
Domestic equity	1,302,416	903,076
International equity	555,847	353,203
Money market funds	-	275,049
	<u>3,071,422</u>	<u>2,316,076</u>
<b>Total Investments</b>	<u>\$ 5,142,435</u>	<u>\$ 3,978,396</u>

Investment returns as of June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Interest	\$ 1,785	\$ 860
Dividends	105,846	95,832
Realized gain	56,073	14,336
Unrealized gain (loss)	456,042	258,329
Investment fees	<u>(13,968)</u>	<u>(12,754)</u>
<b>Investment return</b>	<u>\$ 605,778</u>	<u>\$ 356,603</u>

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

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 4 - INVESTMENTS** (continued)

Income from the long-term investments is available for use at the discretion of the Board of Directors. For 2014 and 2013, 5% of the average balance of the 12 prior quarters of the long-term investment and endowment accounts is payable to UW-WHA.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

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

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used at June 30, 2014 and 2013 for assets measured at fair value.

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

Money market accounts are valued at the carrying amount as of the specific date.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 5 - FAIR VALUE MEASUREMENTS** (continued)

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

	<b>2014</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 498,638	\$ -	\$ -	\$ 498,638
Mutual funds				
Domestic equity	1,972,311	-	-	1,972,311
International equity	841,650	-	-	841,650
Domestic fixed income	<u>1,829,836</u>	<u>-</u>	<u>-</u>	<u>1,829,836</u>
<b>Total investments at fair value</b>	<u>\$ 5,142,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,142,435</u>
	<b>2013</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 523,328	\$ -	\$ -	\$ 523,328
Mutual funds				
Domestic equity	1,528,899	-	-	1,528,899
International equity	597,908	-	-	597,908
Domestic fixed income	<u>1,328,261</u>	<u>-</u>	<u>-</u>	<u>1,328,261</u>
<b>Total investments at fair value</b>	<u>\$ 3,978,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,978,396</u>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 6 - ALLOCATION OF NET ASSETS**

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

Allocation of unrestricted net assets consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>		
	<b>ECB-WI</b>	<b>UW-WHA</b>	<b>Total</b>
Allocated net assets - July 1, 2013	\$ 581,500	\$ 2,572,387	\$ 3,153,887
Unrestricted support and revenue	3,471,991	3,471,991	6,943,982
Investment income	73,673	532,105	605,778
Planned giving	179,064	295,716	474,780
Released from temporarily restricted net assets	119,915	119,915	239,830
Less directly allocated expenses	(52,506)	(177,446)	(229,952)
Less expenses net of contractual support	<u>(2,081,342)</u>	<u>(2,081,342)</u>	<u>(4,162,684)</u>
Subtotal	2,292,295	4,733,326	7,025,621
Less contractual support	<u>(1,377,900)</u>	<u>(1,377,900)</u>	<u>(2,755,800)</u>
<b>Allocated net assets - June 30, 2014</b>	<b><u>\$ 914,395</u></b>	<b><u>\$ 3,355,426</u></b>	<b><u>\$ 4,269,821</u></b>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 6 - ALLOCATION OF NET ASSETS** (continued)

	<b>2013</b>		
	<b>ECB-WI</b>	<b>UW-WHA</b>	<b>Total</b>
Allocated net assets - July 1, 2012	\$ 218,003	\$ 2,141,055	\$ 2,359,058
Unrestricted support and revenue	3,318,186	3,318,187	6,636,373
Investment income	26,477	330,126	356,603
Planned giving	205,800	94,249	300,049
Released from temporarily restricted net assets	103,027	103,027	206,054
Less directly allocated expenses	(15,255)	(139,519)	(154,774)
Less expenses net of contractual support	<u>(1,911,838)</u>	<u>(1,911,838)</u>	<u>(3,823,676)</u>
Subtotal	1,944,400	3,935,287	5,879,687
Less contractual support	<u>(1,362,900)</u>	<u>(1,362,900)</u>	<u>(2,725,800)</u>
<b>Allocated net assets - June 30, 2013</b>	<b><u>\$ 581,500</u></b>	<b><u>\$ 2,572,387</u></b>	<b><u>\$ 3,153,887</u></b>

Temporarily restricted net assets consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>		
	<b>ECB-WI</b>	<b>UW-WHA</b>	<b>Total</b>
Beginning net assets - July 1, 2013	\$ 137,414	\$ 217,416	\$ 354,830
Decrease in promises to give	(85,195)	(85,195)	(170,390)
Released from temporarily restricted net assets	(2,500)	(2,500)	(5,000)
Scholarship gift	-	6,312	6,312
Stanley J. Cottrill Fund	<u>-</u>	<u>150,000</u>	<u>150,000</u>
<b>Ending net assets - June 30, 2014</b>	<b><u>\$ 49,719</u></b>	<b><u>\$ 286,033</u></b>	<b><u>\$ 335,752</u></b>



**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 6 - ALLOCATION OF NET ASSETS** (continued)

	<b>2013</b>		
	<b>ECB-WI</b>	<b>UW-WHA</b>	<b>Total</b>
Beginning net assets - July 1, 2012	\$ 123,026	\$ 203,028	\$ 326,054
Promises to give	<u>14,388</u>	<u>14,388</u>	<u>28,776</u>
<b>Ending net assets - June 30, 2013</b>	<u>\$ 137,414</u>	<u>\$ 217,416</u>	<u>\$ 354,830</u>

Permanently restricted net assets consisted of the following at June 30, 2014 and 2013:

	<b>2014</b>		
	<b>ECB-WI</b>	<b>UW-WHA</b>	<b>Total</b>
Beginning net assets - July 1, 2013	\$ -	\$ 160,378	\$ 160,378
2013 Contributions	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending net assets - June 30, 2014</b>	<u>\$ -</u>	<u>\$ 160,378</u>	<u>\$ 160,378</u>
<b>Total net assets - June 30, 2014</b>	<u>\$ 964,114</u>	<u>\$ 3,801,837</u>	<u>\$ 4,765,951</u>

	<b>2013</b>		
	<b>ECB-WI</b>	<b>UW-WHA</b>	<b>Total</b>
Beginning net assets - July 1, 2012	\$ -	\$ 160,378	\$ 160,378
2012 Contributions	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending net assets - June 30, 2013</b>	<u>\$ -</u>	<u>\$ 160,378</u>	<u>\$ 160,378</u>
<b>Total net assets - June 30, 2013</b>	<u>\$ 718,914</u>	<u>\$ 2,950,181</u>	<u>\$ 3,669,095</u>

**Stanley J. Cottrill Fund**

A gift of \$150,000 was received in June 2014. The Board established the Stanley J. Cottrill Fund, in honor of the donor, to be withdrawn at the discretion of the Director of Wisconsin Public Television to support Wisconsin programs and projects.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 7 - ENDOWMENTS**

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

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

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

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

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 7 - ENDOWMENTS** (continued)

These endowments are as follows for June 30, 2014 and 2013:

	<b>2014</b>		
	<b>Board Designated</b>	<b>Donor Designated</b>	<b>Total</b>
Unrestricted - endowment	\$ 2,622,837	\$ -	\$ 2,622,837
Unrestricted - NEA endowment	288,207	-	288,207
Permanently restricted - endowment	<u>-</u>	<u>160,378</u>	<u>160,378</u>
Total	2,911,044	160,378	3,071,422
Reclassification of prior year contribution to project gift	(4,151)	-	(4,151)
Appropriation of endowment assets for expenditure	<u>(108,445)</u>	<u>-</u>	<u>(108,445)</u>
<b>Total net assets - June 30, 2014</b>	<b><u>\$ 2,798,448</u></b>	<b><u>\$ 160,378</u></b>	<b><u>\$ 2,958,826</u></b>
	<b>2013</b>		
	<b>Board Designated</b>	<b>Donor Designated</b>	<b>Total</b>
Unrestricted - endowment	\$ 1,921,455	\$ -	\$ 1,921,455
Unrestricted - NEA endowment	259,243	-	259,243
Permanently restricted - endowment	<u>-</u>	<u>160,378</u>	<u>160,378</u>
Total	2,180,698	160,378	2,341,076
Appropriation of endowment assets for expenditure	<u>(86,796)</u>	<u>-</u>	<u>(86,796)</u>
<b>Total net assets - June 30, 2013</b>	<b><u>\$ 2,093,902</u></b>	<b><u>\$ 160,378</u></b>	<b><u>\$ 2,254,280</u></b>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 7 - ENDOWMENTS** (continued)

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

Income from the unrestricted, NEA, and permanent endowments is available for use at the discretion of the Board of Directors. For 2014 and 2013, 5% of the average balance of the 12 prior quarters of both the unrestricted endowment and the NEA portion of the endowment and permanent endowment is payable to the station. The balances in the endowments at June 30, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Fixed income funds	\$ 1,213,159	\$ 784,748
Equity funds	1,858,263	1,256,279
Cash equivalents	<u>-</u>	<u>275,049</u>
Total investments	3,071,422	2,316,076
Contribution in transit to investments	<u>-</u>	<u>25,000</u>
<b>Totals</b>	<u>\$ 3,071,422</u>	<u>\$ 2,341,076</u>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 7 - ENDOWMENTS** (continued)

Changes in endowment net assets as of June 30, 2014 are as follows:

	<b>2014</b>		
	<b>Board Designated</b>	<b>Permanently Restricted</b>	<b>Total</b>
Balance - June 30, 2013	\$ 2,093,902	\$ 160,378	\$ 2,254,280
2014 contribution	474,780	-	474,780
Investment return:			
Interest and dividends	66,394	-	66,394
Net realized and unrealized gain	<u>319,957</u>	<u>-</u>	<u>319,957</u>
Subtotal	2,955,033	160,378	3,115,411
Reclassification of prior year contribution to project gift	(4,151)	-	(4,151)
Board appropriation of planned giving contributions for expenditure	(35,000)	-	(35,000)
Appropriation of endowment assets for expenditure	(108,445)	-	(108,445)
Investment fees	<u>(8,989)</u>	<u>-</u>	<u>(8,989)</u>
<b>Balance - June 30, 2014</b>	<b><u>\$ 2,798,448</u></b>	<b><u>\$ 160,378</u></b>	<b><u>\$ 2,958,826</u></b>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 7 - ENDOWMENTS** (continued)

Changes in endowment net assets as of June 30, 2013 are as follows:

	<b>2013</b>		
	<b>Board Designated</b>	<b>Permanently Restricted</b>	<b>Total</b>
Balance - June 30, 2012	\$ 1,672,001	\$ 160,378	\$ 1,832,379
2013 contribution	275,049	-	275,049
2013 contribution in transit to investments	25,000	-	25,000
Investment return:			
Interest and dividends	56,420	-	56,420
Net realized and unrealized gain	159,736	-	159,736
Subtotal	2,188,206	160,378	2,348,584
Appropriation of endowment assets for expenditure	(86,796)	-	(86,796)
Investment fees	(7,508)	-	(7,508)
<b>Balance - June 30, 2013</b>	<b><u>\$ 2,093,902</u></b>	<b><u>\$ 160,378</u></b>	<b><u>\$ 2,254,280</u></b>

The difference between the balances in the endowment investments and the endowment net assets in 2014 represents appropriation for expenditure and a reclassification of a contribution into projects payable. The difference in 2013 represents contributions payable and the appropriation for expenditure. The 2013 contributions were transferred into the fixed income and equity funds after June 30, 2013.

**Quasi-Endowment**

The Board of Directors has set aside certain unrestricted net assets for endowment purposes. As these amounts are not restricted by the donor, but are restricted only by the Board's policy, the amounts have been classified as unrestricted net assets. The Board's intent is that the amount of unrestricted net assets that are classified as quasi-endowment will always be equal to the market value of the funds invested in the quasi-endowment investment trust. Accordingly, changes in the fair value of quasi-endowment investments are classified as a transfer between the Organization's two categories of unrestricted net assets. The Board may designate additional amounts from time to time to be added to the quasi-endowment fund.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 7 - ENDOWMENTS** (continued)

**Permanently Restricted Endowment**

The Organization received donor-restricted bequests from a sole donor which was deposited to investment accounts at the end of 2009. Additional bequests from this estate were made in 2010 and were deposited to investment accounts. The Board of Directors considers the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the historic value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires be retained as a fund of perpetual duration. As of June 30, 2014 and 2013, there were no deficiencies of this nature. The Board continues to review the impact of UPMIFA on endowment policy.

**NOTE 8 - GIFTS PAYABLE**

As of June 30, 2014 and 2013, the balances of the project gifts payable were \$433,087 and \$357,913, respectively, which are gifts given to the Organization which are designated for Wisconsin Public Television productions.

As of June 30, 2014 and 2013, the balances of the endowment and other gifts payable were \$179,632 and \$154,774, respectively, which are investments and endowment funds transferred in accordance with the investment and endowment terms (see Notes 4 and 7).

**NOTE 9 - COMMITMENTS**

The Organization has commitments for exhibition hall rental in Madison, Wisconsin for the Quilt Expo in September 2014 and Garden Expo in February 2015. The amounts committed as of June 30, 2013 are \$77,250 and \$90,495, respectively.

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2014 and 2013**

**NOTE 10 - RELATED PARTIES**

The Organization raises funds in the name of Wisconsin Public Television on behalf of UW-WHA and ECB-WI. Total unrestricted licensee support to UW-WHA was \$1,377,900 and \$1,362,900 for the years ended June 30, 2014 and 2013, respectively. Total unrestricted licensee support to ECB-WI was \$1,377,900 and \$1,362,900 for the years ended June 30, 2014 and 2013, respectively.

Total project gifts payable to UW-WHA were \$433,087 and \$357,913 as of June 30, 2014 and 2013, respectively.

Young Performers Initiative programming gifts to UW-WHA were \$157,913 and \$40,000 for the years ended June 30, 2014 and 2013, respectively. Wisconsin programming gifts to UW-WHA were \$265,000 and \$153,842 for the years ended June 30, 2014 and 2013.

Total unrestricted endowment gifts payable to UW-WHA were \$154,936 and \$139,519 for the years ended June 30, 2014 and 2013, respectively. Total unrestricted endowment gifts payable to ECB-WI were \$24,696 and \$15,255 for the years ended June 30, 2014 and 2013, respectively.

UW-WHA provides facilities as well as administrative and clerical services to the Organization. These services are recorded within various activity centers. Other TV support also includes support for services provided by UW-WHA and includes Airwaves membership magazine and WHA-TV production services for auction, pledge, and other fundraising events. Total other TV support to UW-WHA was \$1,585,610 and \$1,501,281 for the years ended June 30, 2014 and 2013, respectively. Total prepaid other TV support to UW-WHA was \$58,905 as of June 30, 2014. Total accrued other TV support to UW-WHA was \$71,966 as of June 30, 2013.

**NOTE 11 - SUBSEQUENT EVENTS**

Management evaluated subsequent events through October 16, 2014, the date the accompanying financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to October 16, 2014 that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the accompanying financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014 but arose before the accompanying financial statements were available to be issued have not been recognized in the accompanying financial statements for the year ended June 30, 2014.

This information is an integral part of the accompanying financial statements.



**SUPPLEMENTARY INFORMATION**

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**SCHEDULES OF REVENUE**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>MEMBERSHIP:</b>		
Renewal memberships	\$ 2,528,592	\$ 2,519,494
Lapsed memberships	731,809	717,717
New memberships	480,439	462,213
Additional gifts	923,141	990,131
Matching gifts	<u>27,418</u>	<u>27,280</u>
Total membership revenue	<u>4,691,399</u>	<u>4,716,835</u>
<b>AUCTION:</b>		
Auction receipts	264,687	263,675
Auction underwriting	<u>43,500</u>	<u>46,540</u>
Total auction revenue	<u>308,187</u>	<u>310,215</u>
Investment income	605,778	356,603
Fundraising special events	909,537	879,198
Major gifts	1,249,299	964,955
Planned giving	<u>481,092</u>	<u>300,049</u>
Total revenue	<u>\$ 8,245,292</u>	<u>\$ 7,527,855</u>

**FRIENDS OF WISCONSIN PUBLIC TELEVISION, INC.**  
**SCHEDULES OF EXPENSES**  
**Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
<b>SUPPORT OF WISCONSIN PUBLIC TELEVISION:</b>		
Direct licensee support:		
Unrestricted support to licensees	\$ 2,755,800	\$ 2,725,800
Friends endowment gift	179,952	154,774
Project gifts	502,982	357,913
Other direct TV support	708,753	717,017
Program support	19,379	20,037
Total direct licensee support	<u>4,166,866</u>	<u>3,975,541</u>
<i>Airwaves</i> magazine:		
Production, printing, and mailing	189,577	177,563
Program support	2,337	2,152
Total <i>Airwaves</i> magazine	<u>191,914</u>	<u>179,715</u>
Total support of Wisconsin Public Television	<u>4,358,780</u>	<u>4,155,256</u>
<b>ADMINISTRATION:</b>		
Salaries and fringe benefits	177,170	154,223
Computer services	5,760	8,115
Professional services	13,758	13,373
Travel and professional development	8,760	5,081
Elections and board expenses	5,051	6,899
Insurance	4,860	4,707
Other	26,213	13,258
Allocated program costs	<u>(127,468)</u>	<u>(108,757)</u>
Total administration	<u>114,104</u>	<u>96,899</u>
<b>FUNDRAISING:</b>		
Membership expenses	1,447,773	1,263,602
Auction expenses	158,343	193,494
Special event expenses	642,471	611,345
Volunteer management	89,623	85,951
Major gifts/planned giving	<u>337,342</u>	<u>297,703</u>
Total fundraising	<u>2,675,552</u>	<u>2,452,095</u>
Total expenses	<u>\$ 7,148,436</u>	<u>\$ 6,704,250</u>