FINANCIAL REPORT
June 30, 2015

Southern California Public Radio

(An Affiliated Organization of American Public Media Group)

SOUTHERN CALIFORNIA PUBLIC RADIO™

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
Southern California Public Radio
Pasadena, California

Report on the Financial Statements
We have audited the accompanying financial statements of Southern California Public Radio (the Organization), which comprise of the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Southern California Public Radio as of June 30, 2015, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Organization's 2014 financial statements and supplemental information, and we expressed an unmodified audit opinion and in-relation-to opinion on those audited financial statements and supplemental information, respectively, in our report dated October 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited 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 financial statements taken as a whole. The additional Operating Fund, Property Fund and Designated Fund information presented in the statement of activities for 2015 and the supplemental information on page 18 are presented for the purpose of additional analysis of the financial statements, rather than to present the results of operations of the individual funds, and are not a required part of the financial statements. Such additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the 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 financial statements taken as a whole.

McGladrey LLP

Minneapolis, Minnesota
October 14, 2015

Southern California Public Radio (An Affiliated Organization of American Public Media Group)

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

	2015								
	Unrestricted								
	Operating Fund	Property Fund	Designated Fund	Eliminations	Total	Temporarily Restricted	Permanently Restricted	**Total**	2014
Support from public:									
Individual gifts and membership	$ 10,734	$ -	$ 620	$ -	$ 11,354	$ 1,071	$ -	**$ 12,425**	$ 13,588
Individual gifts and membership—released from restriction (rfr)	2,141	426	-	-	2,567	(2,567)	-	**-**	-
Underwriting	7,883	-	-	-	7,883	-	-	**7,883**	7,963
Business general support	168	-	-	-	168	225	-	**393**	329
Business general support—rfr	210	-	-	-	210	(210)	-	**-**	-
Foundations	-	-	-	-	-	1,410	-	**1,410**	2,421
Foundations—rfr	2,523	98	-	-	2,621	(2,621)	-	**-**	-
Intercompany grants (Note 12)	1,046	547	-	(1,434)	159	-	-	**159**	150
Other public support	-	96	-	-	96	98	-	**194**	70
Other public support—rfr	42	1	-	-	43	(43)	-	**-**	-
Total support from public	24,747	1,168	620	(1,434)	25,101	(2,637)	-	**22,464**	24,521
Support from governmental agencies:									
Corporation for Public Broadcasting (CPB)	-	-	-	-	-	1,289	-	**1,289**	3,157
CPB—rfr	2,226	-	-	-	2,226	(2,226)	-	**-**	-
Grants from other governmental agencies	-	-	-	-	-	8	-	**8**	16
Grants from other governmental agencies—rfr	9	-	-	-	9	(9)	-	**-**	-
Total support from governmental agencies	2,235	-	-	-	2,235	(938)	-	**1,297**	3,173
Earned revenue:									
Earned operating activities	36	-	-	-	36	-	-	**36**	73
Investment return (Note 5)	-	2	2	-	4	(4)	-	**-**	46
Other earned activities	57	-	-	-	57	-	-	**57**	35
Total earned revenue	93	2	2	-	97	(4)	-	**93**	154
Total support and earned revenue	27,075	1,170	622	(1,434)	27,433	(3,579)	-	**23,854**	27,848
Expenses and losses (Note 12):									
Operations	19,117	996	-	(547)	19,566	-	-	**19,566**	19,589
Administrative	2,590	71	887	(887)	2,661	-	-	**2,661**	2,676
Fundraising	5,368	150	151	-	5,669	-	-	**5,669**	5,119
Total expenses	27,075	1,217	1,038	(1,434)	27,896	-	-	**27,896**	27,384
Loss on debt extinguishment (Note 8)	-	72	-	-	72	-	-	**72**	-
Total expenses and losses	27,075	1,289	1,038	(1,434)	27,968	-	-	**27,968**	27,384
Change in net assets (deficit)	-	(119)	(416)	-	(535)	(3,579)	-	**(4,114)**	464
Net assets (deficit), beginning of year	(397)	20,540	424	-	20,567	6,374	225	**27,166**	26,702
Net assets (deficit), end of year	$ (397)	$ 20,421	$ 8	$ -	$ 20,032	$ 2,795	$ 225	**$ 23,052**	$ 27,166

See Notes to Financial Statements.

Southern California Public Radio (An Affiliated Organization of American Public Media Group)

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

Assets	**2015**	2014
Current Assets		
Trade receivables, net (Note 4)	**$ 4,187**	$ 3,834
Pledges receivable, capital campaign, net (Note 4)	**395**	419
Grants receivable, net (Note 4)	**1,447**	2,859
Interest in investment pool (Notes 3 and 5)	**545**	2,663
Prepaid expenses	**73**	61
Inventory	**55**	43
Other current assets	**509**	455
Total current assets	**7,211**	10,334
Property and Equipment, net (Note 6)	**18,411**	19,046
Other Assets		
Trade receivable, net (Note 4)	**3**	2
Pledges receivable, capital campaign, net (Note 4)	**287**	793
Grant receivable, net (Note 4)	**353**	855
Investments (Notes 3 and 5)	**1,564**	1,537
Endowment funds held by others (Note 3)	**849**	393
Broadcast licenses	**1,864**	1,081
Other long-term assets	**107**	138
Total other assets	**5,027**	4,799
Total assets	**$ 30,649**	$ 34,179
Liabilities and Net Assets		
Current Liabilities		
Trade payables	**$ 380**	$ 231
Current portion of obligations to APMG (Note 7)	**80**	-
Current portion of long-term obligations (Note 8)	**275**	355
Accrued liabilities	**1,673**	1,502
Deferred revenue	**745**	535
Total current liabilities	**3,153**	2,623
Other Liabilities		
Obligations to APMG (Note 7)	**240**	-
Long-term obligations (Note 8)	**4,204**	4,390
Total other liabilities	**4,444**	4,390
Total liabilities	**7,597**	7,013
Commitments and Contingencies (Notes 7, 8, 9, 10 and 13)		
Net Assets		
Unrestricted	**20,032**	20,567
Temporarily restricted	**2,795**	6,374
Permanently restricted	**225**	225
Total net assets	**23,052**	27,166
Total liabilities and net assets	**$ 30,649**	$ 34,179

See Notes to Financial Statements.

Southern California Public Radio (An Affiliated Organization of American Public Media Group)

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

	2015	2014
Cash Flows From Operating Activities		
Change in net assets (deficit)	**$ (4,114)**	$ 464
Adjustments to reconcile change in net assets (deficit) to net cash (used in) provided by operating activities:		
Depreciation and amortization	**1,190**	1,405
Contributions and grants restricted for capital projects and permanent endowment	**(133)**	(700)
Change in value of endowment funds held by others	**3**	(42)
Unrealized gain on investments	**(4)**	(1)
Loss on debt extinguishment	**72**	-
(Increase) decrease in:		
Trade receivable, net	**(354)**	(165)
Grants receivable, net	**1,914**	(330)
Prepaid expenses, inventory and other assets	**(29)**	125
Increase (decrease) in:		
Trade payables and accrued liabilities	**320**	244
Deferred revenue	**210**	(262)
Total adjustments	**3,189**	274
Net cash (used in) provided by operating activities	**(925)**	738
Cash Flows From Investing Activities		
Purchase of property and equipment	**(530)**	(294)
Purchase of investments	**(595)**	(1,252)
Proceeds from sales of investments	**572**	340
Station acquisition (Note 14)	**(800)**	(74)
Change in interest in investment pool, net	**2,118**	(266)
Additions to endowment funds held by others	**(459)**	(25)
Net cash provided by (used in) investing activities	**306**	(1,571)
Cash Flows From Financing Activities		
Receipts of contributions and grants restricted for capital projects and permanent endowment	**663**	1,308
Payment on obligations to APMG	**(80)**	(135)
Borrowing on long-term debt	**4,479**	-
Borrowing on long-term note from APMG	**400**	-
Debt issuance costs	**(98)**	-
Principal payments on long-term obligations	**(4,745)**	(340)
Net cash provided by financing activities	**619**	833
Net change in cash and cash equivalents	**-**	-
Cash and Cash Equivalents, beginning of year	**-**	-
Cash and Cash Equivalents, end of year	**$ -**	$ -
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	**$ 52**	$ 8
Supplemental Disclosures of Noncash Investing and Operating Activities		
Additions to net property, plant and equipment funded through trade payable	**$ -**	$ 24
Loss on debt extinguishment	**$ 72**	$ -

See Notes to Financial Statements.

Note 1. Nature of Business and Organization

Nature of business: Southern California Public Radio (the Organization or SCPR) is a not-for-profit corporation located in Pasadena, California. SCPR's mission is to strengthen the civic and cultural bonds that unite Southern California's diverse communities by providing the highest-quality news and information service through radio and interactive media resources.

American Public Media Group (APMG) is the not-for-profit parent support organization of SCPR, Classical South Florida (CSF), Minnesota Public Radio (MPR) and other affiliates (together, the APM Group). APMG's primary purpose is to provide financial and management support services to SCPR, MPR, CSF and other affiliates. APMG has the ability to elect, or to approve the election of, the SCPR Board of Trustees, a majority of the MPR Board of Trustees, and the CSF Board of Trustees.

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, including Los Angeles and Orange County. Pursuant to the PACCD Agreement, SCPR assumed responsibility for the operation of KPCC, while PACCD remained the licensee of the station. Pursuant to the PACCD Agreement, PACCD contributed capital of $172,000 in exchange for promises made by SCPR relating to the operation of the station, including certain minimum operating requirements, minimum budget requirements, and revenue-sharing obligations to PACCD. The PACCD Agreement is effective through December 31, 2025, and automatically extends for successive periods of five years each thereafter, unless either party gives written notice at least 12 months prior to the end of the then-current term or extension. Also in support of the PACCD Agreement, APMG and its affiliates agreed to provide programming, development, technical, human resources and accounting services to SCPR.

SCPR is 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. Effective April 21, 2007, SCPR assumed responsibility for the programming, operation and financial activities of KUOR, while UR remained the licensee of the station. Pursuant to the UR Agreement, SCPR must maintain certain minimum regulatory and operating requirements and share revenues generated from or with respect to KUOR with UR (also see Note 13). The UR Agreement terminates on April 21, 2017.

SCPR is the licensee of the noncommercial station KVLA (90.3 FM), serving the Coachella Valley including Palm Springs, California, and the noncommercial station KJAI-FM (89.5 FM) serving Ojai, California.

SCPR operates an Internet website at scpr.org, where it provides a live stream of its radio programming, archived audio programming, text and interaction.

Note 2. Summary of Significant Accounting Policies

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 stipulations and are available for general support of the Organization.

The Organization maintains the following unrestricted funds:

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

Property Fund: The Property Fund is maintained to acquire and account for all property and equipment owned by the Organization.

Designated Fund: The Designated Fund is maintained to account for funds intended to ensure the long-term financial health of the Organization. The SCPR Designated Fund also receives grants and bequests related to planned giving efforts and receives gifts from sources designated from time to time by the SCPR Board of Trustees. Financial assets in the Designated Fund are available to the Operating Fund to provide 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 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 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; SCPR then releases (reclassifies from temporarily restricted net assets) the contribution as unrestricted support over each of the three years specified by the donor. Earnings on endowment funds are restricted until drawn upon.

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

Program support	$ 2,530,000
Capital projects	184,000
Undistributed earnings on endowment funds held by others	81,000
Total temporarily restricted net assets	$ 2,795,000

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 distributions therefrom for operating purposes. Permanently restricted net assets as of June 30, 2015, represent certain endowment funds held by the California Community Foundation. The Organization maintains variance power over the endowment.

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

Note 2. Summary of Significant Accounting Policies (Continued)

Summarized financial information for the year ended June 30, 2014: The 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 financial statements for the year ended June 30, 2014, from which the summarized information was derived. Financial statements from the prior year are available on the Organization's website, scpr.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 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 statement of activities as support released from restriction (e.g., individual gifts and membership—released from restriction (rfr)). 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 messages within SCPR's programming (spots). Underwriting is recognized as unrestricted support as the spots are run. The Organization also receives goods and services from its underwriters. Barter expense is recorded when the goods or services are used or received. During the year ended June 30, 2015, barter revenues of $1,587,000 and barter expenses of $1,761,000 are reflected in the statement of activities. To the extent cash or barter assets (support) is received before the spots are run, the support is reported as deferred revenue in the statement of financial position.

Earned operating activities: The Organization recognizes revenue from ticket sales, which are generated from live events. Revenue is recognized when the live event occurs.

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.

Treasury management: The Organization is a member of a centralized treasury management system with its parent, APMG, in order to maximize economies of scale and investment returns on its treasury assets. At the end of each business day, the net cash activity recorded by the Organization's financial institution is transferred to APMG, and a reciprocal amount is recorded by the Organization as due to/from parent. The Organization also maintains funds in APMG's interest in investment pool (also see Note 5). Portions of the interest in investment pool are used to meet the Organization's cyclical demands for working capital.

Note 2. Summary of Significant Accounting Policies (Continued)

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

	Years
Building	32
Equipment	3–20

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

Inventory: Inventories are stated at the lower of cost or market and are tested at least annually for slow-moving and obsolete items.

Investments, including interest in investment pool: Investments are carried 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 reported as other assets.

Endowment funds held by others: The Organization 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 unrestricted memorial gifts and bequests that have been designated to the Endowment by action of the SCPR Board of Trustees (Board-designed). The Organization currently does not receive a draw from the Endowment; rather, the Organization has elected to reinvest all investment returns. As a result, no funds have been distributed. Because SCPR retained variance power but is unable to set the spending rate, the Endowment is not an endowment fund as defined by the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), as enacted by California. The Endowment is stated at fair value.

Impairment analysis of broadcast licenses not subject to amortization: Broadcast licenses are considered indefinite-lived intangibles and are recorded at cost and tested annually on June 30 for impairment, or more frequently if an event occurs or circumstances change that would indicate an impairment in accordance with ASC 350, Intangibles—Goodwill and Other.

The unit of accounting used to test broadcast licenses includes all licenses owned and operated within an individual market, as such licenses are used together, are complementary to each other, and are representative of the best use of those assets.

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

The Organization used qualitative factors to assess impairment of its unit of accounting. Management determined that it was not more likely than not that the broadcast licenses were impaired, and no further action was taken.

Note 2. Summary of Significant Accounting Policies (Continued)

Impairment analysis of other long-lived assets: Other long-lived assets, such as property and equipment, are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset group may not be recoverable. The long-lived assets are evaluated for potential impairment by comparing the carrying amount of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related expected future net cash flows be less than the carrying amount, an impairment loss would be recognized. The Organization concluded its other long-lived assets were not impaired, and no impairment was recorded for the year ended June 30, 2015.

Other assets: Other assets include barter assets and capitalized bond issuance costs. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received. Bond issuance costs are recorded at historical cost and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Total amortization of capitalized bond issuance costs was $8,000 for the year ended June 30, 2015, and was recorded in the Property Fund.

Allocation of expenses: The Organization's costs of providing its various services have been classified on the statement of activities. Accordingly, certain costs have been allocated among operations, administrative and fundraising functions. Expenses are charged directly to those areas where possible. Remaining expenses are allocated using the best available method, primarily head count.

Income tax status: SCPR is organized under Chapter 317 of Minnesota Statutes as a not-for-profit organization. The Internal Revenue Service has determined that SCPR 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)(1) as an organization defined under section 170(b)(1)(A)(vi) of the Code. 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, and the Minnesota Department of Revenue has determined that SCPR is exempt from Minnesota income taxes under Section 290.05 Subdivision 9 of Minnesota Statutes.

SCPR is engaged in certain activities that result in unrelated business income. For the year ended June 30, 2015, estimated tax expense, included in administrative expenses, is not material to the Organization. The Organization has adopted certain provisions of ASC Topic 740, Income Taxes. The provisions clarify the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribe a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Generally, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before the year ended June 30, 2012. The Organization has reviewed its tax position for all open tax years and has concluded that there are no uncertain tax positions that require recognition.

Use of estimates: The preparation of the 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 revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent accounting pronouncements:

Revenue recognition: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. This standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2018, with early adoption permitted only as of annual reporting periods beginning after December 15, 2016, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU No. 2014-09, or (b) retrospective with the cumulative effect of initially applying ASU No. 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU No. 2014-09.

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

Subsequent events: The Organization has considered subsequent events through October 14, 2015, the date of issuance, in preparing the financial statements and notes; there were none to report.

Note 3. Fair Value Measurements

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

ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. Input levels as defined by ASC Topic 820 are as follows:

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

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

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

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

Note 3. Fair Value Measurements (Continued)

Investments are carried at fair value. Fair values of actively traded money market funds are based on quoted market prices. Fair values of inactively traded money market funds and certificates of deposit are based on quoted market prices of identical or similar securities based on observable inputs like bid prices using a market valuation approach. Fair value of the interest in investment pool is equal to the Organization's allocated share of the fair value of securities within the pool. The endowment funds held by others are recorded at the fair value of the underlying assets.

Investments measured at fair value on a recurring basis are as follows:

	June 30, 2015			
	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 1,264,000	$ -	$ 1,264,000
Certificates of deposit	-	300,000	-	300,000
Interest in investment pool	-	545,000	-	545,000
Endowment funds held by others	-	-	849,000	849,000
	$ -	$ 2,109,000	$ 849,000	$ 2,958,000

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

Beginning endowment funds held by others, at fair value	$ 393,000
Additions to fund	459,000
Change in value	(3,000)
Ending endowment funds held by others, at fair value	$ 849,000

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 such changes could materially affect the amounts reported in the statement of financial position.

Note 4. Receivables

Receivables: Trade, pledges and grants receivable include 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 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 statement of financial position, using discount rates applicable to the years in which the promises are received. Present value discounts were $6,000 at June 30, 2015. Amortization of the discount is reported on the support and earned revenue lines associated with the initial transaction within the statement of activities.

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2015, the Organization had received conditional underwriting trade receivables of approximately $1,094,000 that were not recorded in the financial statements because the conditions had not been met.

Note 4. Receivables (Continued)

Allowance for doubtful accounts: The Organization estimates an allowance for doubtful accounts based on both a review of outstanding accounts and a consideration of historical experience. Receivables are presented net of an allowance for doubtful accounts of $816,000 at June 30, 2015, to provide for an estimate of accounts that may become uncollectible.

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

Pledge receivables: Pledge receivables consist of unconditional promises to give to a finite special-purpose fundraising campaign. For the year ended June 30, 2015, pledge receivables supported SCPR's capital campaign to finance the acquisition, construction, improvement and remodeling of SCPR's broadcast facilities at 474 South Raymond Avenue in Pasadena, California.

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

Trade, pledges and grants receivable at June 30, 2015, were due as follows:

In less than one year	$ 6,029,000
In one to five years	643,000
Total receivables	$ 6,672,000

Note 5. Investments

The Organization's investments include an interest in investment pool managed by APMG on behalf of itself and its affiliates. The investment pool invests in various securities, including U.S. government securities, corporate debt instruments, and cash equivalents. The investment pool is classified as a current asset, as the balance is available on demand for use in the Organization's operations (see Note 2).

The composition of amounts reported as investments and interest in investment pool at June 30, 2015, was as follows:

Money market funds	$ 1,264,000
Certificates of deposit	300,000
Interest in investment pool	545,000
Total	$ 2,109,000

Net investment return for the year ended June 30, 2015, consisted of the following:

Interest and dividend income	$ 7,000
Realized losses	(8,000)
Unrealized gains	4,000
Change in value of endowment funds held by others	(3,000)
Total net investment return	$ -

The interest and dividend income consists primarily of interest income from the money market funds and interest in investment pool. The investment return from the interest in investment pool is the allocated portion due to SCPR based on the average investment balances.

Note 6. Property and Equipment, net

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

Cost:	
Land	$ 4,734,000
Building and leasehold improvements	15,402,000
Furniture and equipment	5,847,000
Construction in progress	46,000
Total	26,029,000
Less accumulated depreciation and amortization	(7,618,000)
Net property and equipment	$ 18,411,000

Total depreciation expense and amortization of leasehold improvements was $1,183,000 for the year ended June 30, 2015, and was recorded in the Property Fund.

Note 7. Amounts Payable to APMG

APMG established a line of credit of $1,250,000 for SCPR's general operating needs. This line bears interest at the one-month LIBOR plus 1.2 percent, which was 1.39 percent at June 30, 2015. The line of credit was renewed effective June 30, 2015, for $500,000 through June 30, 2016. There was no outstanding amount at June 30, 2015.

On July 11, 2014, SCPR and APMG agreed to a $400,000 promissory note that provided long-term financing of SCPR's purchase of KJAI-FM. This note bears interest at 5.5 percent for the first year. The amount outstanding at June 30, 2015, was $320,000. The full principal amount of this loan is due by July 10, 2019. The Organization incurred $22,000 of interest expense during the year ended June 30, 2015.

Note 8. Long-Term Obligations

Long-term obligations consisted of the following at June 30, 2015:

$4,479,000 fixed-rate, California Enterprise Development Authority Revenue Refunding Bonds	$ 4,479,000
Less amounts due within one year	275,000
Long-term portion	$ 4,204,000

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 $4,479,000. 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.

Note 8. Long-Term Obligations (Continued)

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

In addition to certain nonfinancial covenants, APMG is required to maintain a ratio of unrestricted cash and investments to indebtedness of no less than 1.2-to-1.0.

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

Years Ending June 30,	
2016	$ 275,000
2017	375,000
2018	385,000
2019	395,000
2020	405,000
Thereafter	2,644,000
	$ 4,479,000

The Organization incurred $68,000 of interest expense during the year ended June 30, 2015.

Note 9. Leases

The Organization leases studio facilities, transmission facilities and office space under noncancelable operating lease agreements that expire at varying dates from 2015 to 2027. Total rent expense for all operating leases, including month-to-month leases, was $273,000 for the year ended June 30, 2015.

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

Years Ending June 30,	
2016	$ 225,000
2017	227,000
2018	232,000
2019	239,000
2020	157,000
Thereafter	963,000
	$ 2,043,000

Note 10. Contingencies

SCPR is involved in various legal proceedings incidental to its business. Although it is difficult to predict the ultimate outcome of these proceedings, management believes that the resolution of such proceedings will not have a material adverse effect on the operations or the financial position of SCPR.

Note 11. Retirement Plan

The Organization participates in APMG's 403(b) tax-deferred retirement plan (the Plan), which provides for qualified employees to make required and supplemental contributions to the Plan through payroll deductions. For the year ended June 30, 2015, required employee contributions were matched 100 percent by the Organization up to 6.5 percent of qualified employees' base compensation (matching contributions). Employees may elect to make required contributions after one year of employment. Required contributions become mandatory after five years of employment or age 35, whichever is later. The Organization made required matching contributions of $554,000 for the year ended June 30, 2015.

Note 12. Affiliated and Related-Party Organizations

SCPR is charged by APMG for its estimated share of various administrative services incurred on its behalf. For the year ended June 30, 2015, these charges totaled $661,000 and are included in administrative and operations expenses on the statement of activities.

During the year ended June 30, 2015, SCPR was charged $633,000 for various operational services provided by MPR. These charges are included in operations expenses on the statement of activities.

SCPR used programming services from MPR in the amount of $320,000, which is reflected in operations expenses on the statement of activities. SCPR received a grant of programming services from MPR in the amount of $159,000 for the year ended June 30, 2015, which is reflected as an intercompany grant on the statement of activities.

Note 13. Public Service Operating Agreements

SCPR is party to two public service operating agreements (the operating agreements) with PACCD and UR (the licensees) for the operation of the public radio stations KPCC (89.3 FM) and KUOR (89.1 FM). Under the operating agreements, SCPR agreed to make to make license payments and to reimburse the licensees for certain actual expenses. The PACCD Agreement is effective through December 2025, and the UR Agreement is effective through April 2017. Payments to the licensees under the terms of the operating agreements are as follows for the years ending June 30:

Years Ending June 30,	
2016	$ 250,000
2017	300,000
2018	300,000
2019	300,000
2020	300,000
Thereafter	1,650,000
	$ 3,100,000

For the year ended June 30, 2015, payments to the licensees were $200,000 and are included in operations expenses on the statement of activities.

Note 14. Station Acquisition

On July 11, 2014, SCPR purchased KJAI-FM (89.5 FM) Ojai, California, from Logos Broadcasting Inc., which serves an area northwest of Los Angeles, for $800,000. The Organization has financed $400,000 of the purchase price with a long-term promissory note from APMG. This note bears an interest rate for the first year at 5.5 percent, and APMG may reset the interest rate annually. This acquisition enhances and expands the service of the Organization in the Southern California area.

The fair value of the assets acquired is as follows:

Equipment	$ 17,000
Broadcast license	783,000
	$ 800,000

The fair value of assets acquired represents management's estimate of fair values at the acquisition date. Management determines fair value through comparable sales. The broadcast license is not subject to amortization.

Supplemental Information

Southern California Public Radio (An Affiliated Organization of American Public Media Group)

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

	2015	2014
Operating Fund:		
Support from public:		
Individual gifts and membership	**$ 12,875**	$ 12,982
Underwriting	**7,883**	7,963
Business general support	**378**	314
Foundations	**2,523**	2,130
Intercompany grants	**1,046**	150
Other public support	**42**	-
Total support from public	**24,747**	23,539
Support from governmental agencies:		
Corporation for Public Broadcasting	**2,226**	3,172
Grants from other governmental agencies	**9**	16
Total support from governmental agencies	**2,235**	3,188
Earned revenue:		
Earned operating activities	**36**	73
Other earned activities	**57**	35
Total earned revenue	**93**	108
Total support and earned revenue	**27,075**	26,835
Expenses:		
Operations	**19,117**	18,738
Administrative	**2,590**	3,104
Fundraising	**5,368**	4,980
Total expenses	**27,075**	26,822
Support and revenues in excess of (less than) expenses before long-term activities	**-**	13
Long-term activities:		
Designated Fund net change	**471**	10
Designated Fund support to operating	**(887)**	-
Property Fund net change	**(119)**	(425)
Temporarily restricted net change	**(3,579)**	841
Permanently restricted net change	**-**	25
Change in net assets	**(4,114)**	464
Net assets—beginning of year	**27,166**	26,702
Net assets—end of year	**$ 23,052**	$ 27,166

SOUTHERN CALIFORNIA
PUBLIC RADIO™