

BACK PORCH RADIO BROADCASTING, INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Back Porch Radio Broadcasting, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of Back Porch Radio Broadcasting, Inc., which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Back Porch Radio Broadcasting, Inc. as of December 31, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Back Porch Radio Broadcasting, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Back Porch Radio Broadcasting, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Back Porch Radio Broadcasting, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Back Porch Radio Broadcasting, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Madison, Wisconsin
June 6, 2025

BACK PORCH RADIO BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 510,501	\$ 560,586
Unconditional promises to give	4,803	4,260
Pledges receivable, net	5,375	10,346
Prepaid expenses	45,794	40,991
Inventory	2,902	2,902
Total current assets	569,375	619,085
NONCURRENT ASSETS		
Investments	54,627	52,169
Property and equipment, net	167,197	173,471
Operating lease right-of-use asset	97,370	143,023
Total noncurrent assets	319,194	368,663
Total assets	<u>\$ 888,569</u>	<u>\$ 987,748</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,441	\$ 7,695
Accrued expenses	19,566	38,034
Operating lease liability	48,511	45,459
Total current liabilities	70,518	91,188
Noncurrent operating lease liability	56,088	104,599
Total liabilities	126,606	195,787
NET ASSETS		
Without donor restrictions	719,852	738,815
With donor restrictions	42,111	53,146
Total net assets	761,963	791,961
Total liabilities and net assets	<u>\$ 888,569</u>	<u>\$ 987,748</u>

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
Individual, pledge drive, and other	\$ 700,270	\$ 27,227	\$ 727,497	\$ 644,032	\$ 20,477	\$ 664,509
CPB grant	108,778	4,745	113,523	104,436	-	104,436
Program underwriting sponsorships	30,565	9,977	40,542	38,541	12,430	50,971
Donated materials and services	8,202	-	8,202	12,018	-	12,018
Special events	59,964	-	59,964	54,585	-	54,585
Interest	5,285	-	5,285	5,286	-	5,286
Other income	3,116	-	3,116	-	-	-
Net assets released from restrictions	52,984	(52,984)	-	12,349	(12,349)	-
 Total support and revenue	 969,164	 (11,035)	 958,129	 871,247	 20,558	 891,805
EXPENSES						
Program services						
Programming and production	345,100	-	345,100	278,120	-	278,120
Broadcasting	159,203	-	159,203	158,057	-	158,057
Program information and promotion	65,950	-	65,950	64,422	-	64,422
 Total program services	 570,253	 -	 570,253	 500,599	 -	 500,599
Supporting activities						
Management and general	177,363	-	177,363	140,549	-	140,549
Fundraising and membership development	135,910	-	135,910	141,219	-	141,219
Underwriting and grant solicitation	104,601	-	104,601	101,617	-	101,617
 Total supporting activities	 417,874	 -	 417,874	 383,385	 -	 383,385
 Total expenses	 988,127	 -	 988,127	 883,984	 -	 883,984
 Change in net assets	 (18,963)	 (11,035)	 (29,998)	 (12,737)	 20,558	 7,821
 Net assets at beginning of year	 738,815	 53,146	 791,961	 751,552	 32,588	 784,140
 Net assets at end of year	 <u>\$ 719,852</u>	 <u>\$ 42,111</u>	 <u>\$ 761,963</u>	 <u>\$ 738,815</u>	 <u>\$ 53,146</u>	 <u>\$ 791,961</u>

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program Services				Supporting Activities				
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Activities	Total Expenses
Personnel	\$ 267,493	\$ 63,666	\$ 54,839	\$ 385,998	\$ 81,340	\$ 96,007	\$ 62,799	\$ 240,146	\$ 626,144
Office	7,175	23,649	7,152	37,976	31,818	26,130	38,398	96,346	134,322
Equipment rental and maintenance	23,227	20,273	173	43,673	4,191	748	-	4,939	48,612
Programs and subscriptions	17,964	698	493	19,155	1,569	465	390	2,424	21,579
Professional fees	16,944	-	-	16,944	20,693	1,374	-	22,067	39,011
Occupancy	8,025	3,627	1,824	13,476	5,207	2,283	1,503	8,993	22,469
Donated services	4,100	-	-	4,100	368	-	600	968	5,068
Other	-	-	622	622	12,270	-	-	12,270	12,892
Printing and postage	172	-	622	794	240	6,352	911	7,503	8,297
Depreciation and amortization	-	47,290	-	47,290	18,457	-	-	18,457	65,747
Donated materials	-	-	-	-	1,099	2,036	-	3,135	3,135
Travel and training	-	-	225	225	111	515	-	626	851
Total expenses	<u>\$ 345,100</u>	<u>\$ 159,203</u>	<u>\$ 65,950</u>	<u>\$ 570,253</u>	<u>\$ 177,363</u>	<u>\$ 135,910</u>	<u>\$ 104,601</u>	<u>\$ 417,874</u>	<u>\$ 988,127</u>

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Program Services				Supporting Activities				
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Activities	Total Expenses
Personnel	\$ 239,144	\$ 59,528	\$ 50,871	\$ 349,543	\$ 44,410	\$ 102,964	\$ 66,180	\$ 213,554	\$ 563,097
Office	8,943	22,527	6,503	37,973	31,739	22,782	33,152	87,673	125,646
Equipment rental and maintenance	359	24,591	2,282	27,232	3,112	1,518	-	4,630	31,862
Programs and subscriptions	17,775	-	-	17,775	1,266	-	-	1,266	19,041
Professional fees	13	-	-	13	13,482	-	-	13,482	13,495
Occupancy	8,079	3,095	1,825	12,999	5,564	2,220	1,480	9,264	22,263
Donated services	1,320	889	234	2,443	3,244	350	234	3,828	6,271
Other	-	-	-	-	15,912	-	-	15,912	15,912
Printing and postage	89	-	2,464	2,553	714	10,945	468	12,127	14,680
Depreciation and amortization	-	45,038	-	45,038	19,942	-	-	19,942	64,980
Donated materials	2,377	2,389	18	4,784	803	126	34	963	5,747
Travel and training	21	-	225	246	361	314	69	744	990
Total expenses	<u>\$ 278,120</u>	<u>\$ 158,057</u>	<u>\$ 64,422</u>	<u>\$ 500,599</u>	<u>\$ 140,549</u>	<u>\$ 141,219</u>	<u>\$ 101,617</u>	<u>\$ 383,385</u>	<u>\$ 883,984</u>

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (29,998)	\$ 7,821
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	17,065	17,673
Amortization of operating lease right-of-use asset	45,653	45,010
Bad debt expense	12,476	10,733
Increase in assets		
Unconditional promises to give	(543)	(897)
Pledges receivable	(7,505)	(14,786)
Prepaid expenses	(4,803)	(12,741)
Increase (decrease) in liabilities		
Accounts payable	(5,254)	6,496
Accrued expenses	(18,468)	1,654
Operating lease liability	(45,459)	(42,565)
Net cash flows from operating activities	(36,836)	18,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest reinvested in investments	(2,458)	(52,169)
Purchases of broadcasting and station equipment	(10,791)	(114,509)
Net cash flows from investing activities	(13,249)	(166,678)
Net change in cash	(50,085)	(148,280)
Cash at beginning of year	560,586	708,866
Cash at end of year	\$ 510,501	\$ 560,586

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Back Porch Radio Broadcasting, Inc. (WORT) is a not-for-profit radio station that broadcasts from Madison, Wisconsin under the call letters WORT-FM. WORT began operations in 1975 and offers a wide variety of music and community-oriented broadcasts. The station is non-commercial and depends primarily upon contributions from the general public and grants from the Corporation for Public Broadcasting (CPB) for funding.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All unconditional promises to give are expected to be collected in less than one year.

Pledges Receivable

Pledges receivable consist primarily of amounts due from listener sponsors for recent pledge drives, which are all due within one year. Pledges receivable at December 31, 2024 and 2023 are shown net of an allowance for uncollectible pledges of \$7,356 and \$9,039, respectively. The allowance is based on the collections from previous pledge drives and estimated at 3-4% of total pledges.

Inventory

Inventory is valued at lower of cost or market on the first-in, first-out (FIFO) method. Inventory consists of premium items to be given to donors.

Investments

WORT holds investments in an annuity, which is carried at its accumulated value which approximates the original cost plus interest earned. The annuity is valued using a market approach that uses as inputs observed interest rates and yield curves, prices in active markets for similar assets, and prices for identical assets in inactive markets that have been adjusted by observable indexes, which are Level 2 fair value measurements.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteers also provided on-air hosting, DJ, news department, event assistance, and phone bank services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. WORT has estimated that more than 33,000 of volunteer hours were utilized during each of the years ended December 31, 2024 and 2023.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Purchases of property and equipment that exceed \$1,000 are capitalized at cost and depreciated using the straight-line method over the assets' estimated useful lives. Certain purchases of equipment are made with grant funds. In the event the grant terminates in future years, the equipment may have to be returned to the grantor. Depreciation expense for the years ended December 31, 2024 and 2023 was \$17,065 and \$17,673, respectively.

Property and equipment, if donated, is recorded as support at its estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor restrictions regarding how long those donated assets must be maintained, WORT reports expirations of donor restrictions when the donated or acquired assets are placed in service and reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that include at least some costs that are allocated include personnel, office, and occupancy, which are allocated based on estimates of time and effort.

Programming and Production – Includes program acquisition costs and the expenses related to the production of non-commercial, educational radio programming.

Broadcasting – Includes radio tower rental, broadcasting equipment costs, and other expenses related to the dissemination of non-commercial, educational radio programming.

Program Information and Promotion – Includes expenses related to the dissemination of information about non-commercial, educational radio programming to members and the public at large.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management and General – Includes accounting and production of financial reports, development of the annual budget, supervision of all departments, and maintenance of personnel records.

Fundraising and Membership Development – Includes the cultivation of new donor-members, fundraising events, pledge drives, and mailings.

Underwriting and Grant Solicitation – Includes the costs associated with grant writing and solicitation of underwriters.

Leases

WORT does not recognize short-term leases in the statement of financial position. For these leases, WORT recognizes the lease payments in the change in net assets in the period in which the obligation for those payments is incurred. WORT also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, WORT uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

WORT is a nonprofit public charity organized under Internal Revenue Code Section 501(c)(3) and is therefore not subject to federal and state income or franchise taxes.

Date of Management Review

Management has evaluated subsequent events through June 6, 2025, the date which the financial statements were available to be issued.

NOTE 2 – CONDITIONAL GRANT

WORT has a grant for which future funding is conditioned upon WORT maintaining compliance with grant terms and the grantor having sufficient funds. At December 31, 2024, the conditional grant amount was \$34,840. The conditional grant will be recognized as revenue when the respective conditions are met in the upcoming year.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2024	2023
Land	\$ 13,000	\$ 13,000
Buildings and improvements	247,057	247,057
Broadcasting and station equipment	484,101	473,310
Property and equipment	744,158	733,367
Less accumulated depreciation	576,961	559,896
Property and equipment, net	<u>\$ 167,197</u>	<u>\$ 173,471</u>

NOTE 4 – NET ASSETS

Net assets with donor restrictions were available for the following purposes or periods:

	2024	2023
Journalism	\$ 7,027	\$ 40,476
Underwriting for future periods	9,977	12,431
Studio renovation	162	239
Program acquisitions and satellite uplink fees	4,745	-
Building maintenance	15,000	-
Mural	5,200	-
Net assets with donor restrictions	<u>\$ 42,111</u>	<u>\$ 53,146</u>

NOTE 5 – LEASES

WORT leases tower space for its antenna used in broadcasting under a lease that expires January 31, 2027. The lease has monthly payments that increase by 5% each year.

The components of total lease cost are as follows:

	2024	2023
Operating lease cost	<u>\$ 47,484</u>	<u>\$ 47,484</u>

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 5 – LEASES (continued)

Other information related to leases is as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating lease	\$ 47,291	\$ 45,039
Weighted-average remaining lease term	2.08 years	3.08 years
Weighted-average discount rate	1.46%	1.46%

The maturities of the operating lease liability as of December 31, 2024, are as follows:

Year ending December 31:	
2025	\$ 49,655
2026	52,138
2027	<u>4,362</u>
Total minimum lease payments	106,155
Imputed interest	<u>(1,556)</u>
Total operating lease liability	<u>\$ 104,599</u>

NOTE 6 – CONCENTRATIONS

Credit Risk

WORT maintains its cash balances at financial institutions located in Madison, Wisconsin. The balances are insured by National Credit Union Administration up to \$250,000. At December 31, 2024 and 2023, WORT's uninsured cash balances totaled approximately \$85,700 and \$125,500, respectively.

Pledge Drives

During the years ended December 31, 2024 and 2023, WORT raised 24% and 28%, respectively, of its total support and revenue from pledge drives. The inability to hold these pledge drives or a decline in donors from these events could have an adverse effect on WORT's activities.

Corporation for Public Broadcasting Grant

During the years ended December 31, 2024 and 2023, WORT received 12% of its total support and revenue in the form of grants from the Corporation for Public Broadcasting. Failure to have this grant renewed each year could have an adverse effect on WORT's activities.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 6 – CONCENTRATIONS (continued)

Broadcasting License

WORT is licensed to broadcast by the Federal Communications Commission. This license is subject to periodic review and renewal by the Commission. The current license is for an eight-year term ending December 1, 2028.

Collective Bargaining Agreement

WORT has a collective bargaining agreement with Local Union 2304 of the International Brotherhood of Electrical Workers that covers full-time staff. The most recent collective bargaining agreement was signed in 2024 and extends through June 2027.

NOTE 7 – LIQUIDITY AND AVAILABILITY

The following table reflects WORT financials assets reduced by amounts that are not available to meet general expenditures within one year of the date of the statement of financial position.

	2024	2023
Cash	\$ 510,501	\$ 560,586
Unconditional promises to give	4,803	4,260
Pledges receivable, net	5,375	10,346
Investments	<u>54,627</u>	<u>52,169</u>
Financial assets at year-end	575,306	627,361
Less those unavailable for general expenditures within one year		
Restricted by donor for a specified purpose	(42,111)	(53,146)
Investments intended to be held for longer than one year	<u>(54,627)</u>	<u>(52,169)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 478,568</u>	<u>\$ 522,046</u>

As a non-profit, donor-funded organization, WORT receives significant contributions each year from donors on a regular basis, which are available to meet annual cash needs for general operating expenditures.

NOTE 8 – RETIREMENT PLAN

WORT maintains a SIMPLE IRA retirement plan for its employees. Employer contributions to the plan are 2% of the employee's annual compensation and these contributions vest immediately. Retirement expense for 2024 and 2023 was \$9,692 and \$10,212, respectively.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN

On April 28, 2021, WORT received a \$99,330 loan under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On June 4, 2021, the SBA approved forgiveness of the loan and related interest of \$100,419. WORT must retain PPP documentation in its files for six years after the date the loan was forgiven and permit authorized representatives of the SBA to access such files upon request. The SBA may review any loan at any time at its discretion. Therefore, the SBA may review WORT's good-faith certification concerning the necessity of its loan request, whether WORT calculated the loan amount correctly, whether WORT used loan proceeds for the allowable uses specified in the CARES Act, and whether WORT is entitled to loan forgiveness in the amount claimed on its application. If SBA determines WORT was ineligible for the loan or for full forgiveness in whole or in part, the SBA will seek repayment of the award.

NOTE 10 – CONTINGENCY

WORT is aware of a litigation matter that is related to volunteers at the station. The case and the related settlement and remediation meetings are ongoing. Due to uncertainties in the litigation process, it is not reasonably possible to estimate the cost of this matter and a liability has not been accrued in the financial statements. WORT's insurance will cover up to the insurance policy limit at the time the litigation matter is settled.