

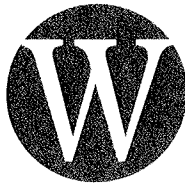
BACK PORCH RADIO BROADCASTING, INC.

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

June 30, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Back Porch Radio Broadcasting, Inc. as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 of material misstatement. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Back Porch Radio Broadcasting, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wegner LLP

Wegner LLP
Madison, Wisconsin
November 17, 2010



BACK PORCH RADIO BROADCASTING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash	\$ 94,528	\$ 132,940
Certificates of deposit	46,359	35,041
Accounts receivable	331	-
Pledges receivable	55,837	19,275
Prepaid expenses	14,211	14,499
Inventory	4,221	7,748
Total current assets	215,487	209,503
PROPERTY AND EQUIPMENT		
Land	13,000	13,000
Buildings and improvements	205,622	205,622
Broadcasting and station equipment	460,797	458,959
Property and equipment	679,419	677,581
Less accumulated depreciation	540,637	518,306
Property and equipment - net	138,782	159,275
OTHER ASSETS		
Certificate of deposit - noncurrent	-	10,046
Land held for resale	-	9,500
Investments	52,181	47,423
Total other assets	52,181	66,969
Total assets	\$ 406,450	\$ 435,747
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 22,123	\$ 22,932
Deferred revenue	5,877	6,388
Bonds payable	2,102	2,250
Total liabilities	30,102	31,570
NET ASSETS		
Undesignated	(3,837)	23,992
Board designated	375,000	375,000
Total unrestricted	371,163	398,992
Temporarily restricted	5,185	5,185
Total net assets	376,348	404,177
Total liabilities and net assets	\$ 406,450	\$ 435,747

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2010 and 2009

	2010	2009
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 406,725	\$ 407,259
CPB grant	67,855	60,135
Program underwriting	29,383	40,775
Special events	35,190	33,552
Donated materials and services	8,255	5,637
Investment return	7,300	(44,259)
Other income	11,938	5,384
Total unrestricted support and revenue	566,646	508,483
EXPENSES		
Program services		
Programming and production	143,281	145,953
Broadcasting	186,694	202,112
Program information and promotion	31,946	43,172
Total program services	361,921	391,237
Supporting activities		
Management and general	99,998	111,989
Fundraising	99,827	123,032
Underwriting and grant solicitation	54,037	53,895
Total supporting activities	253,862	288,916
Total expenses	615,783	680,153
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	21,308	21,250
Change in unrestricted net assets	(27,829)	(150,420)
TEMPORARILY RESTRICTED NET ASSETS		
CPB grant	21,308	21,250
Net assets released from restrictions		
Satisfaction of purpose restrictions	(21,308)	(21,250)
Change in temporarily restricted net assets	-	-
Change in net assets	(27,829)	(150,420)
Net assets - beginning of year	404,177	554,597
Net assets - end of year	<u>\$ 376,348</u>	<u>\$ 404,177</u>

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (27,829)	\$ (150,420)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	22,830	24,564
Realized and unrealized (gain) loss on investments	(4,271)	47,965
Gain on sale of property and equipment	(500)	(500)
Gain on bonds payable	(148)	-
Loss on sale of land	5,171	-
Change in allowance for uncollectible pledges	11,226	8,923
(Increase) decrease in assets		
Accounts receivable	(331)	6,975
Pledges receivable	(47,788)	33,095
Prepaid expenses	288	(2,511)
Inventory	3,527	4,908
Increase (decrease) in liabilities		
Accounts payable	-	(2,994)
Accrued expenses	(809)	7,761
Deferred revenue	(511)	(1,628)
Net cash used in operating activities	(39,145)	(23,862)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest retained in certificates of deposit	(1,272)	(45,087)
Purchases of property and equipment	(2,337)	(10,931)
Proceeds from sale of property and equipment	500	500
Purchases of and dividends retained in investments	(487)	(3,051)
Proceeds from sales of investments	-	108,831
Proceeds from sale of land	4,329	-
Net cash provided by investing activities	733	50,262
Net change in cash	(38,412)	26,400
Cash - beginning of year	132,940	106,540
Cash - end of year	\$ 94,528	\$ 132,940

See accompanying notes.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

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. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements to the reader.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

WORT 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.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by WORT in perpetuity.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pledges Receivable

Pledges receivable consist of amounts due from listener sponsors for recent pledge drives and grants from government entities, which are all due within one year. Pledges receivable are shown net of an allowance for uncollectible pledges of \$31,966 and \$20,740 at June 30, 2010 and 2009. This amount is based on the collection of pledges from previous pledge drives. Past experience shows that about 4% of pledges made are not collected. Management raised the uncollectible estimate to 8% of pledges made for the year ended June 30, 2010.

Inventory

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

Investments

Investments in marketable securities with readily determinable fair values are stated at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statements of activities.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

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.

Property and equipment, if donated, is recorded as support at its estimated fair value. Such donations are reported as unrestricted support 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 temporarily restricted net assets to unrestricted net assets at that time.

Revenue Recognition

Funds provided by the grantor or other outside party for particular services are deemed to be earned and reported as revenue when WORT has incurred expenses in compliance with specific requirements. Such amounts received, but not earned, are reported as deferred revenue. Such amounts earned, but not received, are reported as accounts receivable.

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions

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.

WORT's federal exempt organization information is subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, WORT is no longer subject to such examinations for tax years before 2007.

Date of Management Review

Management has evaluated subsequent events through November 17, 2010, the date which the financial statements were available to be issued.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing WORT's 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. The following programs and supporting activities are included in the accompanying financial statements:

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.

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 – Includes the cultivation of new donor-members, fundraising events, and mailings.

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

NOTE 2 – LAND HELD FOR RESALE

During the year ended June 30, 2007, WORT received a donation of land valued at \$9,500. In June 2010 the land was sold for \$4,329.

NOTE 3 – INVESTMENTS

Investments at June 30, 2010 and 2009 consisted of various mutual funds. Investment return for the years ended June 30, 2010 and 2009 consisted of the following:

	2010	2009
Interest and dividends	\$ 3,568	\$ 5,437
Realized and unrealized gains (losses)	4,271	(47,965)
Investment fees	(539)	(1,731)
Investment return	\$ 7,300	\$ (44,259)

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 4 – BONDS PAYABLE

Debt consists of various building bonds payable totaling \$2,102 and \$2,250 at June 30, 2010 and 2009 that have been issued to the general public in denominations of \$250 to \$1,000. Rates range between 8.5% and 9.5% for terms between 1 year and 5 years with interest compounded annually and payable upon maturity. The bonds are secured by real estate. All of the bonds have matured, and no interest was paid in the years ended June 30, 2010 and 2009.

NOTE 5 – NET ASSETS

Board designated net assets at June 30, 2010 and 2009 were comprised of \$175,000 as an operating reserve and \$200,000 for unspecified future projects. Temporarily restricted net assets at June 30, 2010 and 2009 were restricted for the purpose of creating a media justice toolkit.

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at June 30, 2010 were as follows:

	Fair Value	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 52,181	\$ 52,181	\$ -	\$ -

Fair values of assets measured on a recurring basis at June 30, 2009 were as follows:

	Fair Value	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 47,423	\$ 47,423	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 7 – DONATED MATERIALS AND SERVICES

The estimated fair value of donated materials and services recorded in the financial statements as follows:

	2010	2009
Donated materials	\$ 3,635	\$ 959
Donated services		
Website and e-mail services	2,220	2,220
Graphic arts	-	350
Maintenance services	2,400	2,108
Donated materials and services	\$ 8,255	\$ 5,637

During the year ended June 30, 2010 various supplies, valued at \$3,635, were donated and were used for program services, fundraising, and station administration. Various services such as web streaming, webhosting, and building repair, valued at \$4,620, were also donated to the station and were used for program services, fundraising, and station administration.

During the year ended June 30, 2009 various supplies, valued at \$959, were donated and were used for program services, fundraising, and station administration. Various services such as web streaming, webhosting, building repair, and graphic arts services, valued at \$4,678, were also donated to the station and were used for program services, fundraising, and station administration.

WORT relies on volunteers from the community to operate the station and receives in excess of 23,500 hours per year of volunteer service. The value of this service is not reflected in the financial statements as it does not meet the criteria for recognition.

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 the years ended June 30, 2010 and 2009 was \$5,490 and \$5,821.

NOTE 9 – LEASES

WORT leases tower space for its antenna used in broadcasting for \$1,998 per month, with a 5% increase each year, under a lease that expires January 31, 2011. Total rent expense for the years ended June 30, 2010 and 2009 was \$22,933 and \$22,372.

BACK PORCH RADIO BROADCASTING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 10 – CONCENTRATIONS

Economic Dependency

WORT receives a substantial amount of its support from the Corporation for Public Broadcasting (CPB) and from public donations. CPB has the authority to audit the costs associated with its grants. A significant reduction in the level of this support may have an adverse effect on WORT's programs and activities.

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, 2012.

Equipment Grants

A substantial portion of the station's broadcasting equipment was purchased under grants funded by the Public Telecommunications Facilities Program (PTFP). In order to insure that facilities funded under the PTFP will continue to be used to provide public telecommunications services, a ten-year Federal interest (lien) on the facilities is required. The PTFP equipment held by WORT as of June 30, 2010 is recorded at a cost of \$161,738, with accumulated depreciation of \$133,318.

Collective Bargaining Agreement

WORT has a collective bargaining agreement with employee union SEIU Local 150 that covers full time staff. The agreement expires June 30, 2012.

BACK PORCH RADIO BROADCASTING, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
Years ended June 30, 2010 and 2009

2010	Programming & Production	Broadcasting	Program Information & Promotion	Total Program Services	Management and General	Fundraising & Membership Development	Underwriting and Grant Solicitation	Total Supporting Activities	Total Expenses
Personnel	\$ 90,568	\$ 115,640	\$ 26,166	\$ 232,374	\$ 62,299	\$ 39,235	\$ 37,021	\$ 138,555	\$ 370,929
Equipment rental and maintenance	8,896	35,477	499	44,872	1,179	749	706	2,634	47,506
Occupancy	9,643	10,619	2,385	22,647	5,737	3,576	3,375	12,688	35,335
Programs and subscriptions	25,601	-	175	25,776	5,075	2,400	-	7,475	33,251
Office expenses	1,910	1,999	462	4,371	5,645	12,717	640	19,002	23,373
Depreciation	2,118	20,618	-	22,736	94	-	-	94	22,830
Printing and postage	843	769	1,659	3,271	411	17,218	1,030	18,659	21,930
Professional fees	-	-	-	-	11,331	759	-	12,090	12,090
Travel and training	1,000	130	-	1,130	1,822	-	1,750	3,572	4,702
Donated services	1,130	1,442	326	2,898	771	489	462	1,722	4,620
Donated materials	-	-	-	-	-	3,635	-	3,635	3,635
Other expenses	1,572	-	274	1,846	5,634	19,049	9,053	33,736	35,582
Total expenses	\$ 143,281	\$ 186,694	\$ 31,946	\$ 361,921	\$ 99,998	\$ 99,827	\$ 54,037	\$ 253,862	\$ 615,783

2009	Programming & Production	Broadcasting	Program Information & Promotion	Total Program Services	Management and General	Fundraising & Membership Development	Underwriting and Grant Solicitation	Total Supporting Activities	Total Expenses
Personnel	\$ 91,001	\$ 130,260	\$ 37,570	\$ 258,831	\$ 76,382	\$ 38,827	\$ 39,636	\$ 154,845	\$ 413,676
Equipment rental and maintenance	9,099	34,957	565	44,621	1,142	584	596	2,322	46,943
Occupancy	8,815	10,724	3,067	22,606	6,616	3,170	3,236	13,022	35,628
Programs and subscriptions	27,442	-	75	27,517	6,056	243	30	6,329	33,846
Office expenses	1,516	1,559	605	3,680	7,326	46,524	973	54,823	58,503
Depreciation	2,279	22,184	-	24,463	101	-	-	101	24,564
Printing and postage	514	808	865	2,187	403	16,440	210	17,053	19,240
Professional fees	-	-	-	-	10,902	1,000	-	11,902	11,902
Travel and training	1,879	145	-	2,024	1,651	18	1,039	2,708	4,732
Donated services	1,030	1,475	425	2,930	859	440	449	1,748	4,678
Donated materials	-	-	-	-	-	959	-	959	959
Other expenses	2,378	-	-	2,378	551	14,827	7,726	23,104	25,482
Total expenses	\$ 145,953	\$ 202,112	\$ 43,172	\$ 391,237	\$ 111,989	\$ 123,032	\$ 53,895	\$ 288,916	\$ 680,153