CONSOLIDATED FINANCIAL REPORT
June 30, 2013

American Public Media Group and Affiliates

AMERICAN
PUBLIC MEDIA™

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
American Public Media Group and Affiliates
St. Paul, Minnesota

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of American Public Media Group and Affiliates (the Organization), which comprise the consolidated statement of financial position as of June 30, 2013, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Public Media Group and Affiliates as of June 30, 2013, and the changes in their net assets, and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 consolidated financial statements and supplementary information, and we expressed an unmodified audit opinion and in-relation-to opinion on those audited financial statements and supplementary information, respectively, in our report dated October 16, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited consolidated financial statements and related supplementary information from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information by entity and by fund on pages 24 and 25 is presented for the purpose of additional analysis of the consolidated financial statements, rather than to present information regarding the financial position and the results of operations of the individual entities and funds, and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated 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 consolidated financial statements taken as a whole.

McGladrey LLP

Minneapolis, Minnesota
October 17, 2013

American Public Media Group and Affiliates

Consolidated Statement of Activities
Year Ended June 30, 2013, With Comparative Totals for the Year Ended June 30, 2012
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Consolidated Totals 2013	2012
Support from public:					
Individual gifts and membership	$ 30,400	$ 2,669	$ 88	**$ 33,157**	$ 32,549
Individual gifts and membership—released from restriction (rfr)	3,525	(3,525)	-	**-**	-
Regional underwriting	16,199	101	-	**16,300**	14,832
Regional underwriting—rfr	1,831	(1,831)	-	**-**	-
National underwriting	10,258	-	-	**10,258**	9,122
National underwriting—rfr	869	(869)	-	**-**	-
Business general support	352	673	-	**1,025**	1,198
Business general support—rfr	698	(698)	-	**-**	-
Foundations	3	5,750	-	**5,753**	9,272
Foundations—rfr	6,587	(6,587)	-	**-**	-
Educational sponsors	454	-	-	**454**	434
Other public support	584	353	-	**937**	39
Other public support—rfr	2	(2)	-	**-**	-
Total support from public	71,762	(3,966)	88	**67,884**	67,446
Support from governmental agencies:					
Corporation for Public Broadcasting	-	7,731	-	**7,731**	8,023
Corporation for Public Broadcasting—rfr	9,795	(9,795)	-	**-**	-
Grants from other governmental agencies	378	5,030	-	**5,408**	2,270
Grants from other governmental agencies—rfr	1,537	(1,537)	-	**-**	-
Total support from governmental agencies	11,710	1,429	-	**13,139**	10,293
Earned revenue:					
Revenue from operating activities	21,277	-	-	**21,277**	18,447
Royalties and licensing fees	1,355	-	-	**1,355**	1,361
Investment return, net (Note 5)	17,877	1,748	274	**19,899**	1,902
Product sales and other earned revenue	13,305	-	-	**13,305**	12,194
Contractual settlement (Note 14)	11,296	-	-	**11,296**	-
Total earned revenue	65,110	1,748	274	**67,132**	33,904
Total support and earned revenue	148,582	(789)	362	**148,155**	111,643
Expenses:					
Cost of goods sold	4,470	-	-	**4,470**	2,323
Operations	98,202	-	-	**98,202**	94,683
Selling, general and administrative	12,578	-	-	**12,578**	13,327
Fundraising	16,057	-	-	**16,057**	15,272
Impairment loss on broadcast license (Note 8)	3,324	-	-	**3,324**	-
Total expenses	134,631	-	-	**134,631**	125,605
Support and revenue in excess of (less than) expenses	13,951	(789)	362	**13,524**	(13,962)
Change in net assets	13,951	(789)	362	**13,524**	(13,962)
Net assets—beginning of year	178,783	26,206	13,672	**218,661**	232,623
Net assets—end of year	$ 192,734	$ 25,417	$ 14,034	**$ 232,185**	$ 218,661

See Notes to Consolidated Financial Statements.

American Public Media Group and Affiliates

Consolidated Statement of Financial Position
June 30, 2013, With Comparative Totals as of June 30, 2012
(In Thousands)

Assets	**2013**	2012
Current Assets		
Cash and cash equivalents	**$ 17,505**	$ 12,748
Trade receivables, net (Note 4)	**18,691**	18,211
Pledges receivable, net (Note 4)	**418**	987
Grants receivable, net (Note 4)	**9,345**	8,987
Other current assets	**5,758**	6,180
Total current assets	**51,717**	47,113
Property and Equipment, net (Note 7)	**65,539**	67,560
Other Assets		
Investments (Notes 3 and 5)	**141,640**	130,113
Endowment funds held by others and beneficial interest in trust (Notes 2 and 3)	**26,307**	23,866
Trade receivables, net (Note 4)	**6**	1,248
Pledges receivable, net (Note 4)	**1,417**	2,039
Grants receivable, net (Note 4)	**3,029**	2,846
Deferred income taxes	**206**	220
Broadcast licenses not subject to amortization (Note 8)	**44,202**	47,526
Intangible assets subject to amortization, net (Note 8)	**84**	266
Other long-term assets	**953**	905
Total other assets	**217,844**	209,029
Total assets	**$ 335,100**	$ 323,702
Liabilities and Net Assets		
Current Liabilities		
Trade payable	**$ 3,908**	$ 3,069
Current portion of long-term obligations, net (Note 9)	**2,784**	2,682
Line of credit (Note 9)	**-**	3,600
Accrued liabilities	**8,956**	8,107
Refundable advance	**475**	631
Deferred revenue	**7,387**	6,745
Total current liabilities	**23,510**	24,834
Other Liabilities		
Long-term obligations, less current portion, net (Note 9)	**58,549**	57,468
Interest rate swap (Notes 2 and 3)	**2,253**	3,294
Deferred revenue, less current portion (Note 13)	**18,603**	19,445
Total liabilities	**102,915**	105,041
Commitments and Contingencies (Notes 9, 10, 11 and 12)		
Net Assets		
Unrestricted	**192,734**	178,783
Temporarily restricted	**25,417**	26,206
Permanently restricted	**14,034**	13,672
Total net assets	**232,185**	218,661
Total liabilities and net assets	**$ 335,100**	$ 323,702

See Notes to Consolidated Financial Statements.

American Public Media Group and Affiliates

Consolidated Statement of Cash Flows
Year Ended June 30, 2013, With Comparative Totals for the Year Ended June 30, 2012
(In Thousands)

	2013	2012
Cash Flows From Operating Activities		
Change in net assets	$ 13,524	$ (13,962)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	6,124	6,146
Unrealized (gains) losses	(10,008)	2,682
Revenue from station acquisition	-	(63)
(Increase) decrease in endowment funds held by others and beneficial interest in trust	(2,441)	526
(Gain) loss on disposal of property and equipment	(736)	63
Contributions and grants restricted for capital projects	(1,243)	(906)
Contributions to permanent endowment	(60)	(1,275)
Loan forgiveness—City of Saint Paul	(276)	(259)
Impairment loss on broadcast license and other intangibles	3,406	-
Deferred income taxes	14	(60)
Decrease (increase) in assets:		
Trade and pledges receivable, net	762	3,827
Grants receivable, net	(835)	(1,463)
Other assets	429	(74)
Increase (decrease) in liabilities:		
Trade payable and accrued liabilities	1,587	603
Refundable advance	(156)	631
Deferred revenue	(200)	966
Total adjustments	(3,633)	11,344
Net cash provided by (used in) operating activities	9,891	(2,618)
Cash Flows From Investing Activities		
Purchase of property and equipment	(4,042)	(4,592)
Purchases of investments	(12,602)	(477,143)
Proceeds from sale of equipment	869	-
Proceeds from sales and maturities of investments	10,042	484,428
Purchase of intangible asset	-	(30)
Receipts of contributions to permanent endowment	60	1,225
Station acquisitions	-	(3,600)
Net cash (used in) provided by investing activities	(5,673)	288
Cash Flows From Financing Activities		
Borrowing on long-term obligations	4,200	4,600
Payments on line of credit, net	(3,600)	(236)
Principal payments on long-term obligations	(2,682)	(2,798)
Debt issue costs	(107)	(114)
Receipts of contributions and grants restricted for capital projects	2,728	2,827
Net cash provided by financing activities	539	4,279
Net change in cash and cash equivalents	4,757	1,949
Cash and Cash Equivalents—beginning of year	12,748	10,799
Cash and Cash Equivalents—end of year	$ 17,505	$ 12,748
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	$ 861	$ 809
Supplemental Disclosures of Noncash Investing Activities		
Additions to net property, plant and equipment funded through trade payable	$ 35	$ 150
Noncash consideration transferred in station acquisition	-	750

See Notes to Consolidated Financial Statements.

Note 1. Nature of Business

American Public Media Group (APMG) is a not-for-profit parent support organization whose primary purpose is to provide financial and management support services to its affiliated organizations, including Minnesota Public Radio and affiliate (MPR), Southern California Public Radio (SCPR), Classical South Florida (CSF) and Clearspring Holdings Inc (formerly, Greenspring Company) and affiliate (Clearspring). APMG and its affiliates (the Organization) are engaged in various public radio, digital media, theater rental, consumer shows, events, publishing and other ancillary activities. APMG also operates Pretty Good Goods, by which APMG sells program-related and psychographically related goods to consumers.

APMG has the ability to elect or approve the election of a majority of the MPR Board of Trustees and all of the SCPR and CSF Boards of Trustees. MPR, in turn, is the not-for-profit parent organization of The Fitzgerald Theater Company (FTC) and has the ability to elect FTC's Board of Trustees. MPR operates its regional program production and broadcasting activities under the name "Minnesota Public Radio" and its national program production and distribution activities under the name "American Public Media."

APMG owns all of the stock of Clearspring, a for-profit holding company. Clearspring has a wholly owned, for-profit subsidiary, Clearspring Enterprises Inc (formerly Greenspring Media Group) (CEI), which engages principally in publishing activities and hosting consumer shows and events.

Collectively, MPR, FTC, SCPR, CSF, Clearspring and CEI are referred to as the affiliated organizations or affiliates.

APMG owns WKCP (89.7 FM), serving South Florida's Miami-Dade and Broward counties, and W270AD, an FM translator station in West Palm Beach, and other broadcasting equipment (together, the station). APMG created CSF to fulfill its programming, operational and financial responsibilities for the station. CSF entered into a public service operating agreement (PSOA) with APMG, assuming responsibility for the day-to-day operations of the station, including maintaining APMG's good standing as the FCC licensee. Under the PSOA, APMG assigned certain broadcasting equipment for the station to CSF and retained certain other equipment to lease to CSF. Under the PSOA, CSF has the opportunity to solicit donations and underwriting for the station and agrees to pay for and utilize certain shared services from APMG and other affiliates of APMG, such as management, human resources, finance, legal, fundraising, technical and programming services.

CSF is the licensee of the noncommercial radio station WPBI (90.7 FM), serving West Palm Beach, Florida, and the noncommercial radio station WNPS (88.7 FM), serving Fort Meyers and Naples, Florida.

Note 2. Summary of Significant Accounting Policies

Basis of financial statement presentation: These consolidated financial statements include the accounts of the Organization. All intercompany accounts and transactions have been eliminated upon consolidation.

Net assets, support, and certain gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted: This classification contains net assets that are not subject to donor-imposed restrictions and are available for general support of the Organization. Designated amounts represent those funds that the Board of Trustees has set aside for a particular purpose. APMG and its not-for-profit affiliates maintain the following unrestricted funds (see the APMG supplemental schedules):

Operating Fund: To account for general-purpose contributions, grants, and other revenues and to account for revenues and expenses associated with the day-to-day operations of the Organization.

Note 2. Summary of Significant Accounting Policies (Continued)

Property Fund: To acquire and account for all land, buildings, building improvements, equipment, and broadcast licenses and other intangibles owned by the Organization.

Designated Fund: To account for funds intended to ensure the long-term financial health of the Organization. This includes the Earned Endowment for MPR (a quasi-endowment fund) and funds for future investments, and APMG's investment in Clearspring. Certain financial assets in the Designated Fund—unrestricted are available to the Operating Fund for cash flow needs.

Temporarily restricted: This classification includes net assets subject to donor-imposed restrictions. The restrictions are satisfied either by the passage of time or by actions of the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restriction. For example, when a donor specifies their contribution is to support the Organization for a three-year period, the Organization recognizes all the future support as temporarily restricted in the year the contribution is first made; the Organization then releases (reclassifies from temporarily restricted net assets) the contribution as unrestricted support over each of the three years specified by the donor.

Temporarily restricted net assets at June 30, 2013, were restricted for the following purposes:

Program support and underwriting	$ 15,044,000
Capital campaigns and capital projects	120,000
Undistributed earnings on endowments	10,253,000
Total	$ 25,417,000

Permanently restricted: This classification includes net assets subject to donor-imposed restrictions that stipulate the resources be maintained in perpetuity, but permit the Organization to use or expend the income received from the donated assets for operating purposes. Permanently restricted net assets at June 30, 2013, consisted of the following:

Endowment funds held by others	$ 9,891,000
Beneficial interest in trust	2,808,000
Donor-restricted endowment funds	1,335,000
Total	$ 14,034,000

Basis of accounting: The consolidated financial statements of the Organization are prepared on the accrual basis of accounting.

Summarized financial information for the year ended June 30, 2012: The consolidated financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2012, from which the summarized information was derived. The Organization's financial statements for the prior year are available on its website. Certain amounts in the prior-year summarized comparative information were reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition:

Support from public and governmental agencies: The Organization receives unconditional promises and gifts of cash and other assets (support) from the public, including individuals, members, businesses, foundations, educational sponsors and others, and from governmental agencies (donors). Support is reported at fair value on the date it is received. To the extent support includes a donor-imposed restriction, the support is reported as temporarily or permanently restricted, as described earlier in Note 2. When the donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted support is reclassified as unrestricted support and reported in the consolidated statement of activities as net assets are released from restriction.

The Organization receives support from the underwriters of its programming (underwriting), which are thanked with on-air and Web messages (spots). Underwriting is recognized as unrestricted support as the spots are run. The Organization changed its underwriting contracts beginning January 1, 2012. Contracts entered into prior to January 1, 2012, resulted in an unconditional promise to give underwriting support. Underwriting under those contracts had been recognized as temporarily restricted support at the onset of the underwriting contract and was released from restriction as the spots were run. Contracts entered into beginning January 1, 2012, result in support that is conditional upon running the underwriting spot. The Organization also receives goods and services from its underwriters. Barter expense is recorded when the goods are used or the services are received. During the year ended June 30, 2013, barter revenue of $3,674,000 and barter expense of $3,684,000 are reflected in the consolidated statement of activities. Amounts of cash and barter assets received on underwriting contracts that are conditional upon running future underwriting spots are reported as deferred revenue in the consolidated statement of financial position.

Operating activities: The Organization recognizes revenue from three primary activities: carriage fees, satellite fees and ticket sales. Carriage fees and satellite fees are earned when content is provided to subscribing broadcasters. Ticket revenue is earned when a live event occurs.

Royalties and licensing fees: The Organization recognizes revenue from royalties and licensing fees for the use of its intellectual property. Revenue is recognized as earned based on contractual agreements or when its intellectual property is made available for use.

Investment return: Interest and dividend income is recorded when earned. Realized gains and losses are recorded when the investments are sold. Unrealized gains and losses represent the change in fair value between reporting periods.

Product sales and other earned revenue: The Organization recognizes revenue from product sales, rental income, other service fees, publishing activities, and consumer shows and events. The Organization recognizes revenue from product sales, rental income and other service fees when the service is performed or when the product is provided. Publishing activities are recognized when the periodical has been published. Consumer shows and events are recognized in the period of occurrence.

Cash and cash equivalents: Cash and cash equivalents represent cash on hand and cash invested in short-term instruments with original maturities of three months or less that are to be used to meet the Organization’s current needs. The Organization maintains its cash in bank deposit accounts and money market funds that may at times exceed federally insured limits. The Organization has not experienced any losses on such accounts.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: Investments are stated at fair value. As defined in *FASB Accounting Standards Codification* (ASC) 820, Fair Value Measurements and Disclosures, fair value is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

Endowment funds held by others: MPR has Board-designated and donor-restricted endowment funds (the Fund) invested at the Minnesota Community Foundation (MCF). Under the terms of the agreement establishing the Fund, the Organization received a minimum annual distribution of 5 percent for the year ended June 30, 2013, of the 16-quarter moving average market value of the Fund's assets. The Fund is managed at the discretion of MCF, except that MPR may direct MCF to replace any investment manager if the Fund does not produce a reasonable return. Distributions are unrestricted and are included in investment return, net, in the consolidated statement of activities.

SCPR has endowment funds at the California Community Foundation (the Endowment). These include contributions subject to donor-imposed restrictions that stipulate the resources be maintained permanently and contributions that are Board-designated. SCPR currently does not receive a draw from the Endowment; rather, SCPR has elected to reinvest all investment returns. As a result, no funds have been distributed.

Endowment funds held by others are stated at fair value. Because MPR and SCPR retained variance power but are unable to set the spending rates on these funds, the funds are not endowment funds as defined by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), as enacted in each organization's applicable state.

Beneficial interest in trust: The Oakleaf Endowment Trust for MPR (the Trust) was established by private donors on June 30, 1997, to maintain and enhance the quality of MPR. An annual distribution is made to MPR based on a formula specified in the Trust that is intended to ensure that payments to MPR from all of its permanent endowments do not exceed their earnings above inflation, but which may not be less than 1.0 percent of the fair market value of the Trust as of the end of the preceding year. Okabena Company manages the assets of the Trust. The beneficial interest in trust is stated at fair value. Changes in fair value are recorded in permanently restricted net assets. Distributions are unrestricted and are included in investment return, net, in the consolidated statement of activities.

Net property and equipment: Property and equipment are recorded at cost, and depreciation is computed on the straight-line method over the estimated useful lives of the related assets, as follows:

	Years
Building	32–45
Equipment	3–20

Leasehold improvements are amortized over the shorter of the lease term or 32 years.

Note 2. Summary of Significant Accounting Policies (Continued)

Intangible assets: Intangible assets are recorded at cost. Finite-life intangible assets are amortized over their estimated useful lives of five to 15 years using the straight-line method.

Impairment of broadcast licenses not subject to amortization: Broadcast licenses are considered indefinite-lived intangibles and are tested annually on June 30 for impairment, or more frequently if an event occurs or circumstances change that would indicate an impairment in accordance with ASC 350, Intangibles—Goodwill and Other. The Organization recognized an impairment charge for the year ended June 30, 2013, of $3,324,000. Also see Note 8.

Impairment of intangible assets subject to amortization and other long-lived assets: Other long-lived assets, such as property and equipment and finite-life intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset group may not be recoverable. In evaluating recoverability, the following factors, among others, are considered: a significant change in the circumstances used to determine the amortization period, an adverse change in legal factors or in the business climate, a transition to a new product or service strategy, a significant change in customer base, and a realization of failed marketing efforts. The recoverability of an asset group is measured by a comparison of the carrying amount of the asset group to future undiscounted cash flows.

If the carrying amount was estimated to be unrecoverable, the Organization would recognize an impairment charge necessary to reduce the carrying amount to fair value. The amount of such impairment would be charged to operations in the current period. The Organization determined the unamortized balance for a group of intangible assets to be unrecoverable and recorded an impairment of $82,000 charged to operations for the year ended June 30, 2013, to reduce the unamortized balance to fair value.

Other assets: Other assets include barter assets and debt issuance costs. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received. Debt issuance costs include costs incurred in connection with the issuance of the variable-rate demand revenue bonds: MPR Series 2002, SCPR Series 2005, MPR Series 2005-7 and APMG Series 2008; and fixed-rate bonds: MPR Series 2010 and CSF Series 2011 and 2012. Bond issue costs are recorded at historical cost and expensed over the life of the bonds using the straight-line method, which approximates the effective-interest method.

Cost of goods sold: Cost of goods sold includes product cost, production cost, postage, and fees paid to freelance writers and photographers in connection with the Organization's product sales and publishing activities.

Allocation of expenses: The Organization's costs of providing its various services have been classified on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among operations; selling, general and administrative; and fundraising functions. Expenses are charged directly to these functional areas where possible. Remaining expenses are allocated using the best available method, primarily people count.

Note 2. Summary of Significant Accounting Policies (Continued)

Income tax status: APMG, MPR, FTC and SCPR are organized under Chapter 317 of Minnesota Statutes as not-for-profit organizations. CSF is incorporated as a not-for-profit corporation under Florida Statute Chapter 617. The Internal Revenue Service (IRS) has determined that APMG is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation, as it qualifies under Section 509(a)(3) of the Code. The IRS has determined that MPR, SCPR and CSF are tax-exempt organizations under Section 501(c)(3) of the Code and are not private foundations, as they qualify under Section 509(a)(1) as organizations defined under Section 170(b)(1)(A)(vi) of the Code. The IRS has determined that FTC is a tax-exempt organization under Section 501(c)(3) of the Code and is not a private foundation, as it qualifies under Section 509(a)(2) of the Code. The Minnesota Department of Revenue has determined that APMG, MPR, FTC and SCPR are exempt from Minnesota income taxes under Section 290.05 Subdivision 9 of Minnesota Statutes. The State of California Franchise Tax Board has determined that SCPR is exempt from California franchise or income taxes under Section 2370(1)(d) of the California Code. The Florida Department of State has determined CSF is exempt from state income tax under Florida Statute Section 220.13(2)(h). Clearspring is a wholly owned, taxable, for-profit subsidiary of APMG. APMG and its not-for-profit affiliates are engaged in certain activities that result in taxable unrelated business income. APMG and its not-for-profit affiliates incurred tax expense of $258,000 for the year ended June 30, 2013, which is included in selling, general and administrative expenses on the consolidated statement of activities.

The provision for income taxes was determined using the asset and liability approach of accounting for income taxes. Deferred tax assets and liabilities are recognized using enacted tax rates for expected future tax consequences of events recognized in the financial statements or tax returns. The provision for income taxes represents income taxes paid or payable for the current year plus the change in deferred taxes during the year.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. CSF recorded an allowance of $106,000 for the year ended June 30, 2013.

The Organization and its affiliates have adopted certain provisions of ASC 740, Income Taxes. The provisions clarify the accounting for uncertainty in income taxes recognized in an organization’s financial statements and prescribe a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Generally, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before the year ended June 30, 2010. The Organization has reviewed its tax position for all open tax years and has concluded that there are no uncertain tax positions that require recognition.

Interest rate swaps: MPR and APMG make use of interest rate swaps to manage their overall interest rate exposure. Other than the interest rate swaps, the Organization has no other free-standing or embedded derivatives.

On January 13, 2006, MPR entered into a 10-year amortizing interest rate swap agreement (the agreement) with Allied Irish Bank, New York, with an initial aggregate notional amount of $10,000,000. Under the agreement, MPR is the fixed-rate payor on the swap, and Allied Irish Bank is the floating-rate payor. The fixed rate of interest is 3.5 percent and the fixed-rate day count fraction is 30/360. The floating rate is 70.0 percent of the one-month London Interbank Offered Rate (LIBOR). MPR pays or receives a monthly settlement based on the difference between the fixed and floating rates. During the year ended June 30, 2013, MPR paid interest expense of $297,000 and received no interest income toward the monthly swap settlement, which is shown as part of operations expenses on the consolidated statement of activities. As of June 30, 2013, the notional amount of the swap is $8,460,000. Any liability related to the swap transaction is guaranteed by APMG. In addition to certain nonfinancial covenants, APMG is required to maintain a ratio of unrestricted cash and investments to indebtedness of at least 1.2-to-1.0.

Note 2. Summary of Significant Accounting Policies (Continued)

MPR reserves the right to terminate the swap agreement at any time at the then-current fair value. This may result in MPR making or receiving a termination payment. As of June 30, 2013, the outstanding fair value of the agreement was $644,000, reported as a long-term liability. The change in the fair value of the agreement is included in investment return, net, on the consolidated statement of activities.

In May 2009, APMG entered into a 10-year amortizing interest rate swap agreement with Piper Jaffray Financial Products, Inc., with an aggregate notional amount of $22,300,000. Under this agreement, APMG is the fixed-rate payor on the swap, and Piper Jaffray Financial Products, Inc. is the floating-rate payor. The fixed rate of interest is 2.6 percent and the fixed-rate day count fraction is 30/360. The floating rate is 70.0 percent of the three-month LIBOR. APMG pays or receives a monthly settlement based on the difference between the fixed and floating rates. During the year ended June 30, 2013, APMG paid interest expense of $528,000 and received no interest income toward the monthly swap settlement, which is shown as part of selling, general and administrative expenses on the consolidated statement of activities. In addition to certain nonfinancial covenants, the Organization is required to maintain consolidated net assets of at least $150,000,000, unrestricted cash and investments of at least $60,000,000, and a ratio of unrestricted cash and investments to indebtedness of at least 1.0-to-1.0.

As of June 30, 2013, the outstanding fair value of the agreement was $1,609,000, reported as a long-term liability. The change in the fair value of the agreement is included in investment return, net, on the consolidated statement of activities.

Use of estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Subsequent events: The Organization has considered subsequent events through October 17, 2013, the date of issuance, in preparing the consolidated financial statements and notes thereto.

Note 3. Fair Value Measurements

ASC 825, Financial Instruments, requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which it is practicable to estimate that value. ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value and expands the disclosures about fair value measurements.

Input levels as defined by ASC 820 are as follows:

Level 1: Financial assets and liabilities are valued using inputs that are unadjusted quoted prices of identical financial assets and liabilities in active markets accessible at the measurement date. The inputs include those traded on an active exchange, such as the New York Stock Exchange.

Level 2: Financial assets and liabilities are valued using inputs such as quoted prices for similar assets, or inputs that are observable, either directly or indirectly.

Level 3: Financial assets and liabilities are valued using pricing inputs that are unobservable for the asset, or inputs that reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset.

Note 3. Fair Value Measurements (Continued)

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments are carried at fair value. The fair value of long-term obligations approximates their carrying value based on discounted cash flows using borrowing rates currently available to the Organization for obligations with similar terms and remaining maturities (Level 2).

Fair values of actively traded money market funds, mutual funds, and fixed-income and equity securities are based on quoted market prices. Fair values of inactively traded fixed-income securities and money market funds are based on quoted market prices of identical or similar securities based on observable inputs like bid prices using a market valuation approach. The interest rate swap liability is recorded using ASC 820 criteria, which include mark-to-market valuations and nonperformance risk (i.e., credit risk).

The Organization invests in private equity funds, an asset class consisting of equity investments in operating companies that are not publically traded on a stock exchange (collectively, private equities). The Organization has an ownership interest in several private equity funds, each of which are directed by a fund manager that may utilize one or several investment strategies, including venture capital, growth capital and leveraged buyouts. Private equities are recorded in the consolidated financial statements at net asset value, which is based on the Organization's ownership interest in each private equity fund as reported quarterly by the funds' managers. As of June 30, 2013, the Organization has committed to invest an additional $4,143,000 in private equities (capital calls), which will increase the Organization's ownership interest in private equities in the period the capital call is requested by the funds' managers. Private equities are generally illiquid; the Organization's ownership interest is decreased when the underlying investments are liquidated by the funds' managers. It is estimated that the liquidation of the Organization's private equities will take place over the next 11 years. The Organization's ownership interest in private equities is also increased or decreased based on changes in fair value, as determined quarterly by the funds' managers. The Organization's management has reviewed the fair value methods used by the funds' managers and has determined the methods used provide a reasonable estimate of fair value.

The endowment funds held by others and the beneficial interest in trust are recorded at the fair value of the underlying assets, which approximates the present value of the future payment stream the Organization will receive. Quantitative factors include a long-term gross average growth rate of 8 percent and a discount rate of 8 percent. See Note 2 for distribution policy.

Note 3. Fair Value Measurements (Continued)

Financial assets and liabilities measured at fair value were as follows:

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Mutual funds [1]	$ 118,492,000	$ -	$ -	$ 118,492,000
Money market funds	3,000	624,000	-	627,000
Government-sponsored enterprises debt securities	-	3,811,000	-	3,811,000
Corporate certificates of deposit and notes	-	5,037,000	-	5,037,000
Fixed income	33,000	-	-	33,000
Interest rate swap	-	(2,253,000)	-	(2,253,000)
Private equities	-	-	13,631,000	13,631,000
Endowment funds held by others	-	-	23,499,000	23,499,000
Beneficial interest in trust	-	-	2,808,000	2,808,000
Nonrecurring fair value measurements:				
Broadcast licenses not subject to amortization [2]	-	-	24,928,000	24,928,000
Total	$ 118,528,000	$ 7,219,000	$ 64,866,000	$ 190,613,000

(1) Invested in American Funds Capital Income Builder—Class A ($39,236,000), T. Rowe Price Capital Appreciation Fund ($39,052,000), Oakmark Equity & Income Fund ($40,128,000), and other equity mutual funds ($76,000).

(2) Broadcast licenses not subject to amortization with a carrying amount of $28,252,000 were written down to their fair value of $24,928,000, resulting in an impairment charge of $3,324,000, which was included in earnings for the period (see Note 8).

Changes in recurring fair value measurements using Level 3 inputs for the year ended June 30, 2013, were as follows:

	Private Equities	Beneficial Interest in Trust	Endowment Funds Held by Others	Total
Beginning investments at fair value	$ 14,126,000	$ 2,534,000	$ 21,332,000	$ 37,992,000
Purchase of investments	951,000	-	-	951,000
Sale of investments	(2,579,000)	-	-	(2,579,000)
Additions to endowments	-	-	258,000	258,000
Distributions	-	(63,000)	(923,000)	(986,000)
Investment income, net of fees	(220,000)	-	-	(220,000)
Realized gains	1,996,000	-	-	1,996,000
Unrealized losses	(643,000)	-	-	(643,000)
Change in value	-	337,000	2,832,000	3,169,000
Ending investments at fair value	$ 13,631,000	$ 2,808,000	$ 23,499,000	$ 39,938,000

An unrealized loss of $643,000 is included in the consolidated statement of activities related to the investments held at June 30, 2013.

Risks and uncertainties: The Organization's financial instruments are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain financial instruments, it is reasonably possible that changes in the values of financial instruments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position and activities.

Note 4. Receivables

Receivables: Trade, pledges and grants receivable are primarily unconditional promises to give. Unconditional promises to give due in the next year are reported at their net realizable value as current assets in the consolidated statement of financial position. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value as other long-term assets in the consolidated statement of financial position, using discount rates applicable to the years in which the promises are received. Present value discounts were $50,000 at June 30, 2013. Amortization of the discount is reported on the support and earned revenue lines associated with the initial transaction within the consolidated statement of activities.

Allowance for doubtful accounts: The Organization estimates an allowance for doubtful accounts based on a review of outstanding accounts and a consideration of historical experience. Receivables are presented net of allowances for doubtful accounts of $1,849,000 at June 30, 2013, to provide for an estimate of accounts that may become uncollectible.

At June 30, 2013, trade receivables, pledges receivable and grants receivable (together, receivables) were due as follows:

In less than one year	$ 28,454,000
In one to five years	4,423,000
In greater than five years	29,000
Total receivables	$ 32,906,000

Pledges receivable: Pledges receivable consist of unconditional promises to give to finite, special-purpose fundraising campaigns. This balance includes large, one-time gifts to such campaigns.

Grants receivable: Grants receivable are unconditional promises to give to support the general operating or capital needs of the Organization.

Trade receivables: Trade receivables consist primarily of individual gifts and membership, underwriting and earned revenue.

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2013, the Organization had received conditional pledges and grants receivable of $10,000,000 and conditional underwriting trade receivables of approximately $14,200,000 that were not recorded in the consolidated financial statements because the conditions had not been met.

Note 5. Investments

At June 30, 2013, the composition of investments was as follows:

Money market funds	$ 627,000
Government-sponsored enterprises debt securities	3,811,000
Corporate certificates of deposit and notes	5,037,000
Equity mutual funds	118,492,000
Fixed-income mutual funds	33,000
Cash value insurance policy	9,000
Private equities	13,631,000
Total	$ 141,640,000

Note 5. Investments (Continued)

Investments were allocated for the following purposes as of June 30, 2013:

APMG Designated Fund	$ 122,492,000
Reserve investments	5,831,000
Endowment fund	1,801,000
Capital campaign investments	8,063,000
MPR Board-Designated Fund	3,344,000
MPR charitable gift annuities	109,000
Total	$ 141,640,000

For the year ended June 30, 2013, net investment return consisted of the following:

Net investment return:	
Interest income	$ 5,128,000
Realized gain	1,594,000
Unrealized gain	8,967,000
Change in value of interest rate swap	1,041,000
Change in value of endowment funds held by others and beneficial interest in trust	3,169,000
Total	$ 19,899,000

The reserve investments were established by the Organization for the purpose of replacing existing equipment or facilities and preserving the long-term health of the Organization.

Funds from MPR and SCPR capital campaigns are intended for targeted initiatives of the Organization, including the renovation and expansion of the Organization's buildings, content initiatives and other broadcasting infrastructure. Unrestricted funds are accounted for in the Property Fund, and restricted funds are classified accordingly.

MPR's Board-Designated Fund was established by MPR's Board of Trustees to receive and hold such funds as may be designated by the Board of Trustees to provide for MPR's long-term financial health. The funds are available to MPR upon the approval of its Board of Trustees. Cash balances in this fund are available for temporary cash flow needs. Unrestricted funds are accounted for in MPR's Designated Fund, and restricted funds are classified accordingly.

MPR's charitable gift annuities are split-interest agreements that reflect transfers of assets by donors to MPR in exchange for a promise to receive fixed annual payments for the remainder of the beneficiary's life. At the time of the agreement, the difference between the assets transferred from the donor and the related annuity liability was recognized as a contribution. The liability is adjusted annually for changes in discount rates, actuarial assumptions, and other changes to estimated future benefits. Restricted funds are classified accordingly.

Note 6. Board-Designated and Donor-Restricted Endowment

APMG has board-designated and donor-restricted endowment funds. APMG has adopted investment and spending policies for these endowment funds with the objectives of providing a predictable stream of funding to the programs supported and maintaining the purchasing power of the endowment funds. The investment policy includes a spending policy designating an annual distribution of 5.0 percent of the five-year average market value of the endowments' assets.

Note 6. Board-Designated and Donor-Restricted Endowment (Continued)

APMG reports the original value of support to a donor-restricted endowment as permanently restricted net assets. Accumulated net investment return on the donor-restricted funds is classified as temporarily restricted net assets, unless directed otherwise by a donor.

In 1998, APMG's Board of Trustees created a quasi-endowment that includes contributions from the proceeds of the sale of for-profit subsidiaries, appreciated assets, and other prepaid contracts (see Note 13) for the benefit of MPR, which is accounted for in the APMG Designated Fund (the Earned Endowment). From time to time, additional amounts have been deposited into the Earned Endowment; APMG maintains variance power. A distribution from the Earned Endowment of $6,056,000 was made to MPR for the year ended June 30, 2013. At June 30, 2013, the market value of the Earned Endowment held by APMG in the APMG Designated Fund was $139,406,000.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 120,935,000	$ 91,000	$ 1,275,000	$ 122,301,000
Contributions to donor-restricted endowment	9,500,000	-	60,000	9,560,000
Investment income, net of investment fees	4,738,000	63,000	-	4,801,000
Net appreciation, realized and unrealized	10,542,000	118,000	-	10,660,000
Appropriation of endowment assets for expenditure	(6,056,000)	(59,000)	-	(6,115,000)
Endowment net assets, end of year	$ 139,659,000	$ 213,000	$ 1,335,000	$ 141,207,000

Note 7. Property and Equipment

Net property and equipment at June 30, 2013, consisted of the following:

Cost:	
Land	$ 13,357,000
Building and leasehold improvements	60,851,000
Equipment	39,434,000
Construction in progress	961,000
Total cost	114,603,000
Less accumulated depreciation and amortization	49,064,000
Net property and equipment	$ 65,539,000

Total depreciation and leasehold amortization expense was $6,017,000 for the year ended June 30, 2013, and was recorded in the Property Fund.

Note 8. Broadcast Licenses and Other Intangibles

Broadcast licenses and other intangibles at June 30, 2013, consisted of the following:

	Weighted-Average Remaining Life in Years	2013
Intangibles subject to amortization (primarily program rights)	1	$ 1,547,000
Less accumulated amortization		1,463,000
		84,000
Broadcast licenses (not subject to amortization)		44,202,000
Total		$ 44,286,000

Total amortization expense was $100,000 for the year ended June 30, 2013.

The Organization's broadcast licenses, which have indefinite lives, are tested annually at June 30 for impairment, or more frequently if events or changes in circumstances indicate the asset may be impaired. The unit of accounting used to test broadcast licenses includes all licenses owned and operated within an individual market, as such licenses are used together, are complementary to each other, and are representative of the best use of those assets.

To complete the Organization's annual impairment test, management was assisted by third-party valuation specialists (the Firm or the Firms) with broadcast license expertise to assist management with its annual impairment test for each of the Organization's broadcast licenses. The Firm reviewed data from recent sale transactions and developed price-per-person multiples that could be applied to the populations reached by each of the Organization's broadcast licenses, based on the engineering characteristics of the broadcast signals and the demographics of the populations served (the market approach). Based on the market approach, the Organization evaluated each unit of account's market value compared to the carrying value.

The Organization identified one unit of account that includes three broadcast licenses whose combined carrying value exceeded the estimated fair value—WKCP (89.7 FM) serving Miami, Florida, WPBI (90.7 FM) serving West Palm Beach, Florida, and WNPS (88.7 FM) serving Naples, Florida (the Network), with an original carrying value of $28,252,000. At June 30, 2012, the Organization estimated the fair value of the Network using a weighting of 20 percent market approach and 80 percent income approach. For the year ended June 30, 2013, the Organization experienced a loss from the Network that was greater than the amount calculated under the income approach component as of June 30, 2012, which indicated potential impairment. At June 30, 2013, the Firm developed and management analyzed and accepted a new fair value calculation that equally weighted the market approach and the income approach. The income approach involved projecting cash flows into the future and discounting those future cash flows at an appropriate discount rate to calculate a net present value at June 30, 2013 (the Valuation Date). The major assumptions used in the income approach included growth in revenue and fundraising expenditures, based on the past experience of the Network and other stations operated by the Organization, and operating expenses projected from the Network's business plan, including a growth for inflation. The future cash flows were discounted at a risk-adjusted rate of 9.4 percent, which reflects a base return plus a risk premium. The equally weighted approach reported an estimated fair value of $24,928,000. Since the estimated fair value was less than the carrying value of the licenses, an impairment loss of $3,324,000 was recorded.

Note 9. Long-Term Obligations

Long-term obligations at June 30, 2013, included the following:

$9,040,000 fixed-rate, Housing and Redevelopment Authority of the City of Saint Paul Revenue Refunding Bonds—Series 2010, issued at a premium, with interest due semiannually (2.0% to 5.0% as of June 30, 2013), maturing December 1, 2025 (1)	$ 8,326,000
$22,300,000 variable-rate, Miami-Dade County Industrial Development Authority, FL Variable Demand Revenue Bonds—Series 2008, with interest due monthly (0.1% as of June 30, 2013), maturing December 1, 2038; secured by an irrevocable letter of credit of $20,817,123, which expires on October 28, 2015 (2)	20,625,000
$10,000,000 variable-rate, Housing and Redevelopment Authority of the City of Saint Paul Demand Revenue Bonds—Series 2002, with interest due monthly (0.1% as of June 30, 2013), maturing May 1, 2022; secured by an irrevocable letter of credit of $7,430,493, which expires on November 15, 2015 (2)	7,340,000
$11,500,000 variable-rate, Port Authority of the City of Saint Paul Demand Revenue Bonds—Series 2005-7, with interest due monthly (0.1% as of June 30, 2013), maturing May 1, 2025; secured by an irrevocable letter of credit of $9,171,698, which expires on November 15, 2015 (2)	9,060,000
$7,000,000 variable-rate, California Infrastructure and Economic Development Demand Revenue Bonds—Series 2005, with interest due monthly (0.1% as of June 30, 2013), maturing September 1, 2025; secured by an irrevocable letter of credit of $5,147,692, which expires on November 15, 2015 (2)	5,085,000
$4,600,000 Palm Beach County, Florida Industrial Development revenue bonds, Series 2011 (3)	4,495,000
$750,000 promissory note with WAY Media, Inc relating to the purchase of WNPS	750,000
$4,200,000, Florida Development Finance Corporation revenue bonds, Series 2012 (4)	4,085,000
$3,550,000 note payable to the Housing and Redevelopment Authority of the City of Saint Paul, bearing interest at 6.5% and maturing March 13, 2017. Accrued interest and principal of $378,000 per annum can be forgiven provided MPR meets certain employment commitments.	1,293,000
Charitable gift annuities	91,000
Other long-term obligations	183,000
Total long-term obligations	61,333,000
Less amounts due within one year	2,784,000
Long-term portion	$ 58,549,000

(1) The Series 2010 Bonds are secured by a guaranty provided by American Public Media Group, whereby APMG guarantees the payments when due for the related principal and interest. In addition to certain nonfinancial covenants, the Organization is required to maintain a ratio of unrestricted cash and investments to indebtedness of no less than 1.0-to-1.0.

Note 9. Long-Term Obligations (Continued)

(2) Interest on the variable-rate Demand Revenue Bonds (APMG Series 2008, MPR Series 2002 and 2005-7, and SCPR Series 2005) (the Bonds) is based on a daily remarketing process; however, the rate is not to exceed 10.0 percent. APMG, MPR and SCPR have the option to call for the redemption and prepayment of the Bonds in full or in part as per the redemption schedules. Based on the redemption schedules, APMG, MPR and SCPR redeemed $2,682,000 of the Bonds during the year ended June 30, 2013. The Bonds can also be tendered on certain dates by the bondholders. The remarketing agreements provide for a “best efforts” remarketing of any bonds tendered.

(3) On December 2, 2011, Palm Beach County, Florida (the WPBI Issuer), issued 20-year Industrial Development Revenue Bonds, Series 2011, which were used to refinance the APMG bridge financing in connection with CSF’s acquisition of the noncommercial radio station WPBI (90.7 FM) serving West Palm Beach, Florida, in the amount of $4,600,000 (the WPBI Bonds).

The WPBI Bonds are structured as unrated and unenhanced variable-rate demand bonds purchased by U.S. Bank National Association (the Bank) directly from the WPBI Issuer. On December 2, 2011, CSF entered into a supplemental agreement, in which the Bank agreed to initially purchase the Bonds directly from the WPBI Issuer for a period of three years ending December 1, 2014. At the end of the initial purchase period, the Bank will have the option to tender the WPBI Bonds or renew for an additional purchase period. The WPBI Bonds are secured by a guaranty provided by APMG. Interest on the WPBI Bonds is payable monthly at a fixed rate of 1.8 percent until December 1, 2014.

(4) On November 13, 2012, the Florida Development Finance Corporation, Florida, (the WNPS Issuer) issued 20-year Industrial Development Revenue Bonds, Series 2012, which were used to refinance the APMG bridge financing in connection with CSF’s acquisition of the noncommercial radio station WNPS (88.7 FM) serving Fort Meyers and Naples, Florida, in the amount of $4,200,000 (the WNPS Bonds).

The WNPS bonds are structured as unrated and unenhanced variable-rate demand bonds purchased by U.S. Bank National Association (the Bank) directly from the WNPS Issuer. On November 13, 2012, CSF entered into a supplemental agreement, in which the Bank agreed to initially purchase the WNPS Bonds directly from the WNPS Issuer for a period of three years ending November 1, 2015. At the end of the initial purchase period, the Bank will have the option to tender the WNPS Bonds or renew for an additional purchase period. The WNPS Bonds are secured by a guaranty provided APMG. The WNPS Bonds were issued on November 13, 2012, and will mature on November 1, 2032. Interest on the WNPS Bonds is payable monthly at a fixed rate of 1.3 percent until November 1, 2015.

On October 28, 2010, APMG entered into an agreement with U.S. Bank National Association as the letter of credit provider for the APMG Series 2008 bonds. The letter of credit was established for five years, expiring on October 28, 2015, unless terminated, and equals the aggregate outstanding principal amount of the bonds plus 34 days’ interest at a maximum interest rate of 10.0 percent per annum.

On October 28, 2010, MPR and SCPR entered into an agreement with JPMorgan Chase Bank, N.A. as the letter of credit provider for the MPR Series 2002 and 2005-7 and SCPR Series 2005 bonds. The letters of credit were established for five years, expiring on November 15, 2015, unless terminated, and equal the aggregate outstanding principal amount of these bonds plus 45 days’ interest at a maximum interest rate of 10.0 percent per annum.

In addition to certain nonfinancial covenants, APMG is required to maintain a ratio of unrestricted cash and investments to indebtedness of no less than 1.2-to-1.0 for the APMG Series 2008, MPR Series 2002 and 2005-7, SCPR Series 2005, WPBI and WNPS Bonds.

Note 9. Long-Term Obligations (Continued)

While there is no assurance that the letters of credit can be renewed, it is management's intention to renew the letters of credit. Assuming all the bonds are remarketed and the letters of credit are renewed over each of the bond's terms, the scheduled maturities of the long-term obligations are as follows:

Years Ending June 30,	
2014	$ 2,784,000
2015	7,395,000
2016	7,101,000
2017	3,137,000
2018	2,910,000
Thereafter	38,006,000
Total	$ 61,333,000

In the event any of the bonds are not remarketed and amounts are drawn on the letters of credit, such amounts are due in quarterly installments of one-twelfth the amount of the draw, beginning in the calendar quarter one year after the draw date. Additionally, any outstanding draws on the letters of credit would be due in full on the earlier of the date of remarketing of the related bonds or termination of the letter of credit. If the letters of credit are not renewed in October 2015 or November 2015, bond debt of $37,780,000 would then become due. There were no amounts outstanding on the letters of credit that were not remarketed as of June 30, 2013.

On March 10, 2011, APMG entered into a revolving credit agreement with U.S. Bank National Association (the Bank) to obtain an unsecured line of credit for an amount not to exceed $8,000,000 (line of credit). Interest on the outstanding balance is payable at 1.2 percent plus the one-month LIBOR. The line of credit expires on February 28, 2015, unless terminated sooner by APMG upon written notice to the Bank. As of June 30, 2013, the outstanding balance of this line of credit was $-0-.

The Organization incurred $626,000 of interest expense on long-term obligations during the year ended June 30, 2013.

Note 10. Leases

The Organization leases office, studio and transmission facilities, as well as various computer equipment, under noncancelable operating leases. Total rent expense for all operating leases, including month-to-month leases and one-time rentals, was $2,805,000 for the year ended June 30, 2013.

Minimum future payments required under noncancelable operating leases as of June 30, 2013, are as follows:

Years Ending June 30,	
2014	$ 1,264,000
2015	1,078,000
2016	893,000
2017	905,000
2018	845,000
Thereafter	2,046,000
Total	$ 7,031,000

Note 11. Commitments and Contingencies

The Organization is involved in various legal proceedings incidental to its business. Although it is difficult to predict the ultimate outcome of these cases, management believes that the resolution of such proceedings will not have a material adverse effect on the consolidated financial statements of the Organization.

SCPR is party to a public service operating agreement (the PACCD Agreement) with Pasadena Area Community College District (PACCD) for the operation of public radio station KPCC (89.3 FM), whose city of license is Pasadena, California. KPCC provides a radio broadcast signal to a significant portion of Southern California. Pursuant to the PACCD Agreement, SCPR assumed responsibility for the operation of KPCC, while PACCD remains the licensee of the station. The PACCD Agreement is effective through December 31, 2025, and automatically extends for successive periods of five years each thereafter, unless either party files written notice at least 12 months prior to the end of the then-current term of extension.

SCPR is also party to a public service operating agreement (the UR Agreement) with the University of Redlands (UR) for the operation of public radio station KUOR (89.1 FM), whose city of license is Redlands, California. KUOR provides a radio broadcast signal to a significant portion of Southern California's Inland Empire. SCPR assumed responsibility for the programming, operation and financial activities of KUOR, while UR remains the licensee of the station. The UR Agreement terminates on April 21, 2017.

Under the terms of the public service operating agreements, SCPR must maintain certain minimum regulatory and operating requirements and share revenues generated.

Note 12. Retirement Plans and Deferred Compensation

The Organization and its not-for-profit affiliates have a 403(b) tax-deferred retirement plan, which provides that qualified employees make required and supplemental contributions to the plan through payroll deductions. For the year ended June 30, 2013, required contributions were matched 100 percent by the Organization up to 6.5 percent of the employee's base compensation (matching contributions). Employees may elect to make required contributions after one year of employment. Required contributions become mandatory after five years of employment or age 35, whichever is later. The Organization provided $2,546,000 of matching contributions for the year ended June 30, 2013.

Note 13. Educational Broadband Service (EBS) Frequencies Contracts

During the year ended June 30, 2008, MPR entered into contracts with Nextel Spectrum Acquisition Corporation (Sprint Nextel) and Clearwire Corporation (Clearwire), in accordance with Federal Communications Commission (FCC) rules, to lease excess capacity on its Educational Broadband Service (EBS) channels. Under the terms of the contracts, MPR will remain the licensee on all of these EBS licenses and will have the responsibility for compliance with all educational and other requirements imposed by the FCC. The contracts further provide that total lease payments of $25,000,000 be paid at the inception of the agreement. The contracts provide for initial lease periods of 15 years, with the option to renew the agreements for an additional 15 years. The agreements contain acquisition rights subject to FCC rules. The total revenue from these contracts of $25,000,000, less $831,000 of costs incurred to execute the agreements, is to be recognized over the 30-year lease terms on a straight-line basis. During the year ended June 30, 2013, the Organization recognized $806,000 as licensing fees in the consolidated statement of activities. As of June 30, 2013, $19,409,000 of deferred revenue related to the EBS contracts is included on the consolidated statement of financial position.

Note 14. Contractual Settlement

In October 2012, MPR accepted a $14,000,000 settlement to terminate a contract (the settlement) that was providing an annual royalty payment to MPR. The settlement included $863,000 for the transfer of property owned by MPR, $1,841,000 for the payment of prior obligations due under the contract, and $11,296,000 to settle any future obligation under the contract. From the settlement, MPR made a $11,407,000 grant to APMG that was used largely to make contributions to endowment funds that will provide an annual draw benefiting MPR that will likely equal or exceed the historical royalty payments provided from the contract.

Supplemental Information

American Public Media Group and Affiliates

Schedule of Operating Fund and Long-Term Activities
Year Ended June 30, 2013, With Comparative Totals for the Year Ended June 30, 2012
(In Thousands)

	APMG	CSF	MPR	SCPR	Eliminations	Consolidated Total 2013	Consolidated Total 2012
Operating Fund:							
Support from public:							
Individual gifts and membership	$ -	$ 1,800	$ 20,091	$ 11,813	$ -	**$ 33,704**	$ 30,553
Regional underwriting	-	1,201	9,104	7,647	-	**17,952**	17,249
National underwriting	-	-	11,127	-	-	**11,127**	13,335
Business general support	-	7	860	183	-	**1,050**	1,284
Foundations	-	6	4,982	1,580	-	**6,568**	6,075
Earned endowment draw	-	-	4,249	-	-	**4,249**	5,197
Intercompany grants	-	26	262	172	(198)	**262**	219
Educational sponsors	-	-	454	-	-	**454**	434
Other public support	-	-	461	2	-	**463**	765
Total support from public	-	3,040	51,590	21,397	(198)	**75,829**	75,111
Support from governmental agencies:							
Corporation for Public Broadcasting	-	419	6,000	3,275	-	**9,694**	8,491
Grants from other governmental agencies	-	24	1,231	-	-	**1,255**	1,487
Total support from governmental agencies	-	443	7,231	3,275	-	**10,949**	9,978
Earned revenue:							
Revenue from operating activities	-	-	21,705	33	(377)	**21,361**	18,505
Royalties and licensing fees	50	-	499	-	-	**549**	555
Investment return, net	1	-	987	-	-	**988**	1,013
Product sales and other earned revenue	18,820	38	2,543	47	(8,641)	**12,807**	12,043
Total earned revenue	18,871	38	25,734	80	(9,018)	**35,705**	32,116
Total support and earned revenue	18,871	3,521	84,555	24,752	(9,216)	**122,483**	117,205
Expenses:							
Operations	12,239	3,100	63,491	18,125	(2,051)	**94,904**	90,595
Administrative	3,356	616	11,447	2,543	(7,758)	**10,204**	11,813
Fundraising	-	1,738	9,467	4,841	(862)	**15,184**	14,480
Costs of goods sold	4,453	-	-	-	17	**4,470**	2,323
Total expenses	20,048	5,454	84,405	25,509	(10,654)	**124,762**	119,211
Support and revenues in excess of (less than) expenses before debt forgiveness and long-term activities	(1,177)	(1,933)	150	(757)	1,438	**(2,279)**	(2,006)
Debt forgiveness	(5,800)	5,800	-	-	-	**-**	-
Long-term activities:							
Designated Fund support from operating	-	-	1,807	-	-	**1,807**	50
Designated Fund net change	22,277	-	144	7	(772)	**21,656**	(1,536)
Property Fund net change	(2,069)	(228)	(2,551)	(973)	(1,412)	**(7,233)**	(6,018)
Temporarily restricted net change	122	(241)	(747)	104	(27)	**(789)**	(5,587)
Permanently restricted net change	60	-	302	-	-	**362**	1,135
Change in net assets (deficit)	13,413	3,398	(895)	(1,619)	(773)	**13,524**	(13,962)
Net assets (deficit)—beginning of year	104,938	(10,630)	95,259	28,321	773	**218,661**	232,623
Net assets (deficit)—end of year	$ 118,351	$ (7,232)	$ 94,364	$ 26,702	$ -	**$ 232,185**	$ 218,661

American Public Media Group and Affiliates

Schedule of Consolidating Statement of Financial Position Information by Entity
June 30, 2013, With Comparative Totals as of June 30, 2012
(In Thousands)

						Consolidated Total	
Assets	APMG	CSF	MPR	SCPR	Eliminations	**2013**	2012
Current Assets							
Cash and cash equivalents	$ 17,505	$ -	$ -	$ -	$ -	**$ 17,505**	$ 12,748
Trade receivables, net	896	501	13,625	3,669	-	**18,691**	18,211
Pledges receivable, net	-	-	1	417	-	**418**	987
Grants receivable, net	-	255	6,102	2,988	-	**9,345**	8,987
Investments—interest in investment pool	-	-	-	2,397	(2,397)	**-**	-
Other current assets	3,320	55	1,649	734	-	**5,758**	6,180
Due from affiliates	135	-	806	-	(941)	**-**	-
Total current assets	21,856	811	22,183	10,205	(3,338)	**51,717**	47,113
Property and Equipment, net	104	989	44,320	20,126	-	**65,539**	67,560
Other Assets							
Investments—interest in investment pool	-	1	12,012	-	(12,013)	**-**	-
Investments	126,290	-	316	624	14,410	**141,640**	130,113
Endowment funds held by others and beneficial interest in trust	-	-	25,981	326	-	**26,307**	23,866
Trade receivables, net	-	-	4	2	-	**6**	1,248
Pledges receivable, net	-	-	11	1,406	-	**1,417**	2,039
Grants receivable, net	-	99	2,537	393	-	**3,029**	2,846
Deferred income taxes	100	106	-	-	-	**206**	220
Broadcast licenses not subject to amortization	16,922	8,006	18,267	1,007	-	**44,202**	47,526
Intangible assets subject to amortization, net	-	-	84	-	-	**84**	266
Other long-term assets	349	230	279	95	-	**953**	905
Due from affiliates	7,849	-	24,651	-	(32,500)	**-**	-
Total other assets	151,510	8,442	84,142	3,853	(30,103)	**217,844**	209,029
Total assets	$ 173,470	$ 10,242	$ 150,645	$ 34,184	$ (33,441)	**$ 335,100**	$ 323,702
Liabilities and Net Assets (Deficit)							
Current Liabilities							
Trade payable	$ 1,133	$ 72	$ 2,604	$ 99	$ -	**$ 3,908**	$ 3,069
Current portion of long-term debt, net	535	-	1,909	340	-	**2,784**	2,682
Line of credit	-	-	-	-	-	**-**	3,600
Accrued liabilities	1,788	99	5,703	1,366	-	**8,956**	8,107
Refundable advance	-	-	475	-	-	**475**	631
Deferred revenue	4,324	124	2,142	797	-	**7,387**	6,745
Due to affiliates	806	-	-	135	(941)	**-**	-
Total current liabilities	8,586	295	12,833	2,737	(941)	**23,510**	24,834
Other Liabilities							
Long-term obligations, less current portion, net	20,273	9,330	24,201	4,745	-	**58,549**	57,468
Interest rate swap	1,609	-	644	-	-	**2,253**	3,294
Deferred revenue, less current portion	-	-	18,603	-	-	**18,603**	19,445
Loan from affiliates	24,651	7,849	-	-	(32,500)	**-**	-
Total liabilities	55,119	17,474	56,281	7,482	(33,441)	**102,915**	105,041
Net Assets (Deficit)							
Unrestricted	116,803	(7,545)	62,480	20,969	27	**192,734**	178,783
Temporarily restricted	213	313	19,385	5,533	(27)	**25,417**	26,206
Permanently restricted	1,335	-	12,499	200	-	**14,034**	13,672
Total net assets (deficit)	118,351	(7,232)	94,364	26,702	-	**232,185**	218,661
Total liabilities and net assets (deficit)	$ 173,470	$ 10,242	$ 150,645	$ 34,184	$ (33,441)	**$ 335,100**	$ 323,702

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