

**WCIJ INC.**

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

December 31, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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  
May 22, 2018

**WCIJ INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Cash	\$ 269,230	\$ 123,075
Accounts receivable	25,400	6,000
Promises to give	28,000	275,000
Prepaid expenses	7,805	7,794
Furniture and equipment less accumulated depreciation of \$14,700 and \$11,579	11,319	9,523
<b>Total assets</b>	<b>\$ 341,754</b>	<b>\$ 421,392</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 7,852	\$ 12,570
Accrued payroll liabilities	13,629	11,974
<b>Total liabilities</b>	<b>21,481</b>	<b>24,544</b>
<b>NET ASSETS</b>		
Unrestricted	320,273	146,848
Temporarily restricted	-	250,000
<b>Total net assets</b>	<b>320,273</b>	<b>396,848</b>
<b>Total liabilities and net assets</b>	<b>\$ 341,754</b>	<b>\$ 421,392</b>

See accompanying notes.

**WCIJ INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Contributions and grants	\$ 301,957	\$ 15,000	\$ 316,957	\$ 174,995	\$ 345,000	\$ 519,995
In-kind contributions	154,984	-	154,984	84,470	-	84,470
Fees for services	20,000	-	20,000	20,000	-	20,000
Program service fees	32,130	-	32,130	14,397	-	14,397
Events and sponsorships	20,470	-	20,470	10,675	-	10,675
Other income	1,080	-	1,080	1,905	-	1,905
Total support and revenue	530,621	15,000	545,621	306,442	345,000	651,442
<b>EXPENSES</b>						
Program services	495,182	-	495,182	417,403	-	417,403
Management and general	61,612	-	61,612	60,709	-	60,709
Marketing and development	65,402	-	65,402	63,318	-	63,318
Total expenses	622,196	-	622,196	541,430	-	541,430
Net assets released from restrictions	265,000	(265,000)	-	145,000	(145,000)	-
<b>Change in net assets</b>	173,425	(250,000)	(76,575)	(89,988)	200,000	110,012
Nets assets - beginning of year	146,848	250,000	396,848	236,836	50,000	286,836
<b>Net assets - end of year</b>	<u>\$ 320,273</u>	<u>\$ -</u>	<u>\$ 320,273</u>	<u>\$ 146,848</u>	<u>\$ 250,000</u>	<u>\$ 396,848</u>

See accompanying notes.

**WCIJ INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (76,575)	\$ 110,012
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	3,121	1,319
(Increase) decrease in assets		
Accounts receivable	(19,400)	(6,000)
Promises to give	247,000	(225,000)
Prepaid expenses	(11)	1,568
Increase (decrease) in liabilities		
Accounts payable	(4,718)	5,509
Accrued payroll liabilities	1,655	2,161
Net cash flows from operating activities	<u>151,072</u>	<u>(110,431)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of furniture and equipment	<u>(4,917)</u>	<u>(7,409)</u>
<b>Net change in cash</b>	146,155	(117,840)
Cash - beginning of year	<u>123,075</u>	<u>240,915</u>
<b>Cash - end of year</b>	<u><u>\$ 269,230</u></u>	<u><u>\$ 123,075</u></u>

See accompanying notes.

**WCIJ INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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

**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, 2016 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.

**Accounts Receivable**

The Center considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

**Promises to Give**

Unconditional promises to give are recognized as support 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. All unconditional promises to give are receivable in less than one year.

**WCIJ INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Furniture and Equipment**

Acquisitions of furniture and equipment in excess of \$2,000 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.

**Contributions**

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor 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.

**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.

**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 May 22, 2018, the date which the financial statements were available to be issued.

**WCIJ INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2017 and 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

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 automatically renews for three year terms. The agreement for 2017 and 2016 was valued at \$20,000.

NOTE 3 – DONATED SERVICES

The Center received donated services used for program and supporting activities. During 2017 and 2016 the following donated services have been recorded in the statements of activities:

	Investigative Journalism	Management and General
2017		
Legal services	\$ -	\$ 5,790
Advertising services	500	-
Convention registration and booth fees	685	-
Contract management	52,000	-
Production services	47,109	-
Reporting services	45,000	-
Donated services	\$ 145,294	\$ 5,790
2016		
Legal services	\$ -	\$ 6,870
Contract management	41,600	-
Reporting services	33,000	-
Donated services	\$ 74,600	\$ 6,870

**WCIJ INC.**  
**SCHEDULES OF FUNCTIONAL EXPENSES**  
Years ended December 31, 2017 and 2016

	Program Services	Management and General	Marketing and Development	2017 Total
Personnel	\$ 290,994	\$ 31,772	\$ 47,391	\$ 370,157
Payroll taxes	20,341	2,226	3,313	25,880
Occupancy	16,440	1,974	2,942	21,356
Travel and meetings	16,312	1,066	2,509	19,887
Professional services	99,109	13,901	-	113,010
Depreciation	2,453	268	400	3,121
Office expenses	5,282	173	649	6,104
Marketing	19,619	768	3,976	24,363
Insurance	18,742	9,329	3,052	31,123
Information technology	5,890	135	1,170	7,195
Total expenses	<u>\$ 495,182</u>	<u>\$ 61,612</u>	<u>\$ 65,402</u>	<u>\$ 622,196</u>
	Program Services	Management and General	Marketing and Development	2016 Total
Personnel	\$ 279,267	\$ 29,005	\$ 46,223	\$ 354,495
Payroll taxes	19,505	2,025	3,228	24,758
Occupancy	17,045	1,770	2,821	21,636
Travel and meetings	19,479	2,023	3,224	24,726
Professional services	41,925	15,568	-	57,493
Depreciation	1,039	108	172	1,319
Office expenses	3,309	344	547	4,200
Marketing	14,680	575	2,975	18,230
Insurance	18,600	9,036	3,079	30,715
Information technology	2,186	227	362	2,775
Miscellaneous	368	28	687	1,083
Total expenses	<u>\$ 417,403</u>	<u>\$ 60,709</u>	<u>\$ 63,318</u>	<u>\$ 541,430</u>