

AN AUDIT

*WHA Radio*

99-24

*December 1999*

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**State of Wisconsin** \ LEGISLATIVE AUDIT BUREAU

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December 30, 1999

Senator Gary R. George and  
Representative Carol Kelso, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Mr. San W. Orr, Jr.  
President of the Board of Regents  
University of Wisconsin  
Madison, Wisconsin 53706

Dear Senator George, Representative Kelso, and Mr. Orr:

We have completed a financial audit of WHA Radio, as requested by the University of Wisconsin-Extension to fulfill the audit requirements of the Corporation for Public Broadcasting. The Corporation requires audited financial statements of public broadcasting entities to determine future funding levels.

WHA Radio is licensed to the Board of Regents of the University of Wisconsin System and is operated by the University of Wisconsin-Extension. WHA Radio received over \$7.1 million in support and revenue during fiscal year 1998-99, including state support, member contributions, funding from the Corporation of Public Broadcasting, and various other grants.

Our audit report contains WHA Radio's financial statements and related notes for the period July 1, 1998 through June 30, 1999. We were able to issue an unqualified independent auditor's report on these statements.

We appreciate the courtesy and cooperation extended to us by University of Wisconsin-Extension staff during the audit.

Respectfully submitted,

Janice Mueller  
State Auditor

JM/DA/ao



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# INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF WHA RADIO

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We have audited the accompanying balance sheet of WHA Radio as of June 30, 1999, and the related statements of financial activity and cash flows for the year then ended. These financial statements are the responsibility of the management of WHA Radio. Our responsibility is to express an opinion on these financial statements, based on our audit. We did not audit the financial statements of the Wisconsin Public Radio Association, of which net assets of \$483,262 are contractually committed to WHA Radio and are reflected in the accompanying financial data contained in Note 8. Net assets and revenues of the Wisconsin Public Radio Association included in the accompanying financial statements represent 16.2 percent of total assets and 12.7 percent of total support and revenues. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Wisconsin Public Radio Association, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Wisconsin Public Radio Association were audited by other auditors in accordance with generally accepted auditing standards, but not in accordance with the additional requirements of *Government Auditing Standards*. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only WHA Radio and are not intended to present fairly the financial position of the State of Wisconsin and the results of its operations and changes in fund balances of its fund types in conformity with generally accepted accounting principles.

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of WHA Radio as of June 30, 1999, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

The required supplementary information on year 2000 is not a required part of the basic financial statements, but is supplementary information required by Governmental Accounting Standard Board technical bulletin 99-1. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However,

we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that WHA Radio is or will become year 2000 compliant, that WHA Radio's year 2000 remediation efforts will be successful in whole or in part, or that parties with which WHA Radio does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we also will issue a report dated December 17, 1999, on our consideration of the WHA Radio's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, and grants.

LEGISLATIVE AUDIT BUREAU

December 17, 1999      by

Diann Allsen  
Audit Director

**WHA Radio**  
**A Public Telecommunications Entity**  
**Operated by the University of Wisconsin-Extension**  
**Balance Sheet**  
June 30, 1999

	Unrestricted Fund	Restricted Fund	Property Fund	Total June 30, 1999	Total June 30, 1998
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents (Note 3)	\$ 86,592	\$ 0	\$ 0	\$ 86,592	\$ 55,752
Grants and contracts receivable	91,716	6,432	0	98,148	187,692
Accounts and interest receivable	53,784	0	0	53,784	78,868
Accounts receivable-ECB (Note 8)	623,513	685,972	0	1,309,485	915,377
Net assets of WPRA (Note 8)	483,262	0	0	483,262	501,562
Prepaid expenses	29,567	0	0	29,567	30,026
	<u>1,368,434</u>	<u>692,404</u>	<u>0</u>	<u>2,060,838</u>	<u>1,769,277</u>
Investments (Note 3)	<u>702,868</u>	<u>0</u>	<u>0</u>	<u>702,868</u>	<u>593,210</u>
Property and Equipment:					
Production equipment	0	0	608,507	608,507	597,273
Transmission equipment	0	0	257,084	257,084	179,679
Furniture and fixtures	0	0	102,384	102,384	102,384
Vehicles	0	0	12,156	12,156	12,156
	<u>0</u>	<u>0</u>	<u>980,131</u>	<u>980,131</u>	<u>891,492</u>
Total Property and Equipment	<u>0</u>	<u>0</u>	<u>980,131</u>	<u>980,131</u>	<u>891,492</u>
Less-Accumulated Depreciation	<u>0</u>	<u>0</u>	<u>(768,817)</u>	<u>(768,817)</u>	<u>(718,970)</u>
Net Property and Equipment	<u>0</u>	<u>0</u>	<u>211,314</u>	<u>211,314</u>	<u>172,522</u>
Total Assets	<u>\$2,071,302</u>	<u>\$ 692,404</u>	<u>\$ 211,314</u>	<u>\$2,975,020</u>	<u>\$2,535,009</u>
<b>Liabilities and Fund Balances</b>					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 230,182	\$ 140,241	\$ 0	\$ 370,423	\$ 299,979
Due to the University of Wisconsin	185,619	548,459	0	734,078	536,248
Deferred support (Note 7)	0	3,704	0	3,704	75,506
	<u>415,801</u>	<u>692,404</u>	<u>0</u>	<u>1,108,205</u>	<u>911,733</u>
Total Current Liabilities	<u>415,801</u>	<u>692,404</u>	<u>0</u>	<u>1,108,205</u>	<u>911,733</u>
Fund Balances:					
Unrestricted fund balance	1,172,239	0	0	1,172,239	949,192
Net investment in property and equipment	0	0	211,314	211,314	172,522
WPRA fund balance (Note 8)	483,262	0	0	483,262	501,562
	<u>1,655,501</u>	<u>0</u>	<u>211,314</u>	<u>1,866,815</u>	<u>1,623,276</u>
Total Fund Balances	<u>1,655,501</u>	<u>0</u>	<u>211,314</u>	<u>1,866,815</u>	<u>1,623,276</u>
Total Liabilities and Fund Balances	<u>\$2,071,302</u>	<u>\$ 692,404</u>	<u>\$ 211,314</u>	<u>\$2,975,020</u>	<u>\$2,535,009</u>

The accompanying notes are an integral part of this statement.

**WHA Radio**  
**A Public Telecommunications Entity**  
**Operated by the University of Wisconsin-Extension**  
**Statement of Financial Activity**  
**for the Year Ended June 30, 1999**

	Unrestricted Fund	Restricted Fund	Property Fund	Total 1998-99	Total 1997-98
<b>Support and Revenue</b>					
State General Appropriations	\$1,513,325	\$ 0	\$ 0	\$1,513,325	\$1,421,020
State Building Trust Funds	0	0	0	0	7,349
Donated Facilities and Administrative Support from the University of Wisconsin (Note 4)	1,170,080	0	0	1,170,080	1,147,890
Community Service Grant-CPB	397,471	0	0	397,471	390,344
Other Grants and Contracts	856,725	1,911,619	0	2,768,344	2,693,513
In-kind Contributions (Note 5)	78,041	0	0	78,041	83,642
Investment Income	51,036	0	0	51,036	49,467
Telecasting, Production, and Other Income	253,557	0	0	253,557	384,994
Donations from WPRA (Note 8)	862,258	47,806	0	910,064	816,916
<b>Total Support and Revenue</b>	<b>5,182,493</b>	<b>1,959,425</b>	<b>0</b>	<b>7,141,918</b>	<b>6,995,135</b>
<b>Expenses</b>					
Program Services:					
Programming and production	3,110,257	1,331,466	37,268	4,478,991	4,289,199
Broadcasting	86,945	15,518	12,579	115,042	286,249
Program information	46,607	73,841	0	120,448	143,805
<b>Total Program Services</b>	<b>3,243,809</b>	<b>1,420,825</b>	<b>49,847</b>	<b>4,714,481</b>	<b>4,719,253</b>
Support Services:					
Management and general	1,289,246	113,696	0	1,402,942	1,368,469
Fund-raising and membership development	356,052	424,904	0	780,956	606,750
<b>Total Support Services</b>	<b>1,645,298</b>	<b>538,600</b>	<b>0</b>	<b>2,183,898</b>	<b>1,975,219</b>
<b>Total Expenses</b>	<b>4,889,107</b>	<b>1,959,425</b>	<b>49,847</b>	<b>6,898,379</b>	<b>6,694,472</b>
Excess (Deficiency) of Support and Revenue Over Expenses	<u>\$ 293,386</u>	<u>\$ 0</u>	<u>\$ (49,847)</u>	<u>\$ 243,539</u>	<u>\$ 300,663</u>
<b>Fund Balances</b>					
Fund Balance at Beginning of Year	\$1,450,754	\$ 0	\$ 172,522	\$1,623,276	\$1,241,356
Prior-Period Corrections (Note 10)	0	0	0	0	71,399
Cumulative Effect of Accounting Change (Note 2)	0	0	0	0	9,858
<b>Adjusted Beginning Fund Balance</b>	<b>1,450,754</b>	<b>0</b>	<b>172,522</b>	<b>1,623,276</b>	<b>1,322,613</b>
Excess (Deficiency) of Support and Revenue Over Expenses	293,386	0	(49,847)	243,539	300,663
Interfund Transfer for Equipment Acquisition	(88,639)	0	88,639	0	0
<b>Fund Balance at End of Year</b>	<b><u>\$1,655,501</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 211,314</u></b>	<b><u>\$1,866,815</u></b>	<b><u>\$1,623,276</u></b>

The accompanying notes are an integral part of this statement.

**WHA Radio**  
**A Public Telecommunications Entity**  
**Operated by the University of Wisconsin-Extension**  
**Statement of Cash Flows**  
**for the Year Ended June 30, 1999**

	Operating Funds	Property Fund	Total 1999-99	Total 1997-98
<b>Cash Flows from Operating Activities</b>				
Excess (Deficiency) of Support and Revenues Over Expenses	\$293,386	\$ (49,847)	\$243,539	\$ (9,725)
Adjustments to Reconcile Excess Revenues Over Expenses to Net Cash Provided by Operating Activities:				
Depreciation	0	49,847	49,847	58,972
Unrealized gain on investments	4,524	0	4,524	(10,449)
Realized gain on investments	1,550	0	1,550	693
Changes in Cash Due to:				
(Increase) decrease in grants and contracts receivable	89,544	0	89,544	364,743
(Increase) decrease in accounts and interest receivable	25,084	0	25,084	(1,589)
(Increase) decrease in accounts receivable-ECB	(394,108)		(394,108)	(381,787)
(Increase) decrease in prepaid expenses	459	0	459	14,116
Increase (decrease) in accounts payable and accrued expenses	70,444	0	70,444	29,076
Increase (decrease) in due to University of Wisconsin	197,830	0	197,830	4,849
Increase (decrease) in deferred support	(71,802)	0	(71,802)	49,236
Net Cash Provided by Operating Activities	216,911	0	216,911	118,135
<b>Cash Flows from Capital and Related Financing Activities</b>				
(Increase) Decrease in Net Assets of WPRA	18,300	0	18,300	(91,807)
Purchase of Property and Equipment	0	(88,639)	(88,639)	(52,126)
Interfund Transfer for Equipment Acquisition	(88,639)	88,639	0	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(70,339)	0	(70,339)	(143,933)
<b>Cash Flows from Investing Activities</b>				
Net Sale, Maturity, (Purchase) of Other Investments	(115,732)	0	(115,732)	18,480
Net Cash Provided (Used) by Investing Activities	(115,732)	0	(115,732)	18,480
Increase (Decrease) in Cash and Cash Equivalents	30,840	0	30,840	(7,318)
<b>Cash and Cash Equivalents</b>				
Beginning of Year	55,752	0	55,752	63,070
End of Year	\$ 86,592	\$ 0	\$ 86,592	\$ 55,752

The accompanying notes are an integral part of this statement.



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# NOTES TO THE FINANCIAL STATEMENTS

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## 1. Summary of Significant Accounting Policies

- A. Organization - WHA Radio is licensed to the Board of Regents of the University of Wisconsin (UW) System. The financial statements include the accounts of the Wisconsin Public Radio Association, Inc. (WPRA). WPRA solicits funds in the name of, and with the approval of, WHA and the Wisconsin Educational Communications Board. By agreement, 24 percent of receipts and expenses of WPRA are attributed to WHA Radio. All significant inter-organization accounts and transactions have been eliminated.
- B. Basis of Presentation - The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). As permitted by GASB, WHA Radio follows the American Institute of Certified Public Accountants (AICPA) not-for-profit model, which includes the accounting and financial reporting principles contained in AICPA's Statement of Position (SOP) 78-10, *Accounting Principles and Reporting Practices for Certain Nonprofit Organizations*, as modified by all applicable Financial Accounting Standards Board pronouncements issued through November 30, 1989, and as modified by all applicable GASB pronouncements. In addition, the accompanying financial statements are prepared in conformity with the provisions of the Corporation for Public Broadcasting's *Principles of Accounting and Financial Reporting for Public Telecommunications Entities (1990 ed.)*, as amended by its *Supplemental Guide (1996 ed.)*
- C. Fund Accounting - The assets, liabilities, and fund balances of WHA Radio are reported in two fund groups, which use the flow of economic resource measurement focus and the accrual basis of accounting:
- Operating Funds - include restricted and unrestricted resources used to support WHA Radio operations.
  - Property Fund - includes the resources expended for property and equipment.
- D. Revenue Recognition - Contributions, pledges, and grants that are unrestricted as to use are recorded as support in the statement of financial activity when WHA Radio is entitled to receive the revenue.

Restricted resources of WHA Radio are those that are to be used for specific programming, broadcasts, or acquisitions. The unexpended portion of restricted grants is reported on the balance sheet as deferred support until the related expenses have been incurred.

WPRA also recognizes revenue for contributions pledged but not yet received at fiscal year-end.

- E. Due to (from) the University - Substantially all contributions and grant monies received by WHA Radio are deposited with the University of Wisconsin until the related expenses are incurred. In addition, expenses incurred related to certain contributions and grants are made by the University of Wisconsin prior to receipt of funding from the granting agency. The receivable or payable that results is reflected in the balance sheet.
- F. Allocation of Expenses to Functional Categories - Expenses are shown in the functional categories contained in the statement of financial activity. Expenses that relate to more than one category are allocated to the respective categories, using estimates if necessary.
- G. Cash and Cash Equivalents - Cash and cash equivalents in WHA Radio's unrestricted fund include cash balances deposited with the State Treasurer and shares in the State Investment Fund, a short-term investment pool of state and local funds.
- H. Valuation of Investments - All investments of WHA Radio are carried at fair value based on quoted market prices. State Investment Fund shares are valued at amortized cost, which approximates fair value. As of June 30, 1999, the fair value of these pool shares was 99.45 percent of amortized cost.
- I. Property and Equipment - Items classified as fixed assets are recorded at cost or, for donated property, at the estimated fair-market value at date of receipt. Assets with values in excess of \$5,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from 4 to 15 years. Expenses for repairs and maintenance are charged to operating expenses as incurred.
- J. Employe Compensated Absences - Unused, earned compensated absences, other than accumulated sick leave, are accrued with a resulting liability. The related employer's share of social security taxes, Medicare taxes, and contributions to the Wisconsin Retirement System are also accrued with a resulting liability. The liability and the expense for compensated absences are based on current rates of pay.

- K. Prior-year Financial Statements - The financial information shown for fiscal year (FY) 1997-98 in the accompanying financial statements presents summarized totals and is included only to provide a basis for comparison with FY 1998-99.

## 2. Accounting Changes

In FY 1997-98, WHA Radio implemented GASB Statement 31: *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. This statement requires WHA Radio to report its investments at fair value in its balance sheet, and changes in fair value in investment income. The cumulative effect for years prior to FY 1997-98 is shown as a restatement of the beginning fund balance in the amount of \$9,858.

## 3. Deposits and Investments

- A. Deposits - Cash and cash equivalents of \$86,592 in WHA Radio's unrestricted fund are in the custody of the State of Wisconsin Treasurer and are invested through the State Investment Fund, a short-term pool of state and local funds managed by the State of Wisconsin Investment Board with oversight by its Board of Trustees and the Wisconsin Statutes. The State Investment Fund is not registered with the Securities and Exchange Commission as an investment company.

GASB Statement 3 requires deposits with financial institutions to be categorized to indicate the level of credit risk assumed. These risk categories are: 1) insured or collateralized, with securities held by the entity, or held by its agent, in the entity's name; 2) collateralized, with securities held by the financial institution's trust department, or the entity's agent, in the entity's name; and 3) uninsured or uncollateralized, with the securities not held by the entity or in the entity's name.

Since shares in the State Investment Fund are purchased in \$1,000 increments, WHA Radio cash balances below \$1,000 remain on deposit in the State's bank. At June 30, 1999, the deposit balance invested in the State's bank is in risk category 1.

B. Investments – WHA Radio’s investments consisted of the following at June 30, 1999:

	<u>Carrying Fair Value</u>	<u>Cost</u>
Intermediate-term Pooled Bond Funds	\$670,035	\$676,010
Long-term Pooled Bond and Equity Funds	<u>32,833</u>	<u>23,266</u>
Total	<u>\$702,868</u>	<u>\$699,276</u>

All investments of WHA Radio are in pooled funds and, therefore, are not required to be categorized for credit risk under GASB Statement 3.

**4. Donated Facilities and Administrative Support from the University of Wisconsin**

Donated facilities from the University of Wisconsin consist of physical plant operating costs of \$219,593 and occupancy costs of \$28,440 for FY 1998-99. Such contributions are recorded at the University’s cost of providing them. Administrative support from the University of Wisconsin consists of allocated financial and administrative costs and certain other expenses incurred by the University on behalf of WHA Radio. Administrative support provided in FY 1998-99 totaled approximately \$922,047.

**5. In-kind Contributions**

In-kind contributions and donated professional services are recorded as revenue and expenses in the statement of financial activity. In-kind contributions consist primarily of donated professional services relating to programming functions. These donations are recorded at fair-market value.

Following is a schedule of in-kind contributions charged to functional expense categories for WHA Radio for FY 1998-99:

	<u>In-kind Contributions</u>
Programming and production	<u>\$78,041</u>
Total	<u>\$78,041</u>

## 6. **Employe Retirement Plan**

Permanent, full-time employes of WHA Radio are participants in the Wisconsin Retirement System, a cost-sharing, multiple-employer, defined benefit plan governed by Chapter 40 of Wisconsin Statutes. State and local government public employes are entitled to an annual formula retirement benefit based on: 1) the employe's final average earnings; 2) years of creditable service; and 3) a formula factor. If an employe's contributions, matching employer's contributions, and interest credited to the employe's account exceed the value of the formula benefit, the retirement benefit may instead be calculated as a money purchase benefit.

The Wisconsin Retirement System is considered part of the State of Wisconsin's financial reporting entity. Copies of the separately issued financial report that includes financial statements and required supplementary information for the year ending December 31, 1998, may be obtained by writing to:

Department of Employe Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931

Generally, the State's policy is to fund retirement contributions on a level-percentage-of-payroll basis to meet normal and prior service costs of the Wisconsin Retirement System. Prior service costs are amortized over 40 years, beginning January 1, 1990. The retirement plan requires employe contributions equal to specified percentages of qualified earnings based on the employe's classification, plus employer contributions at a rate determined annually. WHA Radio's contributions to the plan were \$367,674 for FY 1998-99 and \$378,680 for FY 1997-98. The relative position of WHA Radio in the Wisconsin Retirement System is not available, since the system is a statewide, multi-employer plan.

## 7. **Changes in Deferred Support**

Beginning-of-year balances	\$ 75,506
(-) Prior-year earned	(126,658)
+ Addition	<u>54,856</u>
End-of-year balances	<u>\$ 3,704</u>

## 8. **Related Entities**

- A. Educational Communications Board Radio Network – The Educational Communications Board Radio Network is a public telecommunications entity operated by the Educational Communications Board (ECB). In order to achieve statewide services and economies of scale, in the mid-1980s ECB and the UW Board of Regents developed a partnership called Wisconsin Public Broadcasting to manage and operate their licenses. The

partnership is maintained through an affiliation agreement outlining structural principles and functions, administrative staff allocations, stations (of both Wisconsin Public Radio and Wisconsin Public Television), and financial commitments of the partners. The Directors of Wisconsin Public Television and Wisconsin Public Radio are jointly appointed by the Educational Communications Board and the UW Board of Regents. Staff and resources from both agencies work together to provide administrative and program services. Amounts due to or from affiliated parties are separately disclosed on the balance sheet. The relationship pervades all aspects of the financial activities reported in the accompanying financial statements.

- B. Wisconsin Public Radio Association (WPRA) - WPRA is a not-for-profit corporation that administers fund-raising for public radio and provides support to WHA Radio and the ECB Radio Network. WPRA solicits funds in the name of, and with the approval of, both WHA and ECB Radio, a network of radio stations licensed to the Board of Regents of the University of Wisconsin. WHA Radio and ECB Radio have access to WPRA's net resources and retain an ongoing equity interest. WHA Radio's equity interest in WPRA is calculated in accordance with an affiliation agreement that currently provides WHA with 24 percent of WPRA net resources. This agreement is renegotiated annually based upon fund drive results.

WHA Radio includes in revenue the entire amount of WPRA net resources to which it is entitled each year. WHA Radio also recognizes WPRA expenses made on its behalf as both a contribution and an expense. A summary of amounts related to WPRA included in the accompanying financial statements follows:

	<u>1998-99</u>
Equity in Resources held by WPRA	\$483,262
Contributed Support	\$910,064
Expenses	\$320,065

WPRA issues separate financial statements, which are audited by other auditors. A summary of significant WPRA financial data follows:

	12 Months Ended <u>June 30, 1999</u>
Revenues	\$3,795,652
Expenses	<u>3,894,790</u>
Excess (Deficiency) of Revenues Over Expenses	<u>\$ (99,138)</u>
	<u>June 30, 1999</u>
Current Assets	\$ 977,850
Endowment	244,909
Long-term Investments	223,470
Accounts Payable	(145,065)
Restricted Fund Balance	<u>(157,432)</u>
Net Assets Contractually Committed for Distribution to WHA and ECB Radio	<u>\$ 1,143,732</u>

#### **9. Allocation of WLSU Licensee**

In September 1996, the UW-La Crosse transferred primary administration of radio station WLSU-FM to UW-Extension. WLSU-FM is qualified for Community Service Grant assistance from the Corporation for Public Broadcasting. WLSU-FM and WHA are both licensed to the UW Board of Regents. Financial transactions for WLSU-FM that had previously occurred through UW-La Crosse are now included as a part of WHA Radio's financial statements. The portion of WHA Radio's Statement of Financial Activity attributable to WLSU-FM's revenues, direct expenditures, and related allocable indirect expenditures has been identified in the following table. The remaining revenues and expenses are attributable to WHA-AM and include any unallocated amounts of WLSU-FM.

FY 1998-99

<u>Support and Revenue</u>	<u>Total</u>	<u>WLSU-FM</u>	<u>WHA-AM</u>
State General Appropriations	\$1,513,325	\$89,516	\$1,423,809
Donated Facilities and Administrative			
Support from the University of Wisconsin	1,170,080	64,441	1,105,639
Community Service Grant	397,471	45,810	351,661
Other Grants	2,768,344	18,628	2,749,716
In-kind Contributions	78,041	0	78,041
Interest Revenue	51,036	0	51,036
Telecasting, Production, and			
Other Income	253,557	8,748	244,809
Donations from WPRA	<u>910,064</u>	<u>146,606</u>	<u>763,458</u>
Total Support and Revenue	<u>\$7,141,918</u>	<u>\$373,749</u>	<u>\$6,768,169</u>
 <u>Expenses</u>			
Program Services:			
Programming and production	\$4,478,991	\$241,119	\$4,237,872
Broadcasting	115,042	14,017	101,025
Program information	<u>120,448</u>	<u>3,381</u>	<u>117,067</u>
Total Program Services	<u>\$4,714,481</u>	<u>\$258,517</u>	<u>\$4,455,964</u>
 Support Services:			
Management and general	1,402,942	76,530	1,326,412
Fund-raising and membership	<u>780,956</u>	<u>45,420</u>	<u>735,536</u>
Total Support Services	<u>2,183,898</u>	<u>121,950</u>	<u>2,061,948</u>
Total Expenses	<u>\$6,898,379</u>	<u>\$380,467</u>	<u>\$6,517,912</u>

**10. Prior-Period Correction**

FY 1997-98 financial data, presented for comparative purposes, have been restated and the beginning fund balance has been adjusted to accrue revenues owed to WHA Radio by ECB. ECB collects underwriting revenues and carriage fees on behalf of WHA Radio and remits them as requested by WHA Radio. At the end of each fiscal year between FY 1991-92 and FY 1998-99, WHA did not recognize revenues and set up a receivable for amounts collected but not yet remitted by ECB. The FY 1997-98 comparative information has been restated to correct for the prior-period correction. The July 1, 1997 unrestricted fund balance has been increased by \$71,399, and revenue has been increased by \$310,388. The net effect of the prior-period correction is to increase the unrestricted fund balance at June 30, 1998 by \$381,787.

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Technical issues associated with the arrival of the year 2000 have the potential of disrupting certain types of business and operational activities that rely heavily on computer systems. The usage of two digits (i.e., 99) to represent the year in many older computer programs, data files, or chips may be recognized incorrectly when the year 2000 arrives. To eliminate the problem, all software, data, and hardware that relies on a two-digit field to represent the year must be converted to four digits prior to December 31, 1999.

WHA Radio has identified the applications that are most critical to its operations and are required to be year 2000 compliant. The mission-critical applications include those systems that involve Radio membership and a database of volunteers.

WHA Radio has subjected internal systems that are mission critical to the following process to address year 2000 compliance:

- awareness stage—identification of a project plan for dealing with year 2000 issues;
- assessment stage—identification of the systems and components for which Year 2000 work is needed;
- remediation stage—modification to systems and equipment; and
- validation/testing stage—validation and testing of the changes that were made during the remediation stage.

WHA Radio has completed all stages of the year 2000 compliance process except for validation/testing of membership. WHA Radio identified potential year 2000 problems for two database applications that resided on a WANG vs: WHA Radio membership, which is used for tracking donor contributions, and a database that maintains information on volunteers. The WHA Radio membership is moving to a software package called Enterprise CS, and the volunteer database was moved to a software package called Volunteerworks. Both of these software packages are year 2000 compliant. WHA Radio membership is in the validation/testing stage, with completion expected by December 31, 1999.

Most of the administrative computing used by WHA Radio, such as for accounting, payroll, and endowment activities, is maintained by UW System or UW-Extension. They have reviewed their systems in response to a mandate from the State of Wisconsin Department of Administration and the UW System President. Neither UW System nor UW-Extension has identified year 2000 problems that would materially affect the operations of WHA Radio.

WHA Radio cannot provide absolute assurances that all year 2000 problems will be corrected by January 1, 2000, nor that all information technology systems will continue to work efficiently on January 1, 2000. There remains a possibility that some year 2000 problems will not be identified or corrected by January 1, 2000. However, WHA Radio believes that the actions it has completed should minimize such potential problems, especially for critical business applications.

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