CONSOLIDATED FINANCIAL REPORT
June 30, 2015

American Public Media Group and Affiliates

AMERICAN PUBLIC MEDIA™

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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, 2015, and 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, 2015, 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.

Emphasis of Matter
As discussed in Note 14 to the consolidated financial statements, subsequent to June 30, 2015, the Organization entered into an agreement to sell its Florida broadcast licenses and supporting equipment. This will result in a significant contraction of Classical South Florida's (see Note 1) operations in future fiscal years. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information
We have previously audited the Organization's 2014 consolidated financial statements and supplemental information, and we expressed an unmodified audit opinion and in-relation-to opinion on those audited consolidated financial statements and supplemental information, respectively, in our report dated October 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited consolidated financial statements and related supplemental 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 25 and 26 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 is 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 14, 2015

American Public Media Group and Affiliates

Consolidated Statement of Activities
Year Ended June 30, 2015, With Comparative Totals for the Year Ended June 30, 2014
(In Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Consolidated Totals 2015	Consolidated Totals 2014
Support from public:					
Individual gifts and membership	$ 32,070	$ 2,752	$ 250	**$ 35,072**	$ 36,741
Individual gifts and membership—released from restriction (rfr)	4,918	(4,918)	-	**-**	-
Regional underwriting	19,844	55	-	**19,899**	19,554
Regional underwriting—rfr	55	(55)	-	**-**	-
National underwriting	17,003	-	-	**17,003**	13,641
Business general support	460	706	-	**1,166**	1,612
Business general support—rfr	735	(735)	-	**-**	-
Foundations	-	4,385	-	**4,385**	8,338
Foundations—rfr	6,324	(6,324)	-	**-**	-
Educational sponsors	454	-	-	**454**	477
Other public support	238	101	-	**339**	193
Other public support—rfr	43	(43)	-	**-**	-
Campaign support	-	1,212	-	**1,212**	-
Campaign support—rfr	436	(436)	-	**-**	-
Total support from public	82,580	(3,300)	250	**79,530**	80,556
Support from governmental agencies:					
Corporation for Public Broadcasting	-	6,198	-	**6,198**	7,313
Corporation for Public Broadcasting—rfr	6,740	(6,740)	-	**-**	-
Grants from other governmental agencies	378	4,311	-	**4,689**	557
Grants from other governmental agencies—rfr	2,192	(2,192)	-	**-**	-
Total support from governmental agencies	9,310	1,577	-	**10,887**	7,870
Earned revenue:					
Revenue from operating activities	21,745	-	-	**21,745**	23,548
Royalties and licensing fees	1,014	-	-	**1,014**	1,009
Investment return, net (Note 5)	9,204	(117)	(21)	**9,066**	30,805
Product sales and other earned revenue	11,927	-	-	**11,927**	8,325
Total earned revenue	43,890	(117)	(21)	**43,752**	63,687
Total support and earned revenue	135,780	(1,840)	229	**134,169**	152,113
Expenses and losses:					
Cost of goods sold	3,427	-	-	**3,427**	2,579
Operations	104,219	-	-	**104,219**	100,083
Selling, general and administrative	10,917	-	-	**10,917**	10,867
Fundraising	19,191	-	-	**19,191**	17,957
Total expenses	137,754	-	-	**137,754**	131,486
Loss on debt extinguishment (Note 9)	660	-	-	**660**	-
Loss from change in grant receivable	-	297	-	**297**	-
Impairment loss on broadcast licenses	3,435	-	-	**3,435**	-
Total expenses and losses	141,849	297	-	**142,146**	131,486
Change in net assets	(6,069)	(2,137)	229	**(7,977)**	20,627
Net assets—beginning of year	210,218	27,953	14,641	**252,812**	232,185
Net assets—end of year	$ 204,149	$ 25,816	$ 14,870	**$ 244,835**	$ 252,812

See Notes to Consolidated Financial Statements.

American Public Media Group and Affiliates

Consolidated Statement of Financial Position
June 30, 2015, With Comparative Totals as of June 30, 2014
(In Thousands)

Assets		**2015**		2014
Current Assets				
Cash and cash equivalents	**$**	**6,233**	$	8,170
Trade receivables, net (Note 4)		**19,229**		18,047
Pledges receivable, net (Note 4)		**396**		419
Grants receivable, net (Note 4)		**6,518**		7,278
Other current assets		**3,221**		6,305
Total current assets		**35,597**		40,219
Property and Equipment, net (Note 7)		**61,951**		63,484
Other Assets				
Investments (Notes 3 and 5)		**162,394**		167,994
Endowment funds held by others and beneficial interest in trust (Notes 2 and 3)		**30,862**		30,473
Trade receivables, net (Note 4)		**4**		5
Pledges receivable, net (Note 4)		**297**		803
Grants receivable, net (Note 4)		**3,264**		3,323
Deferred income taxes		**-**		129
Broadcast licenses not subject to amortization (Note 8)		**41,624**		44,276
Intangible assets subject to amortization, net (Note 8)		**389**		12
Other long-term assets		**1,192**		925
Total other assets		**240,026**		247,940
Total assets	**$**	**337,574**	$	351,643
Liabilities and Net Assets				
Current Liabilities				
Trade payables	**$**	**5,053**	$	3,765
Current portion of long-term obligations, net (Note 9)		**3,340**		7,378
Accrued liabilities		**9,413**		8,583
Deferred revenue		**2,921**		8,281
Interest rate swap (Notes 2 and 3)		**160**		-
Total current liabilities		**20,887**		28,007
Other Liabilities				
Long-term obligations, less current portion, net (Note 9)		**53,606**		51,175
Interest rate swap (Notes 2 and 3)		**1,254**		1,851
Deferred revenue, less current portion (Note 13)		**16,992**		17,798
Total liabilities		**92,739**		98,831
Commitments and Contingencies (Notes 9, 10, 11, 12 and 14)				
Net Assets				
Unrestricted		**204,149**		210,218
Temporarily restricted		**25,816**		27,953
Permanently restricted		**14,870**		14,641
Total net assets		**244,835**		252,812
Total liabilities and net assets	**$**	**337,574**	$	351,643

See Notes to Consolidated Financial Statements.

American Public Media Group and Affiliates

Consolidated Statement of Cash Flows
Year Ended June 30, 2015, With Comparative Totals for the Year Ended June 30, 2014
(In Thousands)

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	**$ (7,977)**	$ 20,627
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**5,796**	5,996
Unrealized losses (gains)	**5,904**	(16,435)
Change in value of endowment funds held by others and beneficial interest in trust	**(938)**	(4,660)
Loss on debt extinguishment	**660**	-
Gain on disposal of property and equipment	**(15)**	-
Contributions and grants restricted for capital projects and permanent endowments	**(1,221)**	(953)
Loan forgiveness—City of Saint Paul	**(312)**	(294)
Impairment loss on broadcast license	**3,435**	-
Deferred income taxes	**129**	77
(Increase) decrease in assets:		
Trade and pledges receivable, net	**(1,181)**	(22)
Grants receivable, net	**1,590**	1,620
Other assets	**2,746**	(692)
Increase (decrease) in liabilities:		
Trade payables and accrued liabilities	**2,084**	(473)
Refundable advance	**-**	(475)
Deferred revenue	**(6,177)**	332
Total adjustments	**12,500**	(15,979)
Net cash provided by operating activities	**4,523**	4,648
Cash Flows From Investing Activities		
Purchase of property and equipment	**(4,140)**	(3,966)
Purchases of investments	**(9,308)**	(12,407)
Proceeds from sales and maturities of investments	**8,562**	5,251
Proceeds from sale of assets	**15**	663
Purchase of station	**(800)**	-
Purchase of other intangible assets	**(405)**	(74)
Additions to endowment funds held by others and beneficial interest in trust	**(545)**	(529)
Distributions from endowment funds held by others and beneficial interest in trust	**1,094**	1,023
Net cash used in investing activities	**(5,527)**	(10,039)
Cash Flows From Financing Activities		
Borrowing on long-term obligations	**49,299**	-
Principal payments on long-term obligations	**(50,571)**	(2,448)
Debt issue costs	**(640)**	-
Receipts of contributions and grants restricted for capital projects and permanent endowments	**979**	1,669
Net cash used in financing activities	**(933)**	(779)
Net change in cash and cash equivalents	**(1,937)**	(6,170)
Cash and Cash Equivalents—beginning of year	**8,170**	14,340
Cash and Cash Equivalents—end of year	**$ 6,233**	$ 8,170

(Continued)

American Public Media Group and Affiliates

Consolidated Statement of Cash Flows (Continued)
Year Ended June 30, 2015, With Comparative Totals for the Year Ended June 30, 2014
(In Thousands)

		2015		2014
Supplemental Disclosures of Cash Flow Information				
Cash paid during the year for interest	**$**	**920**	$	801
Supplemental Disclosures of Noncash Operating and Investing Activities				
Additions to property, plant and equipment funded through trade payable	**$**	**77**	$	126
Loss on debt extinguishment	**$**	**660**	$	-

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 subsidiaries (MPR), Southern California Public Radio (SCPR), Classical South Florida (CSF) and Clearspring Holdings Inc and affiliate (Clearspring) (together, the APM Group). APMG and its affiliates (the Organization) are engaged in various public radio, digital media, theater rental, consumer shows, events, 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 did not have continuing operations in the fiscal year ended June 30, 2015.

Collectively, MPR, FTC, SCPR, CSF and Clearspring 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. Together, the noncommercial radio stations WKCP, WPBI and WNPS are the Network (see Note 14).

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.

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.

Property Fund: To acquire and account for all land, buildings, building improvements, equipment, and broadcast licenses and certain 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. 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 support 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. Earnings on endowment funds are restricted until drawn upon.

Temporarily restricted net assets at June 30, 2015, were restricted for the following purposes:

Program support	$ 11,490,000
Capital campaigns and capital projects	1,092,000
Undistributed earnings on endowments held by others	13,234,000
Total	$ 25,816,000

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2015, consisted of the following:

Endowment funds held by others	$ 9,976,000
Beneficial interest in trust	3,107,000
Donor-restricted endowment funds	1,787,000
Total	$ 14,870,000

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, 2014: 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, 2014, from which the summarized information was derived. The Organization's consolidated financial statements for the prior year are available on its website.

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 support released from restriction.

The Organization receives conditional support from the underwriters of its programming (underwriting), who are thanked with on-air and Web messages (spots). Temporarily restricted underwriting support is related to membership challenges and is released from restriction when the membership challenge has been met. Underwriting is generally recognized as unrestricted support as the spots are run. The Organization may also receive goods and services (barter assets) from its underwriters. Barter expense is recorded when the goods are used or the services are received. For the year ended June 30, 2015, barter revenue of $2,867,000 and barter expense of $3,184,000 are reflected in the consolidated statement of activities. To the extent cash or barter assets (support) are received before the spots are run, the support is reported as deferred revenue in the consolidated statement of financial position.

Earned operating activities: The Organization recognizes earned operating revenue largely from the distribution of its content (distribution) and ticket sales. Distribution is earned when content is provided to subscribing broadcasters. Revenue from ticket sales 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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 and other service fees. The Organization recognizes revenue from product sales, rental income and other service fees when the service is performed or when the product is provided.

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. 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.

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.

Investments: Investments are stated at fair value. As defined in *FASB Accounting Standards Codification* (ASC) Topic 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). Money market funds and cash that the Organization intends to utilize for long-term projects are recorded as long-term investments.

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, 2015, 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 reported as decreases to temporarily restricted net assets and increases to unrestricted net assets, within the same 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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 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 reported as decreases to permanently restricted net assets and increases to unrestricted net assets, within the same investment return, net, in the consolidated statement of activities.

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 analysis 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 Topic 350, Intangibles—Goodwill and Other.

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.

The Organization tests broadcast licenses for impairment by first assessing qualitative factors to determine the existence of events and circumstances that indicate that it is more likely than not that the indefinite-lived intangible assets are impaired. If, after assessing the totality of events and circumstances, the Organization concludes that it is not more likely than not that the indefinite-lived intangible assets are impaired, then no further action is taken. However, if the Organization concludes otherwise, then it determines the fair value of the indefinite-lived intangible assets and performs a quantitative impairment test by comparing the fair value with the carrying amount.

At June 30, 2015, the Organization used qualitative factors to assess impairment at two of its units of accounting: its broadcast licenses recorded at MPR and at SCPR. Management determined that it was not more likely than not that the broadcast licenses were impaired, and no further action was taken.

At June 30, 2015, the Organization determined its network of Florida broadcast licenses (the Network) required a quantitative test of impairment (see Note 14). For the June 30, 2015, impairment test, management used a subsequent purchase agreement to determine the fair value of its Florida broadcast licenses. The estimated fair value was less than the carrying value, and an impairment of $3,435,000 was recorded at June 30, 2015.

Impairment analysis 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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 concluded its other long-lived assets were not impaired, and no impairment was recorded for the year ended June 30, 2015.

Other assets: Other assets include barter assets, debt issuance costs and prepaid expenses. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received. Debt issuance costs include capitalized bond issuance costs, which 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 head count.

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 recorded a tax expense of $188,000 for the year ended June 30, 2015, 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. The allowance at June 30, 2015, was $433,000.

Note 2. Summary of Significant Accounting Policies (Continued)

The Organization and its affiliates have adopted certain provisions of ASC Topic 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, 2012. 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 freestanding 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, 2015, MPR paid interest expense of $264,000 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, 2015, the notional amount of the swap is $7,330,000. 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. 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, 2015, the outstanding fair value of the agreement was $160,000, reported as a current 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, 2015, APMG paid interest expense of $525,000 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. As of June 30, 2015, the notional amount of the swap is $21,300,000. 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, 2015, the outstanding fair value of the agreement was $1,254,000, 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.

Note 2. Summary of Significant Accounting Policies (Continued)

In February 2015, APMG entered into a forward swap agreement with US Bank National Association, with an initial aggregate notional amount of $7,135,000. Under this agreement, APMG is the fixed-rate payor on the swap, and US Bank National Association is the floating-rate payor. The fixed rate of interest is 1.76 percent and the fixed-rate day count fraction is 30/360. The floating rate is 72.0 percent of the three-month LIBOR and the floating-rate day count is actual/360. The forward swap is effective January 1, 2016, and terminates on June 1, 2024. Beginning February 1, 2016, APMG will pay or receive a monthly settlement based on the difference between the fixed rate and the floating rate. As of June 30, 2015, the outstanding fair value of the agreement was $187,000, reported as a long-term investment. 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.

Recent accounting pronouncements:

Revenue recognition: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. This standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2017, with early adoption permitted only as of annual reporting periods beginning after December 15, 2016, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU No. 2014-09, or (b) retrospective with the cumulative effect of initially applying ASU No. 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU No. 2014-09.

The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU No. 2014-09 on the consolidated financial statements.

Subsequent events: The Organization has considered subsequent events through October 14, 2015, the date of issuance of the financial statements, in preparing the consolidated financial statements and notes. With the exception of the subsequent event reported in Note 14, there are no events to report.

Note 3. Fair Value Measurements

ASC Topic 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 Topic 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

ASC Topic 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 Topic 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 and liabilities, 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 assets and liabilities or inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

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.

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).

Investments are carried at fair value. 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 Topic 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 publicly traded on a stock exchange (collectively, private equities). The Organization has an ownership interest in several private equity funds, each of which is 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, 2015, the Organization has committed to invest an additional $2,364,000 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 nine 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.

Note 3. Fair Value Measurements (Continued)

The endowment funds held by others and the beneficial interest in trust are recorded at the fair value of the underlying assets.

Financial assets and liabilities measured at fair value on a recurring basis were as follows:

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements:				
Mutual funds (1)	$ 137,630,000	$ -	$ -	$ 137,630,000
Money market funds	4,436,000	1,264,000	-	5,700,000
Government-sponsored enterprises debt securities	-	704,000	-	704,000
Corporate certificates of deposit and notes	-	3,044,000	-	3,044,000
Fixed income	58,000	-	-	58,000
Private equities	-	-	12,533,000	12,533,000
Beneficial interest in trust	-	-	3,107,000	3,107,000
Endowment funds held by others	-	-	27,755,000	27,755,000
Interest rate swaps	-	(1,227,000)	-	(1,227,000)
Total	$ 142,124,000	$ 3,785,000	$ 43,395,000	$ 189,304,000

(1) Invested in American Funds Capital Income Builder—Class A ($46,016,000), T. Rowe Price Capital Appreciation Fund ($44,331,000), Oakmark Equity & Income Fund ($47,145,000), and other equity mutual funds ($138,000).

Changes in recurring fair value measurements using Level 3 inputs for the year ended June 30, 2015, were as follows:

	Private Equities	Beneficial Interest in Trust	Endowment Funds Held by Others	Total
Beginning investments at fair value	$ 13,920,000	$ 3,130,000	$ 27,343,000	$ 44,393,000
Purchase of investments	896,000	-	-	896,000
Sale of investments	(3,466,000)	-	-	(3,466,000)
Additions to endowments	-	-	545,000	545,000
Distributions	-	(42,000)	(1,052,000)	(1,094,000)
Investment income, net of fees	(194,000)	-	-	(194,000)
Realized gains	1,578,000	-	-	1,578,000
Unrealized losses	(79,000)	-	-	(79,000)
Change in value	(122,000)	19,000	919,000	816,000
Ending investments at fair value	$ 12,533,000	$ 3,107,000	$ 27,755,000	$ 43,395,000

An unrealized loss of $79,000 is included in the consolidated statement of activities related to the investments held at June 30, 2015.

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 $45,000 at June 30, 2015. Amortization of the discount is reported on the support and earned revenue lines associated with the initial transaction within the consolidated statement of activities.

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2015, the Organization had received conditional pledges and grants receivable of $10,150,000 and conditional underwriting trade receivables of approximately $9,544,000 that were not recorded in the consolidated financial statements because the conditions had not been met.

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 $2,321,000 at June 30, 2015, to provide for an estimate of accounts that may become uncollectible.

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.

At June 30, 2015, trade receivables, pledges receivable and grants receivable (together, receivables) were due as follows:

In less than one year	$ 26,143,000
In one to five years	3,557,000
In greater than five years	8,000
Total receivables	$ 29,708,000

Note 5. Investments

At June 30, 2015, the composition of investments was as follows:

Cash	$ 2,538,000
Money market funds	5,700,000
Government-sponsored enterprises debt securities	704,000
Corporate certificates of deposit and notes	3,044,000
Equity mutual funds	137,630,000
Fixed-income mutual funds	58,000
Interest rate swap	187,000
Private equities	12,533,000
Total	$ 162,394,000

Note 5. Investments (Continued)

For the year ended June 30, 2015, net investment return consisted of the following:

Net investment return:	
Interest and dividend income	$ 10,202,000
Realized gain	3,830,000
Unrealized loss	(6,527,000)
Change in value of interest rate swap	623,000
Change in value of endowment funds held by others and beneficial interest in trust	938,000
Total	$ 9,066,000

Note 6. Board-Designated and Donor-Restricted Endowment

APMG has board-designated and donor-restricted endowment funds (APMG Endowments). The Organization has adopted an investment policy for the APMG Endowments with the objectives to: grow real assets at a rate that equals or exceeds inflation plus the draw over the long term; provide ongoing and steady annual support (draw); minimize volatility in the annual draw; and maximize investment return including minimizing fees within the constraints of the investment policy objectives. The investment policy includes a spending policy designating an annual draw of 5.0 percent of the 20-quarter average market value of the APMG Endowments. The Organization invests the APMG Endowments in publicly available mutual funds and private equity funds that meet investment objectives and minimize fees.

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 $6,438,000 was made to MPR for the year ended June 30, 2015. At June 30, 2015, the fair market value of the Earned Endowment held by APMG in the APMG Designated Fund was $158,086,000.

Changes in endowment net assets for the year ended June 30, 2015, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 158,406,000	$ 483,000	$ 1,537,000	$ 160,426,000
Contributions to donor-restricted endowment	-	-	250,000	250,000
Investment income, net of investment fees	9,831,000	161,000	-	9,992,000
Net losses, realized and unrealized	(3,462,000)	(91,000)	-	(3,553,000)
Appropriation of endowment assets for expenditure	(6,438,000)	(85,000)	-	(6,523,000)
Endowment net assets, end of year	$ 158,337,000	$ 468,000	$ 1,787,000	$ 160,592,000

Note 7. Property and Equipment

Property and equipment, net, at June 30, 2015, consisted of the following:

Cost:	
Land	$ 13,436,000
Building and leasehold improvements	61,869,000
Equipment	45,684,000
Construction in progress	576,000
Total cost	121,565,000
Less accumulated depreciation and amortization	59,614,000
Property and equipment	$ 61,951,000

Total depreciation and leasehold amortization expense was $5,716,000 for the year ended June 30, 2015, and was recorded in the Property Fund.

Note 8. Broadcast Licenses and Other Intangibles

Broadcast licenses and other intangibles at June 30, 2015, consisted of the following:

	Weighted-Average Remaining Life in Years	2015
Intangibles subject to amortization (revenue contracts)	10.5	$ 405,000
Less accumulated amortization		16,000
		389,000
Broadcast licenses (not subject to amortization)		41,624,000
Total		$ 42,013,000

Total amortization expense was $28,000 for the year ended June 30, 2015.

Note 9. Long-Term Obligations

Long-term obligations at June 30, 2015, 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% to 5% as of June 30, 2015) (1)	$ 7,240,000
$19,785,000 variable-rate, Florida Development Finance Corporation, Revenue Refunding Bonds—Series 2014A, with interest due monthly (1.08% as of June 30, 2015) (2)	19,785,000
$15,510,000 fixed-rate, Housing and Redevelopment Authority of the City of Saint Paul Revenue Refunding Bonds (Minnesota Public Radio Project)—Series 2014, with interest due semiannually (2.52% as of June 30, 2015) (3)	14,960,000
$4,479,500 fixed-rate, California Enterprise Development Authority Revenue Refunding Bonds (Southern California Public Radio Project)—Series 2014, with interest due semiannually (2.57% as of June 30, 2015) (4)	4,479,000
$9,465,000 variable-rate, Florida Development Finance Corporation Revenue Refunding Bonds (Classical South Florida Project)—Series 2014B, with interest due monthly (1.08% as of June 30, 2015) (5)	9,465,000
$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.	688,000
Charitable gift annuities	105,000
Other long-term obligations	224,000
Total long-term obligations	56,946,000
Less amounts due within one year	3,340,000
Long-term portion	$ 53,606,000

(1) MPR's 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. The Series 2010 Bonds mature on December 1, 2025.

(2) The Florida Development Finance Corporation, Florida (the Issuer) issued Revenue Refunding Bonds (American Public Media Group Project), Series 2014A (Series 2014A Bonds), in the original aggregate principal amount of $19,785,000. The proceeds of the bonds were used to refund the outstanding principal amount of the Miami Dade Industrial Development Authority $22,300,000 Variable Rate Demand Revenue Bonds, Series 2008 (the Series 2008 Bonds), which provided financing to purchase the broadcast license for WKCP 89.7 FM, Miami, Florida, a leasehold interest in the tower, and construction of a broadcast center, including the purchase and installation of studio, production and operating equipment.

Note 9. Long-Term Obligations (Continued)

The Series 2014A Bonds are structured as unrated and unenhanced variable-rate bonds purchased by US Bank National Association (the Bank) directly from the Issuer. On December 1, 2014, APMG entered into a continuing covenant agreement, in which the Bank agreed to purchase the Series 2014A Bonds directly from the Issuer for a period of 9.5 years ending June 1, 2024. At the end of the initial purchase period, the Bank will have the option to tender the Series 2014A Bonds or renew for an additional purchase period. Interest on the Series 2014A Bonds is payable monthly at flex private placement variable rate commencing January 2, 2015. The Series 2014A Bonds were issued on December 1, 2014, and will mature on December 1, 2038, if not tendered in 2024.

(3) The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the Authority), issued Revenue Refunding Bonds (Minnesota Public Radio Project)—Series 2014 (Series 2014 Bonds) in the original aggregate principal amount of $15,510,000. The proceeds of the bonds were used to refund the outstanding principal amount of the Authority's $10,000,000 Variable Rate Demand Revenue Bonds, Series 2002 (the Series 2002 Bonds), which provided partial financing for the acquisition, remodeling and equipping of MPR's facilities located at 480 Cedar Street, Saint Paul, Minnesota; and the outstanding amount of the Port Authority of the City of Saint Paul Demand Revenue Bonds (Minnesota Public Radio Project)—Series 2005-7 (the Series 2005-7 Bonds), which financed the purchase of two noncommercial educational radio broadcast stations, WCAL (FM), Northfield, Minnesota; and KMSE (FM), Rochester, Minnesota.

The Series 2014 Bonds were issued on December 1, 2014, and will mature on May 1, 2025, and are structured as unrated and unenhanced bonds purchased by DNT Asset Trust (the Purchaser), a wholly owned subsidiary of JP Morgan Chase Bank N.A., directly from the Authority. On December 1, 2014, MPR entered into a continuing covenant agreement, in which the Purchaser agreed to purchase the Series 2014 Bonds directly from the Authority through May 1, 2025. The Series 2014 Bonds are secured by a guaranty provided by APMG whereby APMG guarantees the payments when due for the principal and interest. Interest on the Series 2014 Bonds is fixed at 2.52 percent and is payable semiannually, due on May 1 and November 1, commencing May 1, 2015, and continuing through maturity.

(4) The California Enterprise Development Authority, Sacramento, California (the Authority), issued Revenue Refunding Bonds (Southern California Public Radio Project)—Series 2014 (Series 2014 Bonds) in the original aggregate principal amount of $4,479,500. The proceeds of the Series 2014 Bonds were used to refund the outstanding principal amount of the California Infrastructure and Economic Development Bank $7,000,000 Variable Rate Demand Revenue Bonds, Series 2005 (the Series 2005 Bonds), which provided partial financing for the acquisition, remodeling and equipping of SCPR's facilities located at 474 South Raymond Avenue, Pasadena, California.

The Series 2014 Bonds were issued on December 1, 2014, and will mature on September 1, 2025, and are structured as unrated and unenhanced bonds purchased by DNT Asset Trust (the Purchaser), a wholly owned subsidiary of JP Morgan Chase Bank N.A., directly from the Authority. On December 1, 2014, SCPR entered into a continuing covenant agreement, in which the Purchaser agreed to purchase the Series 2014 Bonds directly from the Authority through September 1, 2025. The Series 2014 Bonds are secured by a guaranty provided by APMG whereby APMG guarantees the payments when due for the principal and interest. Interest on the Series 2014 Bonds is fixed at 2.57 percent and is payable semiannually, due on March 1 and September 1, commencing March 1, 2015, and continuing through maturity.

Note 9. Long-Term Obligations (Continued)

(5) The Florida Development Finance Corporation, Florida (the Issuer) issued Revenue Refunding Bonds (Classical South Florida Project), Series 2014B (Series 2014B Bonds) in the original aggregate principal amount of $9,465,000. The proceeds from the Series 2014B bonds were used to provide funds to refinance (i) the Issuer's Industrial Development Revenue Bond, Series 2012 (Classical South Florida Inc. Project), which provided financing in connection with CSF's acquisition of noncommercial public radio station WNPS; (ii) the Industrial Development Revenue Bonds, Series 2011 (Classical South Florida, Inc. Project), previously issued by Palm Beach County, Florida, which provided financing in connection with CSF's acquisition of noncommercial public radio station WPBI (90.& FM), including transmission equipment, licenses, and permits necessary to operate such station; and (iii) the Promissory Note, dated June 7, 2012, previously executed and delivered by CSF to WAY Media, Inc., the seller of WNPS.

The Series 2014B Bonds are structured as unrated and unenhanced variable-rate bonds purchased by US Bank National Association (the Bank) directly from the Issuer. On December 1, 2014, CSF entered into a continuing covenant agreement, in which the Bank agreed to purchase the bonds directly from the Issuer for a period of 9.5 years ending June 1, 2024. At the end of the initial purchase period, the Bank will have the option to tender the Series 2014B Bonds or renew for an additional purchase period. Interest on the Series 2014B Bonds is payable monthly at flex private placement variable rate commencing January 2, 2015. The Series 2014B Bonds were issued on December 1, 2014, are secured by a guaranty provided by APMG, and will mature on December 1, 2038, if not tendered in 2024.

In addition to certain nonfinancial covenants, the APM Group is required to maintain a liquidity ratio of no less than 1.2-to-1.0, and APMG excluding its affiliates is required to maintain a liquidity ratio of no less than 1.0-to-1.0.

On March 10, 2011, APMG entered into a revolving credit agreement with US 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, 2016, unless terminated sooner by APMG upon written notice to the Bank. As of June 30, 2015, there was no outstanding balance of this line of credit.

The annual maturities of the long-term obligations are as follows:

Years Ending June 30,	
2016	$ 3,340,000
2017	3,798,000
2018	3,566,000
2019	3,642,000
2020	3,750,000
Thereafter	38,850,000
Total	$ 56,946,000

The Organization incurred $1,197,000 of interest expense on long-term obligations during the year ended June 30, 2015.

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 $2,372,000 for the year ended June 30, 2015.

Minimum future payments required under noncancelable operating leases as of June 30, 2015, are as follows:

Years Ending June 30,	
2016	$ 1,691,000
2017	1,797,000
2018	1,799,000
2019	1,721,000
2020	819,000
Thereafter	4,189,000
Total	$ 12,016,000

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 has a 403(b) tax-deferred retirement plan (the Plan), which provides that qualified employees make required and supplemental contributions to the Plan through payroll deductions. For the year ended June 30, 2015, 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 $2,778,000 of required matching contributions for the year ended June 30, 2015.

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, 2015, the Organization recognized $806,000 as licensing fees in the consolidated statement of activities. As of June 30, 2015, $17,798,000 of deferred revenue related to the EBS contracts is included on the consolidated statement of financial position.

Note 14. Subsequent Events

On July 9, 2015, CSF and APMG entered into an Asset Purchase Agreement to sell all of their broadcast licenses and supporting equipment of the noncommercial radio network as described in Note 1 (the Network) to Educational Media Foundation (EMF) for $21,700,000. Also on July 9, 2015, CSF and APMG entered into a Network Affiliation Agreement, which permitted EMF to broadcast its programming on the Network beginning July 17, 2015, after an application was filed with the Federal Communications Commission (FCC) seeking consent to assign the broadcast licenses. Together, these agreements have prompted a significant contraction of CSF’s operations and decisions to cancel existing membership gifts and to stop seeking new philanthropic support. Approximately $9,465,000 of the expected $21,700,000 sale proceeds is expected to be allocated to CSF in order to retire its outstanding long-term obligations that were used to acquire the portion of the Network owned by CSF. The remaining proceeds are expected to be applied to the costs associated with CSF’s contracted operations and to partially retire debt and obligations used to finance the portion of the Network owned by APMG.

Management has evaluated the accounting implications of these subsequent events, and the following adjustments are included in the consolidated financial statements for the year ended June 30, 2015. The allowance for doubtful accounts for trade and grants receivable was increased by $602,000 to recognize that members and donors are less likely to fulfill their commitments. The Network broadcast licenses’ fair value was determined to be less than the carrying value, and an impairment loss was recorded (see Note 2).

Supplemental Information

American Public Media Group and Affiliates

Schedule of Consolidating Statement of Financial Position Information by Entity
June 30, 2015, With Comparative Totals as of June 30, 2014
(In Thousands)

						Consolidated Total	
Assets	APMG	CSF	MPR	SCPR	Eliminations	**2015**	2014
Current Assets							
Cash and cash equivalents	$ 6,233	$ -	$ -	$ -	$ -	**$ 6,233**	$ 8,170
Trade receivables, net	87	75	14,880	4,187	-	**19,229**	18,047
Pledges receivable, net	-	-	1	395	-	**396**	419
Grants receivable, net	-	8	5,063	1,447	-	**6,518**	7,278
Investments—interest in investment pool	-	-	2,456	545	(3,001)	**-**	-
Other current assets	445	28	2,111	637	-	**3,221**	6,305
Due from affiliates	80	-	806	-	(886)	**-**	-
Total current assets	6,845	111	25,317	7,211	(3,887)	**35,597**	40,219
Property and Equipment, net	12	451	43,077	18,411	-	**61,951**	63,484
Other Assets							
Investments—interest in investment pool	-	-	5,521	-	(5,521)	**-**	-
Investments	151,719	-	589	1,564	8,522	**162,394**	167,994
Endowment funds held by others and beneficial interest in trust	-	-	30,013	849	-	**30,862**	30,473
Trade receivables, net	-	-	1	3	-	**4**	5
Pledges receivable, net	-	-	10	287	-	**297**	803
Grants receivable, net	-	-	2,911	353	-	**3,264**	3,323
Deferred income taxes	-	-	-	-	-	**-**	129
Broadcast licenses not subject to amortization	13,487	8,006	18,267	1,864	-	**41,624**	44,276
Intangible assets subject to amortization, net	-	-	389	-	-	**389**	12
Other long-term assets	234	137	714	107	-	**1,192**	925
Due from affiliates	240	-	22,956	-	(23,196)	**-**	-
Total other assets	165,680	8,143	81,371	5,027	(20,195)	**240,026**	247,940
Total assets	$ 172,537	$ 8,705	$ 149,765	$ 30,649	$ (24,082)	**$ 337,574**	$ 351,643
Liabilities and Net Assets (Deficit)							
Current Liabilities							
Trade payables	$ 1,247	$ 69	$ 3,357	$ 380	$ -	**$ 5,053**	$ 3,765
Current portion of long-term debt, net	565	250	2,250	275	-	**3,340**	7,378
Accrued liabilities	1,473	75	6,192	1,673	-	**9,413**	8,583
Deferred revenue	-	159	2,017	745	-	**2,921**	8,281
Interest rate swap	-	-	160	-	-	**160**	-
Due to affiliates	806	-	-	80	(886)	**-**	-
Total current liabilities	4,091	553	13,976	3,153	(886)	**20,887**	28,007
Other Liabilities							
Long-term obligations, less current portion, net	19,384	9,215	20,803	4,204	-	**53,606**	51,175
Interest rate swap	1,254	-	-	-	-	**1,254**	1,851
Deferred revenue, less current portion	-	-	16,992	-	-	**16,992**	17,798
Loan from affiliates	22,956	-	-	240	(23,196)	**-**	-
Total liabilities	47,685	9,768	51,771	7,597	(24,082)	**92,739**	98,831
Net Assets (Deficit)							
Unrestricted	122,948	(1,080)	62,167	20,032	82	**204,149**	210,218
Temporarily restricted	469	17	22,617	2,795	(82)	**25,816**	27,953
Permanently restricted	1,435	-	13,210	225	-	**14,870**	14,641
Total net assets (deficit)	124,852	(1,063)	97,994	23,052	-	**244,835**	252,812
Total liabilities and net assets (deficit)	$ 172,537	$ 8,705	$ 149,765	$ 30,649	$ (24,082)	**$ 337,574**	$ 351,643

American Public Media Group and Affiliates

Schedule of Operating Fund and Long-Term Activities
Year Ended June 30, 2015, With Comparative Totals for the Year Ended June 30, 2014
(In Thousands)

	APMG	CSF	MPR	SCPR	Eliminations	Consolidated Total 2015	Consolidated Total 2014
Operating Fund:							
Support from public:							
Individual gifts and membership	$ -	$ 1,754	$ 20,976	$ 12,875	$ -	**$ 35,605**	$ 35,158
Regional underwriting	-	1,165	10,851	7,883	-	**19,899**	19,546
National underwriting	-	-	17,003	-	-	**17,003**	13,641
Business general support	-	16	801	378	-	**1,195**	1,230
Foundations	-	-	3,703	2,523	-	**6,226**	7,415
Earned endowment draw	-	-	4,109	-	-	**4,109**	3,539
Intercompany grants	-	10,663	164	1,046	(10,986)	**887**	-
Educational sponsors	-	-	454	-	-	**454**	477
Other public support	-	-	126	42	-	**168**	606
Campaign support	-	-	205	-	-	**205**	-
Total support from public	-	13,598	58,392	24,747	(10,986)	**85,751**	81,612
Support from governmental agencies:							
Corporation for Public Broadcasting	-	335	4,179	2,226	-	**6,740**	7,717
Grants from other governmental agencies	-	82	1,619	9	-	**1,710**	1,627
Total support from governmental agencies	-	417	5,798	2,235	-	**8,450**	9,344
Earned revenue:							
Revenue from operating activities	-	-	22,130	36	(346)	**21,820**	23,630
Royalties and licensing fees	45	-	163	-	-	**208**	203
Investment return, net	24	-	1,085	-	-	**1,109**	1,016
Product sales and other earned revenue	17,028	37	3,439	57	(8,347)	**12,214**	7,953
Total earned revenue	17,097	37	26,817	93	(8,693)	**35,351**	32,802
Total support and earned revenue	17,097	14,052	91,007	27,075	(19,679)	**129,552**	123,758
Expenses:							
Operations	12,207	3,423	68,485	19,117	(2,970)	**100,262**	95,732
Selling, general and administrative	1,304	781	11,469	2,590	(7,127)	**9,017**	9,491
Fundraising	-	1,571	11,025	5,368	(115)	**17,849**	17,035
Costs of goods sold	3,427	-	-	-	-	**3,427**	2,579
Grants to Affiliates	11,134	-	-	-	(11,134)	**-**	-
Total expenses	28,072	5,775	90,979	27,075	(21,346)	**130,555**	124,837
Support and earned revenue in excess of (less than) expenses before long-term activities	(10,975)	8,277	28	-	1,667	**(1,003)**	(1,079)
Long-term activities:							
Designated Fund support from (to) operating activities	-	-	1,428	(887)	-	**541**	1,859
Designated Fund net change	599	-	281	471	204	**1,555**	20,966
Property Fund net change	(2,811)	8	(2,395)	(119)	(1,845)	**(7,162)**	(4,262)
Temporarily restricted net change	(10)	(421)	1,899	(3,579)	(26)	**(2,137)**	2,536
Permanently restricted net change	50	-	179	-	-	**229**	607
Change in net assets (deficit)	(13,147)	7,864	1,420	(4,114)	-	**(7,977)**	20,627
Net assets (deficit)—beginning of year	137,999	(8,927)	96,574	27,166	-	**252,812**	232,185
Net assets (deficit)—end of year	$ 124,852	$ (1,063)	$ 97,994	$ 23,052	$ -	**$ 244,835**	$ 252,812

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