

WCIJ INC.

FINANCIAL STATEMENTS

December 31, 2024 and 2023

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WCIJ Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of WCIJ 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 WCIJ Inc. as of December 31, 2024 and 2023, and the results of its operations 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 WCIJ Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 WCIJ 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 WCIJ 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 WCIJ 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, slightly slanted style.

Wegner CPAs, LLP
Madison, Wisconsin
April 11, 2025

WCIJ INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 1,221,953	\$ 745,853
Unconditional promises to give, net	1,959,044	1,014,384
Prepaid expenses	20,420	16,100
Furniture and equipment less accumulated depreciation of \$49,454 and \$45,367	-	4,087
Total assets	<u><u>\$ 3,201,417</u></u>	<u><u>\$ 1,780,424</u></u>
LIABILITIES		
Accounts payable	\$ 45,958	\$ 71,210
Accrued payroll liabilities	61,904	30,727
Total liabilities	107,862	101,937
NET ASSETS		
Without donor restrictions	297,188	283,138
With donor restrictions	2,796,367	1,395,349
Total net assets	<u><u>3,093,555</u></u>	<u><u>1,678,487</u></u>
Total liabilities and net assets	<u><u>\$ 3,201,417</u></u>	<u><u>\$ 1,780,424</u></u>

See accompanying notes.

WCIJ 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
REVENUES						
Contributions and grants						
General contributions and grants	\$ 487,049	\$ 3,379,465	\$ 3,866,514	\$ 640,026	\$ 1,130,878	\$ 1,770,904
Contributions of nonfinancial assets	376,789	-	376,789	189,202	-	189,202
Events and sponsorships	-	-	-	500	-	500
Exchange transactions and other revenues						
Program service fees	8,621	-	8,621	74,231	-	74,231
Fees for services	-	-	-	20,000	-	20,000
Interest income	17,230	-	17,230	7,165	-	7,165
Other income	2,420	-	2,420	4,570	-	4,570
Total revenues	892,109	3,379,465	4,271,574	935,694	1,130,878	2,066,572
EXPENSES						
Investigative journalism	2,074,448	-	2,074,448	1,443,322	-	1,443,322
Management and general	353,187	-	353,187	408,863	-	408,863
Marketing and development	428,871	-	428,871	436,052	-	436,052
Total expenses	2,856,506	-	2,856,506	2,288,237	-	2,288,237
NET ASSETS RELEASED FROM RESTRICTIONS	1,978,447	(1,978,447)	-	1,161,782	(1,161,782)	-
Change in net assets	14,050	1,401,018	1,415,068	(190,761)	(30,904)	(221,665)
Net assets at beginning of year	283,138	1,395,349	1,678,487	473,899	1,426,253	1,900,152
Net assets at end of year	<u>\$ 297,188</u>	<u>\$ 2,796,367</u>	<u>\$ 3,093,555</u>	<u>\$ 283,138</u>	<u>\$ 1,395,349</u>	<u>\$ 1,678,487</u>

See accompanying notes.

WCIJ INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2024 and 2023

	2024			
	Investigative Journalism	Management and General	Marketing and Development	Total Expenses
Personnel	\$ 1,095,067	\$ 84,181	\$ 249,075	\$ 1,428,323
Payroll taxes	84,055	4,015	18,742	106,812
Occupancy	329,626	1,725	-	331,351
Travel and meetings	23,446	20,354	12,318	56,118
Professional services	312,429	193,191	120,810	626,430
Depreciation	876	67	199	1,142
Office expenses	14,693	9,687	10,503	34,883
Marketing	93,441	181	2,786	96,408
Insurance	11,657	11,087	3,210	25,954
Bad debt expense	-	4,030	-	4,030
Information technology	107,233	23,526	8,321	139,080
Miscellaneous	1,925	1,143	2,907	5,975
Total expenses	\$ 2,074,448	\$ 353,187	\$ 428,871	\$ 2,856,506
	2023			
	Investigative Journalism	Management and General	Marketing and Development	Total Expenses
Personnel	\$ 925,476	\$ 162,394	\$ 269,289	\$ 1,357,159
Payroll taxes	74,270	12,821	21,614	108,705
Occupancy	65,703	12,240	19,121	97,064
Travel and meetings	15,610	9,681	6,607	31,898
Professional services	262,708	112,713	105,706	481,127
Depreciation	3,173	591	923	4,687
Office expenses	9,788	17,028	4,190	31,006
Marketing	35,136	897	3,412	39,445
Insurance	-	24,700	-	24,700
Bad debt expense	-	37,917	-	37,917
Information technology	50,666	13,012	2,529	66,207
Miscellaneous	792	4,869	2,661	8,322
Total expenses	\$ 1,443,322	\$ 408,863	\$ 436,052	\$ 2,288,237

See accompanying notes.

WCIJ INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,415,068	\$ (221,665)
Adjustments to reconcile change in net assets to net change in cash		
Depreciation	1,142	4,687
Bad debt	4,030	37,917
Net amortization of discount on long-term promises to give	20,332	10,832
Loss on disposal of furniture and equipment	2,945	-
Increase in assets		
Unconditional promises to give	(969,022)	(318,716)
Prepaid expenses	(4,320)	(688)
Increase (decrease) in liabilities		
Accounts payable	(25,252)	14,097
Accrued payroll liabilities	31,177	5,138
Net change in cash	<u>476,100</u>	<u>(468,398)</u>
Cash at beginning of year	<u>745,853</u>	<u>1,214,251</u>
Cash at end of year	<u><u>\$ 1,221,953</u></u>	<u><u>\$ 745,853</u></u>

See accompanying notes.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The mission of WCIJ Inc. (Center), an independent nonpartisan and nonprofit news organization, is "to increase the quality, quantity and understanding of investigative journalism to foster an informed citizenry and strengthen democracy." 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. Housed in the journalism school, the Center trains current and future generations of investigative journalists as it produces fact-checked investigative reports that are distributed via its website, WisconsinWatch.org, and to news organizations who are provided access via a password-protected system that allows them to add reporting and editing to embargoed content before sharing it with their print, online and broadcast audiences. The Center is primarily funded by contributions and grants and program service fees.

The Center's guiding principles: *Protect the vulnerable. Expose wrongdoing. Explore solutions.*

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. Promises to give receivable in more than one year are recorded at their net realizable value, using risk-free interest rate applicable to the years in which the promises are to be received, if material.

Furniture and Equipment

All acquisitions of furniture and equipment in excess of \$4,000 are capitalized. Purchases of furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. 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 statement since the recognition criteria are not met.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 donor restrictions.

Revenue Recognition

Program service fees consist of various documentaries and articles to consumers. Fees for services consists of the internship and mentorship program for college students provided to the University of Wisconsin. Revenue from these services are recognized over the term of the performance obligations. Program service fees and fees for service revenue received in advance are deferred to the applicable period in which the related services are performed and recognized as revenue at that time.

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 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. Professional services, marketing, and insurance expenses were directly charged. All other expenses are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Investigative journalism—The Center produces investigative reports independently and in partnership with other organizations; educates and trains students and working journalists in investigative reporting techniques; and helps commercial news outlets pursue their own investigations.

Management and general—Provides the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Center’s program activities; secure proper administrative functioning of the board of directors; and manage the financial and budgetary responsibilities of the Center.

Marketing and development—Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and corporations.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

The Center expenses advertising costs as they are incurred. For the years ended December 31, 2024 and 2023, advertising expenses totaled \$74,926 and \$32,392, respectively.

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 April 11, 2025, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

The Center maintains its cash balances in two financial institutions based in Madison, Wisconsin. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2024 and 2023, the Center’s uninsured cash balances total approximately \$615,000 and \$421,000, respectively.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2024	2023
Receivable in less than one year	\$ 1,274,544	\$ 560,384
Receivable in one to five years	683,333	464,332
Receivable in more than five years	80,000	12,500
Unconditional promises to give	2,037,877	1,037,216
Discount to net present value	(78,833)	(22,832)
Unconditional promises to give, net	\$ 1,959,044	\$ 1,014,384

Promises to give due in more than one year are discounted at an effective rate of between 2.23% and 5.67%.

The Center has several grants that are conditioned upon meeting certain criteria in the grant agreement. At December 31, 2024 and 2023, these conditional grants total approximately \$1,344,600 and \$321,200, respectively. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 4 – 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 for no charge. 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 automatically renews for three year terms. On September 6, 2022, the agreement was extended to June 30, 2024.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods:

	2024	2023
Troller Fund	\$ 35,000	\$ 35,000
Salaries	2,093,736	449,724
Office expenses	32,006	-
Pathways to success	400,000	-
Subsequent years' activities	235,625	910,625
Net assets with donor restrictions	\$ 2,796,367	\$ 1,395,349

NOTE 6 – PAYCHECK PROTECTION PROGRAM

The Center received a \$93,581 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 December 23, 2020, the SBA preliminarily approved forgiveness of the loan. The Center must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of the SBA to access such files upon request. SBA may review the Center's good-faith certification concerning the necessity of its loan request, whether the Center calculated the loan amount correctly, whether the Center used loan proceeds for the allowable uses specified in the CARES Act, and whether the Center is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Center was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment.

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the statement of activities include:

	2024	2023
Legal services	\$ 3,024	\$ 6,180
Contract management services	12,900	89,564
Reporting services	45,380	16,393
Facilities	315,485	77,065
	\$ 376,789	\$ 189,202

Contributed nonfinancial assets did not have donor-imposed restrictions. The Center valued the in-kind contributions based on the estimated fair value provided by the donor or value the donor could otherwise obtain for the services or facilities provided. Contributed services and facilities were used for program and administrative activities.

WCIJ INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following table reflects the Center’s financial assets at December 31, 2024 and 2023, reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statement of financial position.

	2024	2023
Cash	\$ 1,221,953	\$ 745,853
Unconditional promises to give, net	1,959,044	1,014,384
 Total financial assets at end of year	 3,180,997	 1,760,237
 Less those unavailable for general expenditures within one year:		
Restricted by donors with time or purpose restrictions	(2,560,742)	(984,388)
 Financial assets available to meet general expenditures within one year	 \$ 620,255	 \$ 775,849

As part of the Center’s liquidity management, it has a policy to have cash on hand for six months’ worth of expenditures. As a service-fee, donor-funded non-profit organization, the Center receives significant revenue each year from program service fees and contributions, which are available to meet annual cash needs for allowable general operating expenditures.

NOTE 9 – COMPONENT FUNDS AT MADISON COMMUNITY FOUNDATION

Madison Community Foundation, as a charitable trust, serves the mutual interest of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Donors establish component funds and, when those funds are established, donors may indicate what organizations or causes should benefit from distributions from the funds. However, donors also grant the Center variance power that allows it to modify the donors’ stipulations under certain circumstances as it monitors the changing needs of the community. Therefore, these funds are not included in the Center’s financial statement. The value of the component funds at Madison Community Foundation held for the benefit of the Center total \$16,119 and \$14,783, respectively, at December 31, 2024 and 2023.