CONSOLIDATED FINANCIAL REPORT

AMERICAN PUBLIC MEDIA GROUP & AFFILIATES

JUNE 30, 2020

AMERICAN PUBLIC MEDIA GROUP™

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
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CliftonLarsonAllen LLP
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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, 2020, related consolidated statements of activities, functional expenses, 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.

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.

Board of Trustees
American Public Media Group and Affiliates

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, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 30 and 31 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 1, 2020

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 9,556	$ 5,576
Program Receivables, Net (Note 4)	8,751	10,462
Pledges Receivable, Net (Note 4)	4,103	3,837
Grants Receivable, Net (Note 4)	3,474	3,820
Investments (Notes 3 and 5)	10,880	12,548
Other Current Assets	1,827	1,710
Total Current Assets	38,591	37,953
PROPERTY AND EQUIPMENT, NET (NOTE 7)	52,941	56,417
RIGHT OF USE ASSETS, NET (NOTE 9)	42,189	-
OTHER ASSETS		
Investments (Notes 3 and 5)	180,089	184,224
Endowment Funds Held by Others (Notes 2 and 3)	36,495	33,934
Pledges Receivable, Net (Note 4)	3,090	3,192
Grants Receivable, Net (Note 4)	509	2,690
Broadcast Licenses	20,560	20,560
Other Long-Term Assets	343	413
Total Other Assets	241,086	245,013
Total Assets	$ 374,807	$ 339,383
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 5,354	$ 4,769
Current Portion of Long-Term Debt, Net (Note 8)	2,919	2,857
Line of Credit (Note 8)	2,000	2,000
Accrued Liabilities	9,702	11,488
Deferred Revenue	14,937	2,302
Other Current Liabilities	2,499	239
Total Current Liabilities	37,411	23,655
OTHER LIABILITIES		
Long-Term Debt, Less Current Portion, Net (Note 8)	20,414	23,316
Interest Rate Swap (Notes 2 and 3)	664	290
Long-Term Lease Liabilities (Note 9)	40,930	-
Other Long-Term Liabilities	1,135	1,449
Deferred Revenue, Less Current Portion (Note 12)	250	24,514
Total Other Liabilities	63,393	49,569
Total Liabilities	100,804	73,224
NET ASSETS		
Without Donor Restrictions	209,343	205,948
With Donor Restrictions	64,660	60,211
Total Net Assets	274,003	266,159
Total Liabilities and Net Assets	$ 374,807	$ 339,383

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(IN THOUSANDS)

	Without Donor Restrictions	With Donor Restrictions	Consolidated Totals 2020	Consolidated Totals 2019
SUPPORT FROM PUBLIC				
Individual Gifts and Membership	$ 44,886	$ 8,845	$ 53,731	$ 42,231
Individual Gifts and Membership - Released from Restriction (RFR)	2,405	(2,405)	-	-
Regional Underwriting	18,839	40	18,879	21,537
Regional Underwriting - RFR	35	(35)	-	-
National Underwriting	21,789	-	21,789	24,535
Business General Support	464	230	694	722
Business General Support - RFR	176	(176)	-	-
Foundations	1	1,856	1,857	2,978
Foundations - RFR	2,020	(2,020)	-	-
Educational Sponsors	446	-	446	444
Other Public Support	-	1	1	66
Campaign Support	-	12,176	12,176	7,273
Campaign Support - RFR	11,514	(11,514)	-	-
Total Support from Public	102,575	6,998	109,573	99,786
SUPPORT FROM GOVERNMENTAL AGENCIES				
Corporation for Public Broadcasting	-	6,088	6,088	6,528
Corporation for Public Broadcasting - RFR	6,248	(6,248)	-	-
Grants from Other Governmental Agencies	-	(184)	(184)	4,337
Grants from Other Governmental Agencies - RFR	1,973	(1,973)	-	-
Total Support from Governmental Agencies	8,221	(2,317)	5,904	10,865
EARNED REVENUE				
Revenue from Operating Activities	18,215	-	18,215	19,422
Royalties and Licensing Fees	1,203	-	1,203	962
Investment Return, Net (Note 5)	8,925	(232)	8,693	16,606
Product Sales and Other Earned Revenue	1,355	-	1,355	2,116
Total Earned Revenue	29,698	(232)	29,466	39,106
Total Support and Earned Revenue	140,494	4,449	144,943	149,757
EXPENSES AND LOSSES				
Operations	115,241	-	115,241	112,900
Administrative	9,961	-	9,961	11,308
Fundraising	22,883	-	22,883	21,925
Total Expenses	148,085	-	148,085	146,133
CHANGE IN NET ASSETS	(7,591)	4,449	(3,142)	3,624
Net Assets - Beginning of Year (as Previously Stated)	205,948	60,211	266,159	262,535
Cumulative Net Change due to Accounting Principle Change (Note 2)	10,986	-	10,986	-
Net Assets - Beginning of Year (after Cumulative Net Change)	216,934	60,211	277,145	262,535
NET ASSETS - END OF YEAR	$ 209,343	$ 64,660	$ 274,003	$ 266,159

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(IN THOUSANDS)

	Operations	Administrative	Fundraising	Consolidated Total 2020	Consolidated Total 2019
EXPENSES:					
Salaries and Wages	$ 58,204	$ 3,800	$ 11,227	$ 73,231	$ 70,711
Employee Benefits and Payroll Taxes	12,432	1,251	2,295	15,978	15,348
Professional Fees and Marketing	10,790	1,800	5,433	18,023	19,654
Production and Acquisition	16,897	-	-	16,897	16,622
Office and Occupancy	10,344	678	1,590	12,612	12,607
Travel and Training	794	250	224	1,268	2,016
Interest	334	1,093	193	1,620	1,077
Depreciation and Amortization	4,147	303	534	4,984	4,696
Financial	65	(153)	1,272	1,184	1,671
Other Expenses	1,234	939	115	2,288	1,731
Total	$ 115,241	$ 9,961	$ 22,883	$ 148,085	$ 146,133

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (3,142)	$ 3,624
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,984	4,696
Realized and Unrealized Loss on Investments, Charitable Gift Annuity, and Interest Rate Swap	466	1,609
Change in Value of Endowment Funds Held by Others	(1,196)	(2,522)
Gain on Disposal of Property and Equipment	8	(136)
Impairment on Long Lived Assets	45	-
Bond Premium Amortization	(33)	-
Contributions and Grants Restricted for Capital Projects and Perpetual Endowments	(97)	(1,013)
(Increase) Decrease in Assets:		
Program and Pledges Receivable, Net	1,537	3,765
Grants Receivable, Net	2,017	(1,138)
Prepaid Expenses, Inventory and Other Assets	(46)	(13)
Increase (Decrease) in Liabilities:		
Accounts Payables and Accrued Liabilities	943	1,142
Deferred Revenue	(644)	(1,448)
Other Liabilities	140	141
Total Adjustments	8,124	5,083
Net Cash Provided by Operating Activities	4,982	8,707
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,946)	(4,675)
Purchases of Investments	(1,027)	(59,874)
Proceeds from Sales and Maturities of Investments	6,749	56,639
Proceeds from Sale of Property and Equipment	-	1,670
Additions to Endowment Funds Held by Others	(2,877)	-
Distributions from Endowment Funds Held by Others	1,512	1,470
Net Cash Provided (Used) by Investing Activities	1,411	(4,770)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Obligations	(2,825)	(2,745)
Principal Payments on Financing Lease Obligations	(176)	(95)
Net Borrowings on Line of Credit	-	500
Net Debt Issuance Cost	(29)	-
Receipts of Contributions and Grants Restricted for Capital Projects and Perpetual Endowments	617	314
Net Cash Used by Financing Activities	(2,413)	(2,026)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,980	1,911
Cash and Cash Equivalents - Beginning of Year	5,576	3,665
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 9,556	$ 5,576

See accompanying Notes to Consolidated Financial Statements.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
CONSOIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 962	$ 1,040
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING AND INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment Funded through Accounts Payable	$ 4	$ 32
Noncash Addition of Property and Equipment	$ 559	$ 541

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF BUSINESS AND ORGANIZATION

Organization and Description of Business

American Public Media Group (APMG) is a nonprofit 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), 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, events, and other ancillary activities. APMG also operates an ecommerce website “Public Media Market”, 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 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.

Collectively, MPR, SCPR, 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:

Without Donor Restrictions

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 nonprofit affiliates maintain the following net assets without donor restriction 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)

Without Donor Restrictions (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 are available to the Operating Fund for temporary cash flow needs.

With Donor Restrictions

This classification includes net assets subject to donor-imposed restrictions. Donor restricted net assets are subject to purpose or time restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as support released from restriction (e.g., Individual Gifts and Membership-Released from Restriction (RFR)). For example: when a donor specifies their contribution is to support MPR for a three-year period, MPR recognizes all the future support as net assets with donor restrictions in the year the contribution is first made; MPR then releases (reclassifies from net assets with donor restrictions) the contribution as net assets without donor restrictions over each of the three years specified by the donor.

Certain net assets with donor restrictions stipulate the resources to be maintained in perpetuity but permit the Organization to use or expend the income received from the donated assets for operating purposes.

Net assets with donor restrictions at June 30, 2020 were subject to the following purpose or time restrictions:

Time Restricted	$ 19,953,000
Purpose Restricted	29,281,000
Funds Held For Perpetuity	15,426,000
Total Net Assets With Donor Restrictions	$ 64,660,000

Basis of Accounting

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Treasury Management and Liquidity

To maximize economies of scale and investment returns on its treasury assets, APMG administrates a centralized treasury management system for the nonprofit affiliates. At the end of each business day, the net cash activity recorded by each affiliate is transferred to APMG, and reciprocal amounts are recorded at APMG and the affiliate in due to/from cash accounts. Special purpose funds and cash not needed to satisfy immediate obligations are also centrally managed by APMG in an investment pool. Likewise, reciprocal amounts are recorded at APMG and the affiliate in due to/from interest in investment pool accounts based on the assigned activity of the underlying investments. All due to/from amounts between the affiliates of the APM Group recorded in cash and interest in investment pool eliminate in consolidated financial statements. Certain funds within the investment pool are available to meet the Organizations cyclical demands for working capital.

To the extent current cash and investments are less than the amount of assets with donor-imposed restrictions and certain assets designated by management and the Board of Trustees, APMG has $30,000,000 available through three revolving lines of credit described in Note 8. The Organization also has $180,988,000 of financial assets designated for specific purposes by management and or its Board of Trustees; any different use of these financial assets, such as for temporary cash flow or general use, would require specific action by management and or the board of trustees.

The Organization's financial assets available within one year of the statement of financial position for general expenditures are as follows:

Cash and Cash Equivalents	$ 9,556,000
Program Receivables, Net	8,751,000
Pledges Receivable, Net	7,193,000
Grants Receivable, Net	3,983,000
Investments	190,969,000
Endowment Funds Held by Others	36,495,000
Total Financial Assets	256,947,000
Less Those Unavailable for General Expenditures Within One Year, Due to:	
Receivables to be Collected Beyond One Year	(3,599,000)
Restricted by Donor to Time or Purpose	(1,099,000)
Restricted by Donor in Perpetuity	(15,426,000)
Funds with Management or Board Designations	(180,988,000)
Illiquid and Other Long-Term Investments	(6,081,000)
Total	(207,193,000)
Amounts that Have Been Appropriated for the Next 12 Months Without Purpose Restrictions	10,741,000
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	$ 60,495,000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Financial Information for the Year Ended June 30, 2019

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, 2019, from which the summarized information was derived. The Organization's consolidated financial statements for the prior year are available on its website at americanpublicmediagroup.org.

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 an increase in net assets with donor restrictions, as described earlier in Note 2. When the donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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). Underwriting support with donor restrictions are related to membership challenges and is released from restriction when the membership challenge has been met. Underwriting is generally recognized as net assets without restrictions as the spots are run. The Organization may receive noncash support including goods and services (barter assets) from its underwriters such barter expense is recorded when the goods are used or the services are received. For the year ended June 30, 2020, barter support of $1,967,000 and barter expense of $2,040,000 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 revenue is recognized in the fiscal year as content is available to subscribing broadcasters. Revenue from ticket sales is recognized at the point in time when the 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)

Revenue Recognition (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 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:

Building	32 to 45 Years
Equipment	3 to 37 Years

Leasehold improvements are amortized over the shorter of the lease term or useful life.

Investments

Investments are stated at fair value. As defined in the Financial Accounting Standards Board (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 Saint Paul & Minnesota Foundation (SPMF). Under the terms of the agreement establishing the Fund, the Organization received a minimum annual distribution of 5% for the year ended June 30, 2020, of the 20-quarter moving average market value of the Fund's assets through the calendar year-end preceding the fiscal year in in which the distribution is planned. The Fund is managed at the discretion of SPMF, except that MPR may direct SPMF to replace any investment manager if the Fund does not produce a reasonable return. Distributions do not have donor restrictions and are reported as decreases to net assets with donor restrictions and increases to net assets without donor restrictions, within the investment return, net, in the consolidated statement of activities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Funds Held by Others (continued)

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 without donor restrictions that have been designated to the Endowment by the SCPR Board of Trustees (board-designated funds). SCPR currently does not receive a draw from the Endowment fund; rather, SCPR has elected to reinvest all investment returns. SCPR may from time to time draw on board-designated funds by special action by the SCPR Board of Trustees. Distributions are reported within the investment return, net, in the consolidated statement of activities. Endowment funds held by others are stated at fair value.

Leases

The Organization determines if an arrangement is a lease at inception. Both classifications of leases, operating and financing, are reported together in the consolidated statement of financial position as right-of-use (ROU) assets and lease liabilities.

The Organization leases automobiles, equipment, office and studio space, and broadcast transmission sites (Towers). ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization has determined that available lease term extensions are reasonably certain to be exercised for Towers, but not other ROU assets. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for certain leases as expense when incurred including short-term leases with a lease term of 12 months or less and leases with future lease payments less than the Organization’s capitalization threshold of $5,000. These leases are not included as lease liabilities or ROU assets on the consolidated statement of financial position. Information about these leases is reported in Note 9.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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, it determines the fair value of the indefinite-lived intangible assets using a quantitative impairment test.

At June 30, 2020, the Organization determined no quantitative testing of broadcast licenses was necessary, and no impairment was recorded.

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. The Organization concluded its other long-lived assets related to office space used by a discontinued program was impaired, and $45,000 impairment loss was recorded for the year ended June 30, 2020.

Other Assets

Other assets include barter assets and prepaid expenses. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Expenses which are not directly identifiable to a functional area are allocated based on head count attributed to the expense

Income Tax Status

APMG, MPR, and SCPR are organized under Chapter 317 of Minnesota Statutes as nonprofit organizations. 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 and SCPR 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 Minnesota Department of Revenue has determined that APMG, MPR, 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. Clearspring is a wholly owned, taxable, for-profit subsidiary of APMG. APMG and its nonprofit affiliates are engaged in certain activities that result in taxable unrelated business income. APMG and its affiliates recorded a tax benefit of $246,000 for the year ended June 30, 2020, which is included in 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, 2020 was approximately $2,873,000 which equals the deferred tax assets.

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 Swap

During the year, APMG made use of interest rate swap to manage their overall interest rate exposure. Other than the interest rate swap, the Organization has no other freestanding or embedded derivatives.

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 that expires on June 1, 2024. 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 2.178% and the fixed-rate day count fraction is 30/360. The floating rate is 87.507% of the one-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, 2020, APMG paid interest expense of $70,000. As of June 30, 2020, the outstanding fair value of the agreement was $664,000, reported as a long-term liability. The change in the fair value of the agreement is included in investment return, net, on the consolidated statement of activities.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated 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 evaluated subsequent events through October 1, 2020, the date the consolidated financial statements were available to be issued.

COVID 19

In March 2020, the World Health Organization declared the spread of the coronavirus disease 2019 (COVID-19) a global pandemic. Measures taken by various governments to contain COVID-19 have had a significant effect on economic activity. Following the events of COVID-19, the Organization experienced additional volatility in its investment returns and decreased support and revenue from underwriting sponsorships and live events (Earned Operating Activities). To minimize the impact to its programming, the Organization continues to monitor COVID-19 related events and make appropriate adjustments to its fundraising and cost structure. In addition, the Organization has increased its credit line capacity as described in the Treasury Management and Liquidity section of Note 2 and Note 8. As of October 1, 2020, the future financial impact of COVID-19 to the Organization remains uncertain.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued ASC 842 – *Leases*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Upon adoption of ASC 842, prepaid and deferred rent balances previously reported separately were combined and presented net within the ROU assets. Additionally, deferred gains related to previous sale leaseback transactions of broadcast tower assets, that were historically accounted for as a sale and operating leasebacks in accordance with ASC Topic 840, were eliminated and recognized as a cumulative-effect adjustment to unrestricted net assets, resulting in an increase to unrestricted net assets of $10,986,000 and a reciprocal decrease in deferred revenue. Under ASC Topic 840, such gains were recognized ratably over the lease term.

Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization has elected to utilize the option to apply the provisions of this standard to the beginning of the period of adoption. In addition, the Organization has elected to adopt the package of practical expedients available in the year of adoption, including the option to not to use hindsight in determining the lease term and in assessing impairment of the Organization’s ROU assets.

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Organization’s reported revenue.

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.

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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).

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, 2020, the Organization has committed to invest an additional $997,000 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

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

private equities will take place over the next six 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 endowment funds held by others are recorded at the fair value of the underlying assets.

Financial assets measured at fair value on a recurring basis were as follows at June 30:

	Level 1	Level 2	Level 3	Total
Recurring Fair Value Measurements:				
Balanced Mutual Funds (1)	$ 164,494,000	$ -	$ -	$ 164,494,000
Money Market Funds	11,233,000	-	-	11,233,000
Government-Sponsored Enterprises Debt Securities	-	1,772,000	-	1,772,000
Corporate Certificates of Deposit and Notes	-	8,128,000	-	8,128,000
Fixed Income Mutual Funds	72,000	-	-	72,000
Endowment Funds Held by Others	-	-	36,495,000	36,495,000
Interest Rate Swap	-	(664,000)	-	(664,000)
Total	$ 175,799,000	$ 9,236,000	$ 36,495,000	221,530,000
Investments Held at Cost				152,000
Investments Measured at Net Asset Value or its Equivalent				5,118,000
Total				$ 226,800,000

(1) Invested in American Funds Capital Income Builder-Class A ($53,364,000), T. Rowe Price Capital Appreciation Fund ($56,249,000), Janus Henderson Balanced ($53,789,000), and other equity mutual funds ($1,092,000).

Changes in recurring fair value measurements using Level 3 inputs for the year ended June 30, 2020 were as follows:

	Endowment Funds Held by Others
Beginning Investments at Fair Value	$ 33,934,000
Additions to Endowments	2,877,000
Distributions	(1,512,000)
Change in Value	1,196,000
Ending Investments at Fair Value	$ 36,495,000

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 Recognition

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, calculated using a two-year treasury bill rate, which were between 0.2% and 4.1%, were $76,000 at June 30, 2020. 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, 2020, the Organization had received conditional pledges and grants receivable of $10,673,000 and conditional underwriting program receivables of approximately $11,081,000 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 $657,000 at June 30, 2020 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, 2020, program receivables, pledges receivable, and grants receivable (together, receivables) were due as follows:

In Less than One Year	$ 16,328,000
In One to Five Years	3,581,000
In Greater than Five Years	18,000
Total Receivables	$ 19,927,000

NOTE 5 INVESTMENTS

At June 30, 2020, the composition of investments were as follows:

Money Market Funds	$ 11,233,000
Government-Sponsored Enterprises Debt Securities	1,772,000
Corporate Certificates of Deposit and Notes	8,128,000
Balanced Mutual Funds	164,494,000
Fixed-Income Mutual Funds	72,000
Private Equities	5,270,000
Total	$ 190,969,000

For the year ended June 30, 2020, net investment return consisted of the following:

Net Investment Return:	
Interest and Dividend Income, Net	$ 7,849,000
Realized Gain	2,496,000
Unrealized Loss	(2,488,000)
Change in Value of Interest Rate Swap	(360,000)
Change in Value of Endowment Funds Held by Others	1,196,000
Total	$ 8,693,000

NOTE 6 BOARD-DESIGNATED AND DONOR-RESTRICTED ENDOWMENT

The Organization has board-designated and donor-restricted endowment funds managed by APMG (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 5.5% of the 20-quarter average market value of the APMG Endowments through the calendar year-end preceding the fiscal year in which the distribution is planned. The Organization invests the APMG Endowments in publicly available mutual funds and private equity funds that meet investment objectives and minimize fees.

The Organization reports the original value of support to a donor-restricted endowment as with donor restrictions perpetually net assets. Accumulated net investment return on the donor-restricted funds is classified as with donor restriction, unless directed otherwise by a donor. There are no underwater endowment funds as of June 30, 2020.

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

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 12) which are 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 $8,599,000 was made to MPR for the year ended June 30, 2020 in accordance with the investment spending policy. At June 30, 2020, the fair market value of the Earned Endowment held by APMG in the APMG Designated Fund was $157,717,000.

Changes in endowment net assets for the year ended June 30, 2020 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 157,717,000	$ -	$ 157,717,000
Donor-Restricted Endowment Funds:			
Original Gifts Required to be Maintained in Perpetuity by Donor	-	233,000	233,000
Accumulated Investment Gains	-	134,000	134,000
Total Funds, End of Year	$ 157,717,000	$ 367,000	$ 158,084,000
Endowment Net Assets, Beginning of Year	$ 160,490,000	$ 2,871,000	$ 163,361,000
Contributions to Endowment	-	59,000	59,000
Transfer to External Endowment	(253,000)	(2,624,000)	(2,877,000)
Investment Income, Net of Investment Fees	6,813,000	80,000	6,893,000
Net Appreciation, Realized and Unrealized	(86,000)	111,000	25,000
Appropriation of Endowment Assets for Expenditure	(9,247,000)	(130,000)	(9,377,000)
Endowment Net Assets, End of Year	$ 157,717,000	$ 367,000	$ 158,084,000

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment, net, at June 30, 2020 consisted of the following:

Cost:	
Land	$ 14,690,000
Building and Leasehold Improvements	58,828,000
Equipment	31,551,000
Construction in Progress	566,000
Total Cost	105,635,000
Less: Accumulated Depreciation and Amortization	(52,694,000)
Property and Equipment	$ 52,941,000

NOTE 7 PROPERTY AND EQUIPMENT (CONTINUED)

Total depreciation and leasehold amortization expense was $4,704,000 for the year ended June 30, 2020 and was recorded in the Property Fund.

NOTE 8 LONG-TERM DEBT

Long-term debt at June 30, 2020 included as follows:

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, 2020), maturing December 1, 2025. (1)	$ 4,259,000
$19,785,000 variable-rate, Florida Development Finance Corporation, Revenue Refunding Bonds—Series 2014A, with interest due monthly (3.289% as of June 30, 2020). (2)	8,885,000
$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 (3.06% as of June 30, 2020). (3)	7,950,000
$4,479,500 fixed-rate, California Enterprise Development Authority Revenue Refunding Bonds (Southern California Public Radio Project)—Series 2014, with interest due semiannually (3.12% as of June 30, 2020). (4)	2,644,000
Total Long-Term Debt	23,738,000
Less: Amounts Due Within One Year	(2,919,000)
Less: Unamortized Bond Issuance Costs	(405,000)
Long-Term Portion	$ 20,414,000

(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 operating cash and investments to indebtedness of no less than 1.0-to-1.0. The Series 2010 Bonds mature on December 1, 2025.

NOTE 8 LONG-TRM DEBT (CONTINUED)

On February 10, 2020, MPR signed a Forward Bond Purchase Agreement with JP Morgan Chase Bank, N.A. to finance $3,620,000 Revenue Refunding Bonds Series 2020 at a fixed rate of 2.36%. The bonds will be issued by Housing and Redevelopment Authority of the City of St Paul, Minnesota on November 25, 2020. The proceeds of the bonds will be used to refund the outstanding balance of Minnesota Public Radio Series 2010 bonds.

(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 3.06% and is payable semiannually, due on May 1 and November 1 over the life of the bonds.

NOTE 8 LONG-TERM DEBT (CONTINUED)

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, 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 3.12% 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.

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

Year Ending June 30,	Amount
2020	$ 2,919,000
2021	2,996,000
2022	3,090,000
2023	3,185,000
2024	3,290,000
Thereafter	8,258,000
Total	$ 23,738,000

The Organization incurred $797,000 of interest expense on long-term debt during the year ended June 30, 2020.

NOTE 8 LONG-TERM DEBT (CONTINUED)

APMG revolving credit agreements as of June 30, 2020 are summarized as follows:

	Amount Outstanding	Interest Rate	Expiration Date
$8,000,000 available one year revolving unsecured credit agreement with US Bank National Association	$ 2,000,000	1.2% plus one month LIBOR	February 23, 2021
$12,000,000 available two year revolving unsecured credit agreement with US Bank National Association	-	.75% plus greater of .75% or one month LIBOR	May 1, 2022
$10,000,000 available two year revolving unsecured credit agreement with JP Morgan Chase Bank, NA	-	1.1% plus greater of 1% or one month LIBOR	May 1, 2022
Total	$ 2,000,000		

The Organization incurred $115,000 of interest expense on the lines of credit during the year ended June 30, 2020.

NOTE 9 RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Organization leases automobiles, equipment, office and studio space, and broadcast transmission sites (Towers) under noncancelable lease agreements. Lease terms expire at various dates through 2058, which include lease term extensions that are reasonably certain to be exercised for Tower ROU assets that range between 5-25 years, as determined by the Organization's accounting policy for leases summarized in Note 2. The Organization uses the U.S. Treasury Bill rate applicable to the lease term to calculate the present value of lease payments when the lease interest rate is not otherwise available.

The Organization's lease agreements do not contain any material guaranteed residual values or financial covenants and generally require the Organization to pay separately for utilities, real estate taxes, maintenance, and other related non-rental costs.

NOTE 9 RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The following table provides the Organizations' right of use assets and lease liabilities for the year ended June 30, 2020.

Right of Use Assets	
Financing Leases, Net	$ 887,000
Operating Leases	41,302,000
Total	$ 42,189,000
Lease Liabilities	
Current:	
Financing Leases	$ 229,000
Operating Leases	2,157,000
Noncurrent:	
Financing Leases	692,000
Operating Leases	40,238,000
Total	$ 43,316,000

The following table provides quantitative information concerning the Organizations' leases for the year ended June 30, 2020.

Finance Lease Costs:	
Amortization of Right-to-use (ROU) Asset	$ 161,000
Interest on Lease Liabilities	28,000
Operating Lease Costs	3,176,000
Other Lease Costs	11,000
Less: Sublease Income	(75,000)
Total Lease Costs	$ 3,301,000
Other Information	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Finance Leases	
Operating Cash Flows from Operating Leases	$ 3,176,000
Financing Cash Flows from Finance Leases	189,000
ROU Assets Obtained in Exchange for New Finance Lease Liabilities	559,000
Weighted Average Remaining Lease Term:	
Financing Leases	3.3
Operating Leases	26.8
Weighted Average Discount Rate:	
Financing Leases	3.6%
Operating Leases	2.2%

NOTE 9 RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2020 is as follows:

Year Ending June 30,	Amount
2021	$ 3,408,000
2022	3,136,000
2023	3,175,000
2024	3,172,000
2025	3,058,000
Thereafter	45,916,000
Total	$ 61,865,000

NOTE 10 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 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

Year Ending June 30,	Amount
2020	$ 300,000
2021	300,000
2022	300,000
2023	300,000
2024	300,000
Thereafter	150,000
Total	$ 1,650,000

The Organization has commitments related to media content agreements of $13,355,000 through 2022.

NOTE 11 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, 2020, contributions were matched 100.0% by the Organization up to 6.5% of the employee's base compensation (matching contributions). The Organization provided $3,819,000 of matching contributions for the year ended June 30, 2020.

NOTE 12 DEFERRED REVENUE

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, 2020, the Organization recognized $806,000 as licensing fees in the consolidated statement of activities. As of June 30, 2020, $14,575,000 of deferred revenue related to the EBS contracts is included on the consolidated statement of financial position.

NOTE 12 DEFERRED REVENUE (CONTINUED)

On July 8, 2020, the Organization entered into asset purchase agreements to assign and transfer the EBS frequencies to Clearwire Spectrum Holdings III, LLC for the original option purchase price of $8,000. Final assignment and transfer of the licenses is contingent upon approval of the license assignment from the FCC. The deferred revenue related to the EBS contacts is reported within the current liabilities on the consolidated statement of financial position.

NOTE 13 RELATED PARTY CONTRIBUTIONS

During the year ended June 30, 2020, employees and members of the board of trustees provided contributions of $1,577,000 to the Organization.

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION
INFORMATION BY ENTITY
JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

					Consolidated Total	
	APMG	MPR	SCPR	Eliminations	2020	2019
ASSETS						
Current Assets						
Cash and Cash Equivalents	$ 5,102	$ -	$ 4,454	$ -	$ 9,556	$ 5,576
Program Receivables, Net	90	7,269	1,392	-	8,751	10,462
Pledges Receivable, Net	-	2,061	2,042	-	4,103	3,837
Grants Receivable, Net	-	2,904	570	-	3,474	3,820
Investments - Interest in Investment Pool	-	8,584	6,664	(15,248)	-	-
Investments	8,763	2,117	-	-	10,880	12,548
Other Current Assets	193	1,419	215	-	1,827	1,710
Due from Affiliates	-	13,770	-	(13,770)	-	-
Total Current Assets	14,148	38,124	15,337	(29,018)	38,591	37,953
PROPERTY AND EQUIPMENT, NET	-	35,095	17,846	-	52,941	56,417
RIGHT OF USE ASSETS, NET	976	36,974	4,239	-	42,189	-
OTHER ASSETS						
Investments - Interest in Investment Pool	-	17,922	2,891	(20,813)	-	-
Investments	140,143	3,885	-	36,061	180,089	184,224
Endowment Funds Held by Others	2,230	32,960	1,305	-	36,495	33,934
Pledges Receivable, Net	-	1,837	1,253	-	3,090	3,192
Grants Receivable, Net	-	509	-	-	509	2,690
Intangible Assets Not Subject to Amortization	-	18,696	1,864	-	20,560	20,560
Other Long-Term Assets	-	306	37	-	343	413
Due from Affiliates	-	-	-	-	-	-
Total Other Assets	142,373	76,115	7,350	15,248	241,086	245,013
Total Assets	$ 157,497	$ 186,308	$ 44,772	$ (13,770)	$ 374,807	$ 339,383
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	$ 1,192	$ 3,863	$ 299	$ -	$ 5,354	$ 4,769
Current Portion of Long-Term Debt, Net	355	2,149	415	-	2,919	2,857
Line of Credit	2,000	-	-	-	2,000	2,000
Accrued Liabilities	966	6,168	2,568	-	9,702	11,488
Deferred Revenue	-	14,508	429	-	14,937	2,302
Other Current Liabilities	248	2,019	232	-	2,499	239
Due to Affiliates	13,770	-	-	(13,770)	-	-
Total Current Liabilities	18,531	28,707	3,943	(13,770)	37,411	23,655
OTHER LIABILITIES						
Long-Term Debt, Less Current Portion, Net	8,346	9,886	2,182	-	20,414	23,316
Interest Rate Swap	664	-	-	-	664	290
Deferred Revenue, Less Current Portion	-	250	-	-	250	24,514
Long-Term Lease Liabilities	737	36,105	4,088	-	40,930	-
Other Long-Term Liabilities	1,050	85	-	-	1,135	1,449
Loan from Affiliates	-	-	-	-	-	-
Total Other Liabilities	10,797	46,326	6,270	-	63,393	49,569
Total Liabilities	29,328	75,033	10,213	(13,770)	100,804	73,224
NET ASSETS						
Without Donor Restrictions	125,919	66,561	16,862	1	209,343	205,948
With Donor Restrictions	2,250	44,714	17,697	(1)	64,660	60,211
Total Net Assets	128,169	111,275	34,559	-	274,003	266,159
Total Liabilities and Net Assets	$ 157,497	$ 186,308	$ 44,772	$ (13,770)	$ 374,807	$ 339,383

AMERICAN PUBLIC MEDIA GROUP AND AFFILIATES
SCHEDULE OF OPERATING FUND AND LONG-TERM ACTIVITIES
INFORMATION BY ENTITY
YEAR ENDED JUNE 30, 2020
(WITH COMPRATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

	APMG	MPR	SCPR	Eliminations	Consolidated Total 2020	Consolidated Total 2019
OPERATING FUND						
SUPPORT FROM PUBLIC						
Individual Gifts and Membership	$ -	$ 27,440	$ 18,377	$ -	$ 45,817	$ 39,845
Regional Underwriting	-	9,562	9,308	-	18,870	21,522
National Underwriting	-	21,789	-	-	21,789	24,535
Business General Support	-	356	284	-	640	801
Foundations	-	1,606	415	-	2,021	2,575
Earned Endowment Draw	-	7,267	-	-	7,267	6,894
Intercompany and Interfund Support	-	255	171	(426)	-	873
Educational Sponsors	-	446	-	-	446	444
Other Public Support	-	-	-	-	-	68
Campaign Support	-	7,035	2,282	-	9,317	8,685
Total Support from Public	-	75,756	30,837	(426)	106,167	106,242
SUPPORT FROM GOVERNMENTAL AGENCIES						
Corporation for Public Broadcasting	-	4,162	1,450	-	5,612	7,159
Grants from Other Governmental Agencies	-	1,547	1	-	1,548	1,683
Total Support from Governmental Agencies	-	5,709	1,451	-	7,160	8,842
EARNED REVENUE						
Revenue from Operating Activities	-	18,504	77	(366)	18,215	19,456
Royalties and Licensing Fees	19	378	-	-	397	156
Investment Return, Net	-	1,532	-	-	1,532	1,533
Product Sales and Other Earned Revenue	7,443	1,896	145	(8,562)	922	1,553
Total Earned Revenue	7,462	22,310	222	(8,928)	21,066	22,698
Total Support and Earned Revenue	7,462	103,775	32,510	(9,354)	134,393	137,782
EXPENSES						
Operations	6,021	86,314	21,650	(2,491)	111,494	110,580
31	1,651	9,856	3,865	(6,608)	8,764	9,848
Fundraising	-	12,748	6,964	-	19,712	19,738
Grants to Affiliates	-	-	-	-	-	-
Total Expenses	7,672	108,918	32,479	(9,099)	139,970	140,166
Support and Earned Revenue in Excess of (Less than) Expenses Before Long-Term Activities	(210)	(5,143)	31	(255)	(5,577)	(2,384)
LONG-TERM ACTIVITIES						
Designated Fund Net Change	(1,163)	1,930	(933)	149	(17)	6,747
Designated Fund Support from Operating	-	-	650	-	650	500
Property Fund Net Change	(785)	(1,738)	(124)	-	(2,647)	(2,365)
With Donor Restriction Net Change	37	(4,702)	9,008	106	4,449	1,126
Total Long-Term Activities	(1,911)	(4,510)	8,601	255	2,435	6,008
CHANGE IN NET ASSETS (DEFICIT)	(2,121)	(9,653)	8,632	-	(3,142)	3,624
Net Assets - Beginning of Year (as Previously Stated)	130,290	109,942	25,927	-	266,159	-
Cumulative Net Change due to Accounting Principle Change	-	10,986	-	-	10,986	-
Net Assets - Beginning of Year (after Cumulative Net Change)	130,290	120,928	25,927	-	277,145	262,535
NET ASSETS - END OF YEAR	$ 128,169	$ 111,275	$ 34,559	$ -	$ 274,003	$ 266,159