

WCIJ INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

December 31, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WCIJ Inc.
Madison, Wisconsin

We have audited the accompanying financial statements of WCIJ Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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.

Auditor's 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 auditor's 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 WCIJ Inc. as of December 31, 2015 and 2014, 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.

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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 functional 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Madison, Wisconsin
June 30, 2016

WCIJ INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Cash	\$ 240,915	\$ 99,300
Promises to give	50,000	387,575
Prepaid expenses	9,362	5,094
Furniture and equipment less accumulated depreciation of \$10,260 and \$7,946	3,433	5,747
Total assets	\$ 303,710	\$ 497,716
LIABILITIES		
Accounts payable	\$ 7,061	\$ 995
Accrued payroll liabilities	9,813	7,946
Total liabilities	16,874	8,941
NET ASSETS		
Unrestricted	236,836	66,275
Temporarily restricted	50,000	422,500
Total net assets	286,836	488,775
Total liabilities and net assets	\$ 303,710	\$ 497,716

See accompanying notes.

WCIJ INC.
STATEMENTS OF ACTIVITIES
Years ended December 31, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions and grants	\$ 149,143	\$ 224,409
In-kind contributions	6,912	29,270
Fees for services	20,000	20,000
Program service fees	3,300	4,755
Events and sponsorships	16,170	9,017
Other income	763	1,194
	<u>196,288</u>	<u>288,645</u>
Total unrestricted support and revenue	196,288	288,645
EXPENSES		
Investigative journalism	280,969	259,870
Technology	15,025	14,104
Management and general	29,439	29,893
Fundraising	122,794	102,587
	<u>448,227</u>	<u>406,454</u>
Total expenses	448,227	406,454
Net assets released from restrictions	<u>422,500</u>	<u>37,500</u>
Change in unrestricted net assets	170,561	(80,309)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	50,000	385,000
Net assets released from restrictions	<u>(422,500)</u>	<u>(37,500)</u>
Change in temporarily restricted net assets	<u>(372,500)</u>	<u>347,500</u>
Change in net assets	(201,939)	267,191
Nets assets - beginning of year	<u>488,775</u>	<u>221,584</u>
Net assets - end of year	<u>\$ 286,836</u>	<u>\$ 488,775</u>

See accompanying notes.

WCIJ INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (201,939)	\$ 267,191
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	2,314	2,236
(Increase) decrease in assets		
Promises to give	337,575	(312,575)
Prepaid expenses	(4,268)	(5,094)
Increase in liabilities		
Accounts payable	6,066	656
Accrued payroll liabilities	1,867	835
	141,615	(46,751)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of furniture and equipment	-	(3,351)
	141,615	(50,102)
Net change in cash		
Cash - beginning of year	99,300	149,402
Cash - end of year	\$ 240,915	\$ 99,300

See accompanying notes.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

WCIJ Inc. (Center) is a nonpartisan and nonprofit news organization that increases the quality and quantity of investigative reporting in Wisconsin, fostering an informed citizenry and strengthening democracy, while training the current and next generations of investigative journalists. The Center collaborates with Wisconsin Public Radio, Wisconsin Public Television, the University of Wisconsin-Madison School of Journalism and Mass Communication, and mainstream and ethnic media across the nation, including members of the Institute for Nonprofit News and Investigative Journalism Education Consortium. *Our guiding values: Protect the vulnerable. Expose wrongdoing. Seek solutions to problems.*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily Restricted Net Assets – Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Temporarily restricted net assets at December 31, 2015 and 2014 are restricted for subsequent periods.

Permanently Restricted Net Assets – Net assets that have been restricted by donors to be maintained by the Center in perpetuity.

Promises to Give

Unconditional promises to give are recognized as revenue or gains 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. At December 31, 2015, all unconditional promises to give are receivable in less than one year.

Furniture and Equipment

Acquisitions of furniture and equipment in excess of \$1,000 are capitalized. Purchases of furniture and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria are not met.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Tax Status

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through June 30, 2016, the date which the financial statements were available to be issued.

NOTE 2 – FACILITIES USE AGREEMENT

The Center has an agreement with University of Wisconsin School of Journalism and Mass Communication that allows the Center the right to use the facilities in the School of Journalism and Mass Communication. In exchange, the Center must provide paid internships to the students of the School of Journalism and Mass Communication. Unless terminated by either party, the agreement expires March 15, 2017. The agreement for 2015 and 2014 was valued at \$20,000.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 3 – DONATED SERVICES

The Center received donated services used for program and supporting activities. During 2015 and 2014 the following donated services have been recorded in the statements of activities:

2015	<u>Investigative Journalism</u>	<u>Mangement and General</u>	<u>Fundraising</u>
Legal services	<u>\$ 6,221</u>	<u>\$ 691</u>	<u>\$ -</u>
2014	<u>Investigative Journalism</u>	<u>Mangement and General</u>	<u>Fundraising</u>
Professional services	\$ 21,105	\$ 2,345	\$ -
Legal services	<u>5,238</u>	<u>582</u>	<u>-</u>
Donated services	<u>\$ 26,343</u>	<u>\$ 2,927</u>	<u>\$ -</u>

WCIJ INC.
SCHEDULES OF FUNCTIONAL EXPENSES
Years ended December 31, 2015 and 2014

	Investigative Journalism	Technology	Management and General	Fundraising	2015 Total
Personnel	\$ 208,728	\$ 11,548	\$ 12,476	\$ 77,325	\$ 310,077
Payroll taxes	16,687	923	997	6,182	24,789
Occupancy	14,358	794	858	5,319	21,329
Travel and meetings	13,148	727	786	4,871	19,532
Professional services	9,365	-	8,485	4,945	22,795
Depreciation	1,557	86	93	578	2,314
Office expenses	5,553	307	332	2,058	8,250
Marketing	-	-	4,307	17,229	21,536
Insurance	8,730	483	522	3,234	12,969
Information technology	2,843	157	170	1,053	4,223
Miscellaneous	-	-	413	-	413
Total expenses	\$ 280,969	\$ 15,025	\$ 29,439	\$ 122,794	\$ 448,227
	Investigative Journalism	Technology	Management and General	Fundraising	2014 Total
Personnel	\$ 176,242	\$ 11,157	\$ 7,529	\$ 69,614	\$ 264,542
Payroll taxes	13,848	877	592	5,469	20,786
Occupancy	14,162	896	605	5,594	21,257
Travel and meetings	9,845	623	421	3,889	14,778
Professional services	37,068	-	18,118	6,325	61,511
Depreciation	1,490	94	64	588	2,236
Office expenses	3,408	216	146	1,346	5,116
Marketing	-	-	2,065	8,259	10,324
Insurance	1,495	95	64	590	2,244
Information technology	2,312	146	100	913	3,471
Miscellaneous	-	-	189	-	189
Total expenses	\$ 259,870	\$ 14,104	\$ 29,893	\$ 102,587	\$ 406,454