CONSOLIDATED FINANCIAL REPORT JUNE 30, 2016

American Public Media Group and Affiliates

AMERICAN PUBLIC MEDIA™

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

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, 2016, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' 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, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The consolidated financial statements of American Public Media Group and Affiliates as of June 30, 2015 were audited by other auditors whose report, dated October 14, 2015, expressed an unqualified opinion on those financial statements.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 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 27 and 28 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 13, 2016

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)
(IN THOUSANDS)

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,484	$ 6,233
Program Receivables, Net (Note 4)	19,167	19,229
Pledges Receivable, Net (Note 4)	579	396
Grants Receivable, Net (Note 4)	6,047	6,518
Other Current Assets	6,858	3,221
Total Current Assets	36,135	35,597
PROPERTY AND EQUIPMENT, NET	59,411	61,951
OTHER ASSETS		
Investments (Notes 3 and 5)	168,357	162,394
Endowment Funds Held by Others and Beneficial Interest in Trust (Notes 2 and 3)	29,653	30,862
Program Receivables, Net (Note 4)	1	4
Pledges Receivable, Net (Note 4)	1,235	297
Grants Receivable, Net (Note 4)	917	3,264
Broadcast Licenses Not Subject to Amortization (Note 8)	20,164	41,624
Intangible Assets Subject to Amortization, Net (Note 8)	350	389
Other Long-Term Assets	765	1,192
Total Other Assets	221,442	240,026
Total Assets	$ 316,988	$ 337,574
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Trade Payables	$ 5,221	$ 5,053
Current Portion of Long-Term Debt, Net (Note 9)	2,988	3,340
Line of Credit	1,000	-
Accrued Liabilities	10,648	9,413
Deferred Revenue	6,716	2,921
Other Current Liabilities	27	-
Interest Rate Swap (Notes 2 and 3)	-	160
Total Current Liabilities	26,600	20,887
OTHER LIABILITIES		
Long-Term Debt, Less Current Portion, Net (Note 9)	32,073	53,606
Interest Rate Swap (Notes 2 and 3)	667	1,254
Other Long-Term Liabilities	955	-
Deferred Revenue, Less Current Portion (Note 13)	16,469	16,992
Total Other Liabilities	50,164	71,852
Total Liabilities	76,764	92,739
NET ASSETS		
Unrestricted	199,781	204,149
Temporarily Restricted	25,702	25,816
Permanently Restricted	14,741	14,870
Total Net Assets	240,224	244,835
Total Liabilities and Net Assets	$ 316,988	$ 337,574

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)
(IN THOUSANDS)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Consolidated Totals 2016	Consolidated Totals 2015
SUPPORT FROM PUBLIC					
Individual Gifts and Membership	$ 33,596	$ 2,521	$ 111	$ 36,228	$ 35,072
Individual Gifts and Membership - Released from Restriction (RFR)	3,155	(3,155)	-	-	-
Regional Underwriting	21,207	50	-	21,257	19,899
Regional Underwriting - RFR	50	(50)	-	-	-
National Underwriting	17,520	-	-	17,520	17,003
Business General Support	478	566	-	1,044	1,166
Business General Support - RFR	616	(616)	-	-	-
Foundations	-	3,998	-	3,998	4,385
Foundations - RFR	4,476	(4,476)	-	-	-
Educational Sponsors	395	-	-	395	454
Other Public Support	206	634	-	840	339
Other Public Support - RFR	303	(303)	-	-	-
Campaign Support	-	4,852	-	4,852	1,212
Campaign Support - RFR	1,495	(1,495)	-	-	-
Total Support from Public	83,497	2,526	111	86,134	79,530
SUPPORT FROM GOVERNMENTAL AGENCIES					
Corporation for Public Broadcasting	-	5,736	-	5,736	6,198
Corporation for Public Broadcasting - RFR	5,726	(5,726)	-	-	-
Grants from Other Governmental Agencies	403	24	-	427	4,689
Grants from Other Governmental Agencies - RFR	2,000	(2,000)	-	-	-
Total Support from Governmental Agencies	8,129	(1,966)	-	6,163	10,887
EARNED REVENUE					
Revenue from Operating Activities	24,259	-	-	24,259	21,745
Royalties and Licensing Fees	1,009	-	-	1,009	1,014
Investment Return, Net (Note 5)	3,149	(674)	(240)	2,235	9,066
Product Sales and Other Earned Revenue	6,420	-	-	6,420	11,927
Total Earned Revenue	34,837	(674)	(240)	33,923	43,752
Total Support and Earned Revenue	126,463	(114)	(129)	126,220	134,169
EXPENSES AND LOSSES					
Operations	100,967	-	-	100,967	107,646
Selling, General and Administrative	10,145	-	-	10,145	10,917
Fundraising	19,607	-	-	19,607	19,191
Total Expenses	130,719	-	-	130,719	137,754
Loss on Debt Extinguishment	112	-	-	112	660
Loss from Change in Grant Receivable	-	-	-	-	297
Impairment Loss on Broadcast Licenses	-	-	-	-	3,435
Total Expenses and Losses	130,831	-	-	130,831	142,146
CHANGE IN NET ASSETS	(4,368)	(114)	(129)	(4,611)	(7,977)
Net Assets - Beginning of Year	204,149	25,816	14,870	244,835	252,812
NET ASSETS - END OF YEAR	$ 199,781	$ 25,702	$ 14,741	$ 240,224	$ 244,835

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)
(IN THOUSANDS)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (4,611)	$ (7,977)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	5,382	5,796
Unrealized Loss on Investments and Interest Rate Swap	7,819	5,904
Change in Value of Endowment Funds Held by Others and Beneficial Interest in Trust	(143)	(938)
Loss on Debt Extinguishment	112	660
Impairment Loss on Long Lived Assets	50	-
Gain on Disposal of Property and Equipment	(72)	(15)
Contributions and Grants Restricted for Capital Projects and Permanent Endowments	(4,982)	(1,221)
Loan Forgiveness - City of Saint Paul	(333)	(312)
Impairment Loss on Broadcast License	-	3,435
Deferred Income Taxes	-	129
(Increase) Decrease in Assets:		
Program and Pledges Receivable, Net	26	(1,181)
Grants Receivable, Net	2,298	1,590
Prepaid Expenses, Inventory and Other Assets	(3,592)	2,746
Increase (Decrease) in Liabilities:		
Trade Payables and Accrued Liabilities	1,414	2,084
Deferred Revenue	3,232	(6,177)
Other Liabilities	833	-
Total Adjustments	12,044	12,500
Net Cash Provided by Operating Activities	7,433	4,523
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,808)	(4,140)
Purchases of Investments	(17,884)	(9,308)
Proceeds from Sales and Maturities of Investments	5,002	8,562
Proceeds from Sale of Assets	98	15
Proceeds from Sale of Florida Station	21,698	-
Purchase of Station	-	(800)
Purchase of Other Intangible Assets	(33)	(405)
Additions to Endowment Funds Held by Others and Beneficial Interest in Trust	(283)	(545)
Distributions from Endowment Funds Held by Others and Beneficial Interest in Trust	1,635	1,094
Net Cash Provided (Used) by Investing Activities	7,425	(5,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing on Long-Term Obligations	1,000	49,299
Principal Payments on Long-Term Obligations	(21,354)	(50,571)
Principal Payments on Capital Lease	(15)	-
Debt Issue Costs	-	(640)
Swap Termination	(1,127)	-
Receipts of Contributions and Grants Restricted for Capital Projects and Permanent Endowments	3,889	979
Net Cash Used by Financing Activities	(17,607)	(933)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,749)	(1,937)
Cash and Cash Equivalents - Beginning of Year	6,233	8,170
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,484	$ 6,233

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)
(IN THOUSANDS)

	2016	2015
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 1,133	$ 920
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING AND INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment Funded through Trade Payable	$ -	$ 77
Loss on Debt Extinguishment	$ 112	$ 660
Non-Cash Addition of Property and Equipment	$ 260	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF BUSINESS

Organization and Description 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, 2016.

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

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:

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)

Basis of Financial Statement Presentation (Continued)

Unrestricted (Continued)

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 temporarily restricted endowment funds are restricted until drawn upon.

Temporarily restricted net assets at June 30, 2016 were restricted for the following purposes:

Program Support	$ 12,412,000
Capital Campaigns and Capital Projects	597,000
Undistributed Earnings on Endowments Held by Others	12,575,000
Charitable Gift Annuities	118,000
Total	$ 25,702,000

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, 2016 consisted of the following:

Endowment Funds Held by Others	$ 10,037,000
Beneficial Interest in Trust	2,867,000
Donor-Restricted Endowment Funds	1,837,000
Total	$ 14,741,000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2015

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, 2015, 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. Conditional promises to give are not included as support until such time as the conditions are substantially met.

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, 2016, barter revenue of $2,671,000 and barter expense of $2,557,000 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 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 with a cost basis of $5,000 or greater 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 useful life.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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% for the year ended June 30, 2016, of the 20-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 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 permanent Endowment fund; rather, SCPR has elected to reinvest all investment returns. SCPR may from time to time draw on unrestricted funds. Distributions are reported within the investment return, net, in the consolidated statement of activities. Endowment funds held by others are stated at fair value.

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% 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 5 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment Analysis of Broadcast Licenses Not Subject to Amortization (Continued)

The Organization tests broadcast licenses for impairment by first assessing qualitative factors to determine the existence of events and circumstances may indicate it is more likely than not that the indefinite-lived intangible assets could be 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, 2016, the Organization used qualitative factors to assess impairment of its broadcast licenses recorded and determined that the more likely than not standard for impairment was not met, and therefore, no further action was taken.

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.

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. For the year ended June 30, 2016, the Organization concluded there was approximately $50,000 of other long-lived assets were impaired.

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.

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.

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 recorded a tax expense of $51,000 for the year ended June 30, 2016, 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, 2016 was approximately $4,729,000.

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. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swaps

During the year, 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 was the fixed-rate payer on the swap, and Allied Irish Bank was the floating-rate payer. The fixed rate of interest was 3.5% and the fixed-rate day count fraction was 30/360. The floating rate was 70.0% of the one-month London interbank offered rate (LIBOR). MPR paid or received a monthly settlement based on the difference between the fixed and floating rates. During the year ended June 30, 2016, MPR paid interest expense of $124,000 and received no interest income toward the monthly swap settlement, which is shown as part of operations expenses on the consolidated statement of activities. In January 2016, the interest rate swap expired and as of June 30, 2016, the notional amount of the swap and the outstanding fair value of the agreement was $-0-. 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 was the fixed-rate payer on the swap, and Piper Jaffray Financial Products, Inc. was the floating-rate payer. The fixed rate of interest was 2.6% and the fixed-rate day count fraction was 30/360. The floating rate was 70.0% of the three-month LIBOR. APMG paid or received a monthly settlement based on the difference between the fixed and floating rates. During the year ended June 30, 2016, APMG paid interest expense of $169,000 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. On November 10, 2015, APMG terminated the swap. The change in the fair value of the agreement is included in investment return, net, on the consolidated statement of activities.

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 payer on the swap, and US Bank National Association is the floating-rate payer. The fixed rate of interest is 1.76% and the fixed-rate day count fraction is 30/360. The floating rate is 72.00% of the three-month LIBOR and the floating-rate day count is actual/360. On December 4, 2015, the swap agreement was amended to fully match the swap notional amount with outstanding Revenue Refunding Bonds – Series 2014A. The restated aggregate notional amount of $10,205,000 was effective January 1, 2016. APMG will pay or receive a monthly settlement based on the difference between the fixed rate and the floating rate. During the year ended June 30, 2016, APMG paid interest expense of $198,000. As of June 30, 2016, the outstanding fair value of the agreement was $667,000, 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)

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 13, 2016, 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 16, 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 consolidated 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 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).

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2016, the Organization has committed to invest an additional $2,099,000 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 eight 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.

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

	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements:				
Balanced Mutual Funds (1)	$ 137,415,000	$ -	$ -	$ 137,415,000
Money Market Funds	4,768,000	-	-	4,768,000
Government-Sponsored Enterprises				-
Debt Securities	-	3,948,000	-	3,948,000
Corporate Certificates of Deposit				
and Notes	-	11,724,000	-	11,724,000
Fixed Income	56,000	-	-	56,000
Private Equities	-	-	10,287,000	10,287,000
Beneficial Interest in Trust	-	-	2,867,000	2,867,000
Endowment Funds Held by Others	-	-	26,786,000	26,786,000
Interest Rate Swaps	-	(667,000)	-	(667,000)
Total	$ 142,239,000	$ 15,005,000	$ 39,940,000	$ 197,184,000
Investments Held at Cost				$ 100,000

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

(1) Invested in American Funds Capital Income Builder-Class A ($48,130,000), T. Rowe Price Capital Appreciation Fund ($43,186,000), Oakmark Equity & Income Fund ($44,785,000), and other equity mutual funds ($1,314,000).

Changes in recurring fair value measurements using Level 3 inputs for the year ended June 30, 2016 were as follows:

	Private Equities	Beneficial Interest in Trust	Endowment Funds Held by Others	Total
Beginning Investments at Fair Value	$ 12,483,000	$ 3,107,000	$ 27,755,000	$ 43,345,000
Purchase of Investments	265,000	-	-	265,000
Sale of Investments	(2,718,000)	-	-	(2,718,000)
Additions to Endowments	-	-	283,000	283,000
Distributions	-	(29,000)	(1,606,000)	(1,635,000)
Investment Income, Net of Fees	(138,000)	-	-	(138,000)
Realized Gains	1,773,000	-	-	1,773,000
Unrealized Losses	(1,378,000)	-	-	(1,378,000)
Change in Value	-	(211,000)	354,000	143,000
Ending Investments at Fair Value	$ 10,287,000	$ 2,867,000	$ 26,786,000	$ 39,940,000

An unrealized loss of $1,401,000 is included in the consolidated statement of activities related to the investments held at June 30, 2016.

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

Program, 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 $40,000 at June 30, 2016. Amortization of the discount is reported on the support and earned revenue lines associated with the initial transaction within the consolidated statement of activities.

NOTE 4 RECEIVABLES (CONTINUED)

Receivables (Continued)

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2016, the Organization had received conditional pledges and grants receivable of $10,000,000 and conditional underwriting program receivables of approximately $11,247,000 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 $1,484,000 at June 30, 2016 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.

Program Receivables

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

At June 30, 2016, program receivables, pledges receivable and grants receivable (together, receivables) were due as follows:

In Less than One Year	$ 25,793,000
In One to Five Years	2,144,000
In Greater than Five Years	9,000
Total Receivables	$ 27,946,000

NOTE 5 INVESTMENTS

At June 30, 2016, the composition of investments was as follows:

Cash	$ 59,000
Money Market Funds	4,768,000
Government-Sponsored Enterprises Debt Securities	3,948,000
Corporate Certificates of Deposit and Notes	11,724,000
Balanced Mutual Funds	137,415,000
Fixed-Income Mutual Funds	56,000
Private Equities	10,387,000
Total	$ 168,357,000

For the year ended June 30, 2016, net investment return consisted of the following:

Net Investment Return:	
Interest and Dividend Income	$ 8,525,000
Realized Gain	1,773,000
Unrealized Loss	(7,564,000)
Change in Value of Interest Rate Swap	(641,000)
Change in Value of Endowment Funds Held by Others and Beneficial Interest in Trust	142,000
Total	$ 2,235,000

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% 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 for the benefit of MPR (the Earned Endowment). Contributions to the Earned Endowment have come from the proceeds of the sale of for-profit subsidiaries, appreciated assets, and other prepaid contracts (see Note 13) which is accounted for in the APMG Designated Fund. From time to time, additional amounts have been deposited into the Earned Endowment; APMG maintains variance power. A distribution from the Earned Endowment of $6,805,000 was made to MPR for the year ended June 30, 2016 in accordance with the investment spending policy. At June 30, 2016, the fair market value of the Earned Endowment held by APMG in the APMG Designated Fund was $153,739,000.

NOTE 6 BOARD-DESIGNATED AND DONOR-RESTRICTED ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2016 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 158,337,000	$ 468,000	$ 1,787,000	$ 160,592,000
Contributions to Donor-Restricted Endowment	-	-	50,000	50,000
Investment Income, Net of Investment Fees	8,276,000	126,000	-	8,402,000
Net Losses, Realized and Unrealized	(5,816,000)	(83,000)	-	(5,899,000)
Appropriation of Endowment Assets for Expenditure	(6,805,000)	(101,000)	-	(6,906,000)
Endowment Net Assets, End of Year	$ 153,992,000	$ 410,000	$ 1,837,000	$ 156,239,000

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment, net, at June 30, 2016, consisted of the following:

Cost:	
Land	$ 13,436,000
Building and Leasehold Improvements	62,032,000
Equipment	47,217,000
Construction in Progress	339,000
Total Cost	123,024,000
Less: Accumulated Depreciation and Amortization	(63,613,000)
Property and Equipment	$ 59,411,000

Total depreciation and leasehold amortization expense was $5,326,000 for the year ended June 30, 2016, and was recorded in the Property Fund.

NOTE 8 BROADCAST LICENSES AND OTHER INTANGIBLES

Broadcast licenses and other intangibles at June 30, 2016 consisted of the following:

	Weighted-Average Remaining Life in Years	Amount
Intangibles Subject to Amortization (Revenue Contracts)	10.5	$ 405,000
Less: Accumulated Amortization		(55,000)
		350,000
Broadcast Licenses (Not Subject to Amortization)		20,164,000
Total		$ 20,514,000

Total amortization expense was $39,000 for the year ended June 30, 2016.

NOTE 9 LONG-TERM DEBT

Long-term debt at June 30, 2016 included the following:

Description	Amount
$9,040,000 fixed-rate, Housing and Redevelopment Authority of the City of Saint Paul Revenue Refunding Bonds (Minnesota Public Radio Project)—Series 2010 (Series 2010 bonds), issued at a premium, with interest due semiannually (2% to 5% as of June 30, 2016), maturing December 1, 2025. (1)	$ 6,671,000
$19,785,000 variable-rate, Florida Development Finance Corporation, Revenue Refunding Bonds—Series 2014A, with interest due monthly (1.28% as of June 30, 2016). (2)	10,205,000
$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, 2016). (3)	13,625,000
$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, 2016). (4)	4,205,000
$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.	355,000
Total Long-Term Debt	35,061,000
Less: Amounts Due Within One Year	2,988,000
Long-Term Portion	$ 32,073,000

(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.

NOTE 9 LONG-TERM DEBT (CONTINUED)

(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 station in Miami, Florida.

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 the 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 in the communities of Northfield, Minnesota; and 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% and is payable semiannually, due on May 1 and November 1 over the life of the bonds.

NOTE 9 LONG-TERM DEBT (CONTINUED)

(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% and is payable semiannually, due on March 1 and September 1 over the life of the bonds.

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% plus the one-month LIBOR. The line of credit expires on February 27, 2017, unless terminated sooner by APMG upon written notice to the Bank. As of June 30, 2016, the balance of the line of credit was $1,000,000.

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

Years Ending June 30,	Amount
2017	$ 2,988,000
2018	2,702,000
2019	2,776,000
2020	2,870,000
2021	2,280,000
Thereafter	21,445,000
Total	$ 35,061,000

The Organization incurred $988,000 of interest expense on long-term debt during the year ended June 30, 2016.

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 $2,788,000 for the year ended June 30, 2016.

Minimum future payments required under noncancelable operating leases as of June 30, 2016 are as follows:

Years Ending June 30,	Amount
2017	$ 1,793,000
2018	1,766,000
2019	1,702,000
2020	780,000
2021	694,000
Thereafter	3,528,000
Total	$ 10,263,000

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, 2027.

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Under the terms of the public service operating agreements, SCPR must maintain certain minimum regulatory and operating requirements and share revenues generated. Payments to the licensees under the terms of the operating agreements are as follows for the years ending June 30:

Years Ending June 30,	Amount
2017	$ 300,000
2018	300,000
2019	300,000
2020	300,000
2021	300,000
Thereafter	1,350,000
Total	$ 2,850,000

The Organization has commitments related to media content agreements of $5,504,000 through 2017.

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 contributions to the Plan through payroll deductions. For the year ended June 30, 2016, contributions were matched 100.0% by the Organization up to 6.5% of the employee's base compensation (matching contributions). The Organization provided $2,875,000 of matching contributions for the year ended June 30, 2016.

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, 2016, the Organization recognized $806,000 as licensing fees in the consolidated statement of activities. As of June 30, 2016, $16,992,000 of deferred revenue related to the EBS contracts is included on the consolidated statement of financial position.

NOTE 14 SALE OF STATIONS

On July 9, 2015, CSF and APMG entered into an Asset Purchase Agreement to sell all of their Florida broadcast licenses and supporting equipment of the noncommercial radio network (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. The FCC approved the assignment of the licenses on October 28, 2015 and the sale closed on November 2, 2015. With the proceeds, CSF retired its outstanding long-term debt of $9,465,000. APMG partially retired $9,275,000 of its long-term debt and terminated its swap agreement for $1,127,000. The remaining funds were used to fund the wind down expenses for CSF.

NOTE 15 RELATED PARTY CONTRIBUTIONS

During the year ended June 30, 2016, employees and members of the board of trustees provided contributions of $5,104,709 to the Organization.

NOTE 16 SUBSEQUENT EVENT

On September 14, 2016 the Organization signed a $2,000,000 agreement to purchase real estate and a building adjacent to its facilities in Pasadena, California. The agreement requires SCPR to make a $100,000 escrow deposit and provides a six-month period to perform due diligence of the property prior to closing.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION
INFORMATION BY ENTITY
JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)
(IN THOUSANDS)

	APMG	CSF	MPR	SCPR	Eliminations	Consolidated Total 2016	Consolidated Total 2015
ASSETS							
Current Assets							
Cash and Cash Equivalents	$ 2,984	$ -	$ -	$ 500	$ -	$ 3,484	$ 6,233
Program Receivables, Net	133	1	14,310	4,723	-	19,167	19,229
Pledges Receivable, Net	-	-	319	260	-	579	396
Grants Receivable, Net	-	-	4,482	1,565	-	6,047	6,518
Investments - Interest in Investment Pool	-	-	1,680	1,768	(3,448)	-	-
Other Current Assets	4,009	15	2,328	506	-	6,858	3,221
Due from Affiliates	80	-	806	-	(886)	-	-
Total Current Assets	7,206	16	23,925	9,322	(4,334)	36,135	35,597
PROPERTY AND EQUIPMENT, NET	9	-	41,745	17,657	-	59,411	61,951
OTHER ASSETS							
Investments - Interest in Investment Pool	-	-	10,757	-	(10,757)	-	-
Investments	152,792	-	1,209	151	14,205	168,357	162,394
Endowment Funds Held by Others and Beneficial Interest in Trust	-	-	29,057	596	-	29,653	30,862
Program Receivables, Net	-	-	1	-	-	1	4
Pledges Receivable, Net	-	-	1,205	30	-	1,235	297
Grants Receivable, Net	-	-	649	268	-	917	3,264
Deferred Income Taxes	-	-	-	-	-	-	-
Broadcast Licenses Not Subject to Amortization	-	-	18,300	1,864	-	20,164	41,624
Intangible Assets Subject to Amortization, Net	-	-	350	-	-	350	389
Other Long-Term Assets	224	-	407	134	-	765	1,192
Due from Affiliates	160	-	22,241	-	(22,401)	-	-
Total Other Assets	153,176	-	84,176	3,043	(18,953)	221,442	240,026
Total Assets	$ 160,391	$ 16	$ 149,846	$ 30,022	$ (23,287)	$ 316,988	$ 337,574
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Trade Payables	$ 1,556	$ 218	$ 3,009	$ 438	$ -	$ 5,221	$ 5,053
Current Portion of Long-Term Debt, Net	315	-	2,298	375	-	2,988	3,340
Line of Credit	1,000	-	-	-	-	1,000	-
Accrued Liabilities	1,718	10	7,115	1,805	-	10,648	9,413
Deferred Revenue	4,752	-	1,598	366	-	6,716	2,921
Other Current Liabilities		-	27	-	-	27	-
Interest Rate Swap	-	-	-	-	-	-	160
Due to Affiliates	806	-	-	80	(886)	-	-
Total Current Liabilities	10,147	228	14,047	3,064	(886)	26,600	20,887
OTHER LIABILITIES							
Long-Term Debt, Less Current Portion, Net	9,890	-	18,353	3,830	-	32,073	53,606
Interest Rate Swap	667	-	-	-	-	667	1,254
Deferred Revenue, Less Current Portion	-	-	16,469	-	-	16,469	16,992
Other Long-Term Liabilities	817	-	138	-		955	-
Loan from Affiliates	22,241	-	-	160	(22,401)	-	-
Total Other Liabilities	33,615	-	34,960	3,990	(22,401)	50,164	71,852
Total Liabilities	43,762	228	49,007	7,054	(23,287)	76,764	92,739
NET ASSETS (DEFICIT)							
Unrestricted	114,776	(212)	65,424	19,623	170	199,781	204,149
Temporarily Restricted	418	-	22,334	3,120	(170)	25,702	25,816
Permanently Restricted	1,435	-	13,081	225	-	14,741	14,870
Total Net Assets (Deficit)	116,629	(212)	100,839	22,968	-	240,224	244,835
Total Liabilities and Net Assets (Deficit)	$ 160,391	$ 16	$ 149,846	$ 30,022	$ (23,287)	$ 316,988	$ 337,574

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
SCHEDULE OF OPERATING FUND AND LONG-TERM ACTIVITIES
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015)
(IN THOUSANDS)

	APMG	CSF	MPR	SCPR	Eliminations	Consolidated Total 2016	Consolidated Total 2015
OPERATING FUND							
SUPPORT FROM PUBLIC							
Individual Gifts and Membership	$ -	$ 41	$ 21,170	$ 14,913	$ -	$ 36,124	$ 35,605
Regional Underwriting	-	82	11,765	9,410	-	21,257	19,899
National Underwriting	-	-	17,520	-	-	17,520	17,003
Business General Support	-	3	778	312	-	1,093	1,195
Foundations	-	-	2,858	1,542	-	4,400	6,226
Earned Endowment Draw	-	-	4,305	-	-	4,305	4,109
Intercompany Grants	-	740	993	164	(904)	993	887
Educational Sponsors	-	-	395	-	-	395	454
Other Public Support	-	-	70	58	-	128	168
Campaign Support	-	-	1,274	-	-	1,274	205
Total Support from Public	-	866	61,128	26,399	(904)	87,489	85,751
SUPPORT FROM GOVERNMENTAL AGENCIES							
Corporation for Public Broadcasting	-	-	4,338	1,388	-	5,726	6,740
Grants from Other Governmental Agencies	-	25	1,603	-	-	1,628	1,710
Total Support from Governmental Agencies	-	25	5,941	1,388	-	7,354	8,450
EARNED REVENUE							
Revenue from Operating Activities	-	-	24,638	18	(329)	24,327	21,820
Royalties and Licensing Fees	43	-	160	-	-	203	208
Investment Return, Net	25	-	1,154	501	-	1,680	1,109
Product Sales and Other Earned Revenue	7,356	326	3,197	54	(7,706)	3,227	12,214
Total Earned Revenue	7,424	326	29,149	573	(8,035)	29,437	35,351
Total Support and Earned Revenue	7,424	1,217	96,218	28,360	(8,939)	124,280	129,552
EXPENSES							
Operations	6,839	579	72,651	18,852	(1,703)	97,218	103,689
Selling, General and Administrative	1,788	540	10,688	2,977	(6,527)	9,466	9,017
Fundraising	-	297	11,110	6,531	(10)	17,928	17,849
Grants to Affiliates	443	-	1,740	-	(443)	1,740	-
Total Expenses	9,070	1,416	96,189	28,360	(8,683)	126,352	130,555
Support and Earned Revenue in Excess of (Less than) Expenses Before Long-Term Activities	(1,646)	(199)	29	-	(256)	(2,072)	(1,003)
LONG-TERM ACTIVITIES							
Designated Fund Net Change	(4,385)	-	(255)	(191)	895	(3,936)	1,555
Designated Fund Support from (to) Operating	-	-	3,240	294	-	3,534	541
Property Fund Net Change	(2,141)	1,067	243	(512)	(551)	(1,894)	(7,162)
Temporarily Restricted Net Change	(51)	(17)	(283)	325	(88)	(114)	(2,137)
Permanently Restricted Net Change	-	-	(129)	-		(129)	229
CHANGE IN NET ASSETS (DEFICIT)	(8,223)	851	2,845	(84)	-	(4,611)	(7,977)
Net Assets (Deficit) - Beginning of Year	124,852	(1,063)	97,994	23,052	-	244,835	252,812
NET ASSETS (DEFICIT) - END OF YEAR	$ 116,629	$ (212)	$ 100,839	$ 22,968	$ -	$ 240,224	$ 244,835

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