financial report

JUNE 30, 2011

SOUTHERN CALIFORNIA PUBLIC RADIO™

Southern California Public Radio

(An Affiliated Organization of American Public Media Group)

Contents

Independent Auditor's Report

To the Board of Trustees
Southern California Public Radio

We have audited the accompanying statement of financial position of Southern California Public Radio (the Organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Southern California Public Radio's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information was derived from the Organization's 2010 financial statements, and in our report dated October 21, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional Operating Fund, Property Fund and Designated Fund information presented in the statement of activities for 2011 and supplemental schedule on page 18 are presented for the purpose of additional analysis of the basic financial statements, rather than to present the results of operations of the individual funds, and are not a required part of the basic financial statements. This additional consolidating information is the responsibility of the Organization's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
October 24, 2011

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

Statement of Activities
Year Ended June 30, 2011, with Comparative Totals for the Year Ended June 30, 2010
(In Thousands)

	2011								
	Unrestricted								
	Operating Fund	Property Fund	Designated Fund	Eliminations	Total	Temporarily Restricted	Permanently Restricted	**Total**	2010
Support from public:									
Individual gifts and membership	$ 7,804	$ -	$ -	$ -	$ 7,804	$ 3,333	$ 16	**$ 11,153**	$ 6,754
Individual gifts and membership released from restriction (rfr)	778	-	-	-	778	(778)	-	**-**	-
Underwriting	189	-	-	-	189	6,700	-	**6,889**	6,690
Underwriting rfr	7,201	-	-	-	7,201	(7,201)	-	**-**	-
Business general support	80	-	-	-	80	85	-	**165**	74
Foundations	-	-	-	-	-	138	-	**138**	465
Foundations rfr	468	-	-	-	468	(468)	-	**-**	-
Intercompany grants (Note 12)	98	506	339	(845)	98	-	-	**98**	202
Other public support	-	2	-	-	2	334	-	**336**	8,475
Other public support rfr	528	334	-	-	862	(862)	-	**-**	-
Total support from public	17,146	842	339	(845)	17,482	1,281	16	**18,779**	22,660
Support from governmental agencies:									
Corporation for Public Broadcasting (CPB)	24	-	-	-	24	1,105	-	**1,129**	1,343
CPB rfr	939	178	-	-	1,117	(1,117)	-	**-**	-
Grants from other governmental agencies	-	-	-	-	-	29	-	**29**	26
Grants from other governmental agencies rfr	16	-	-	-	16	(16)	-	**-**	-
Total support from governmental agencies	979	178	-	-	1,157	1	-	**1,158**	1,369
Earned revenue:									
Earned operating activities	49	-	-	-	49	-	-	**49**	-
Investment return (Note 5)	1	3	-	-	4	28	-	**32**	30
Other earned activities	102	-	-	-	102	-	-	**102**	96
Total earned revenue	152	3	-	-	155	28	-	**183**	126
Total support and earned revenue	18,277	1,023	339	(845)	18,794	1,310	16	**20,120**	24,155
Expenses:									
Operations	11,490	1,138	-	(206)	12,422	-	-	**12,422**	10,033
Administrative	2,532	89	-	(639)	1,982	-	-	**1,982**	1,796
Fundraising	4,207	209	-	-	4,416	-	-	**4,416**	3,872
Campaign and related expenses	-	-	-	-	-	-	-	**-**	1,024
Total expenses	18,229	1,436	-	(845)	18,820	-	-	**18,820**	16,725
Change in net assets	48	(413)	339	-	(26)	1,310	16	**1,300**	7,430
Net assets, beginning of year	296	23,108	-	-	23,404	3,208	159	**26,771**	19,341
Net assets, end of year	$ 344	$ 22,695	$ 339	$ -	$ 23,378	$ 4,518	$ 175	**$ 28,071**	$ 26,771

See Notes to Financial Statements.

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

Statement of Functional Expenses
Year Ended June 30, 2011, with Comparative Totals for the Year Ended June 30, 2010
(In Thousands)

	2011				2010
	Operations	Administrative	Fundraising	**Total**	
Expenses:					
Personnel	$ 4,782	$ 843	$ 1,891	**$ 7,516**	$ 6,555
Fringe benefits of personnel	916	135	317	**1,368**	1,274
Programming and production	2,520	-	-	**2,520**	2,185
Space costs	182	-	-	**182**	362
Utilities	321	33	32	**386**	289
Repairs and maintenance	387	109	3	**499**	328
Promotion and development	1,974	126	1,665	**3,765**	3,168
Travel and training	36	26	27	**89**	72
Depreciation	1,007	73	170	**1,250**	699
Financial and general	297	637	311	**1,245**	769
Capital campaign–related expenses	-	-	-	**-**	1,024
Total	$ 12,422	$ 1,982	$ 4,416	**$ 18,820**	$ 16,725

See Notes to Financial Statements.

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

Statement of Financial Position
June 30, 2011, with Comparative Totals for June 30, 2010
(In Thousands)

Assets	2011	2010
Current Assets		
Due from parent	$ -	$ 3,000
Trade receivable, net (Note 4)	3,358	2,748
Pledges receivable, capital campaign, net (Note 4)	1,520	1,855
Grants receivable, net (Note 4)	736	455
Interest in investment pool (Notes 3 and 5)	1,133	1,287
Prepaid expenses	293	237
Inventory	83	146
Other	567	854
Total current assets	7,690	10,582
Net Property and Equipment (Note 6)	21,982	22,986
Other Assets		
Trade receivable, net (Note 4)	40	4
Pledges receivable, capital campaign, net (Note 4)	3,211	3,883
Grant receivable, net (Note 4)	524	30
Investments (Notes 3 and 5)	1,230	81
Endowment funds held by others (Notes 2 and 3)	187	133
Broadcast license	1,007	1,007
Other	95	102
Total other assets	6,294	5,240
Total assets	$ 35,966	$ 38,808
Liabilities and Net Assets		
Current Liabilities		
Trade payable	$ 263	$ 225
Line of credit from APMG (Note 7)	-	719
Optional redemption of long-term obligations (Note 8)	685	3,000
Current portion of loan from APMG (Note 7)	100	100
Current portion of long-term obligations (Note 8)	315	300
Accrued liabilities	887	948
Total current liabilities	2,250	5,292
Other Liabilities		
Loan from APMG (Note 7)	235	335
Long-term obligations (Note 8)	5,410	6,410
Total other liabilities	5,645	6,745
Total liabilities	7,895	12,037
Commitments and Contingencies (Notes 7, 8, 9, 10 and 13)		
Net Assets		
Unrestricted	23,378	23,404
Temporarily restricted	4,518	3,208
Permanently restricted	175	159
Total net assets	28,071	26,771
Total liabilities and net assets	$ 35,966	$ 38,808

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, 2011, with Comparative Totals for the Year Ended June 30, 2010
(In Thousands)

	2011	2010
Cash Flows From Operating Activities		
Change in net assets	**$ 1,300**	$ 7,430
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,257**	713
Contributions and grants restricted for capital projects	**(558)**	(8,632)
Increase in endowment funds held by others	**(54)**	(14)
Unrealized (gain) loss on investments	**(3)**	(1)
Loss on sale of asset	**-**	1
(Increase) decrease in assets:		
Trade receivable, net	**(646)**	(474)
Grants receivable, net	**(729)**	(92)
Prepaid expenses, inventory and other assets	**294**	372
(Decrease) increase in accounts payable and accrued liabilities	**(23)**	213
Total adjustments	**(462)**	(7,914)
Net cash provided by (used in) operating activities	**838**	(484)
Cash Flows From Investing Activities		
Purchase of property and equipment	**(246)**	(11,188)
Purchase of investments	**(1,453)**	(15,037)
Sales of investments	**304**	30,064
Change in interest in investment pool, net	**157**	(172)
Change in amount due from parent	**3,000**	(3,000)
Net cash provided by investing activities	**1,762**	667
Cash Flows From Financing Activities		
Payment on notes to APMG	**(100)**	(165)
Contributions received for restricted capital projects	**1,519**	4,553
Net proceeds (payments) on line of credit from APMG	**(719)**	719
Principal payments on long-term obligations	**(3,300)**	(5,290)
Net cash used in financing activities	**(2,600)**	(183)
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	**$ 87**	$ 50

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.

American Public Media Group (APMG) is the not-for-profit parent support organization of SCPR, of Minnesota Public Radio (MPR) and of Classical South Florida (CSF). APMG's primary purpose is to provide financial and management support services to SCPR 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. In support of the PACCD Agreement, APMG guaranteed to provide financial support to SCPR for a minimum of 10 years, in the form of loans, sufficient to assure that SCPR is capable of meeting certain operating expense levels. 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.

As of May 28, 2009, SCPR is the licensee of public radio station KPCV (90.3 FM), whose city of license is Coachella, California. KPCV provides a radio broadcast signal to the Coachella Valley, including Palm Springs.

SCPR operates an internet website at www.scpr.org, where it provides a 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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 net assets released from restriction. For example: when a donor specifies its contribution is to support the Organization for a three-year period, the Organization recognizes all the future support as temporarily restricted in the year the contribution is first made; the Organization then releases (reclassifies from temporarily restricted net assets) the contribution as unrestricted support over each of the three years specified by the donor.

Temporarily restricted net assets at June 30, 2011, were restricted for the following purposes:

Program support and underwriting	$ 4,472,000
Capital campaign	46,000
Total temporarily restricted net assets	$ 4,518,000

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, 2011, represent 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.

Summarized financial information for the year ended June 30, 2010: The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. 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, 2010, from which the summarized information was derived. Financial statements from prior years are available on the Organization’s website.

Note 2. Summary of Significant Accounting Policies (Continued)

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 amount due from parent is available to the Organization at any time. The Organization also maintains funds identified for long-term uses in APMG's interest in investment pool (also see Note 5). Portions of the interest in investment pool are used to meet the cyclical demands for working capital to the extent the amount due to parent results in an obligation to APMG.

Investments: Investments in money market funds are carried at fair value. As defined in Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, fair value is the price that would be received to sell the asset or paid to transfer the liability (an exit price). Cash reported as investments is restricted or designated for long-term projects. Investments in cash are recorded at cost.

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. 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). The Endowment is stated at fair value.

Revenue recognition:

Support from public and governmental agencies: Contributions, which include unconditional promises to give cash and other assets, are reported at fair value at the date the asset or promise is received. The gifts are reported as temporarily or permanently restricted support if they are received with donor restrictions that limit the use of the donated assets. When the donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction. Conditional promises to give are not included as support until such time as the conditions are substantially met.

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

Barter transactions: The Organization provides on-air and web underwriting spots for certain goods and services. Underwriting revenue is recognized at fair value and released from restriction when spots run. Barter expense is recorded when the goods or services are used or received. During the year ended June 30, 2011, barter revenues of $2,140,000 and barter expenses of $2,080,000 are reflected in the statement of activities.

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.

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 40 years.

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

Impairment 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. The Organization did not recognize any impairment charge for the year ended June 30, 2011.

Other assets: Other assets include barter assets and capitalized bond issue costs. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received. Bond issue costs are recorded at historical cost and expensed over the life of the bonds using the straight-line method, which approximates the effective-interest method.

Capital campaign and related expenses: Capital campaign and related expenses include fundraising and administrative costs directly attributable to the capital campaign and debt servicing costs directly attributable to the capital project.

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

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. The Organization has adopted certain provisions of ASC 740, Income Taxes. The provisions clarify the accounting for uncertainty in income taxes recognized in an organization’s financial statements and prescribe a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Generally, the Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before the year ended June 30, 2007. The Organization has reviewed its tax position for all open tax years and has concluded that there are no uncertain tax provisions which require recognition.

Note 2. Summary of Significant Accounting Policies (Continued)

Impairment of long-lived assets: Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value 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 value, an impairment loss would be recognized. No impairment was recorded in fiscal year 2011.

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.

New accounting standards: In January 2010, the Financial Accounting Standards Board (FASB) issued Update No. 2010-06 to ASC 820, *Fair Value Measurements and Disclosures—Improving Disclosures About Fair Value Measurements*, which requires new disclosures and reasons for transfers between Level 1 and Level 2 measurements under the fair value hierarchy. This amendment also clarifies that disclosures about inputs and valuation techniques are required for both Level 2 and Level 3 measurements. The amendment further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances and settlements instead of netting these changes. The Organization adopted this standard for the fiscal year ended June 30, 2011.

Subsequent events: The Organization has considered subsequent events through October 24, 2011, the date of issuance, in preparing the financial statements and notes; there were none to report.

Note 3. Fair Value Measurements

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

The carrying values of trade, pledges and grants receivable, trade payable, accrued liabilities and line of credit are reasonable estimates of their fair values due to discounting or the short-term nature and terms of these financial instruments. Investments are carried at fair value. The fair value of long-term obligations approximates their carrying value based on current rates for obligations with similar remaining maturities offered to similar not-for-profit organizations.

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

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

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

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

Note 3. Fair Value Measurements (Continued)

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

Fair values of actively traded money market funds are based on quoted market prices. Fair values of inactively traded money market funds are based on quoted market prices of identical or similar securities based on observable inputs like interest rates 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, which is based on quoted market prices of the securities. The endowment fund held by others is recorded at the value of the underlying assets, which approximates the present value of the future payment stream the Organization will receive.

Investments measured at fair value on a recurring basis:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Money market funds	$ -	$ 1,158,000	$ -	$ 1,158,000
Interest in APMG investment pool	-	1,133,000	-	1,133,000
Endowment funds held by others	-	-	187,000	187,000
	$ -	$ 2,291,000	$ 187,000	$ 2,478,000

Fair value measurements using Level 3 inputs for the year ended June 30, 2011:

Beginning endowment funds held by others, at fair value	$ 133,000
Purchase of investments	25,000
Investment income, net of investment fees	2,000
Net appreciation (realized and unrealized)	27,000
Ending endowment funds held by others, at fair value	$ 187,000

Note 4. Receivables

Receivables: 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 assets in the statement of financial position, using discount rates applicable to the years in which the promises are received. Present value discounts were $58,000 at June 30, 2011. Amortization of the discount is reported on the support and earned revenue lines associated with the initial transaction within the statement of activities. Trade, capital campaign, and grants receivable at June 30, 2011, were due as follows:

In less than one year	$ 5,614,000
In one to five years	3,494,000
In greater than five years	281,000
Total receivables	$ 9,389,000

Allowance for doubtful accounts: The Organization estimates an allowance for doubtful accounts that is based on both a review of outstanding accounts and historical experience.

Note 4. Receivables (Continued)

Trade receivables: Trade receivables consist primarily of individual gifts and membership, underwriting, and earned revenue. Allowances for doubtful accounts of $447,000 at June 30, 2011, were recorded to provide for estimated bad debts.

Pledge receivables: Pledge receivables consist of unconditional promises to give to a finite special-purpose fundraising campaign. For the year ended June 30, 2011, 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. An allowance for pledge receivable doubtful accounts of $32,000 at June 30, 2011, was recorded to provide for estimated bad debts.

Grant receivables: Grant receivables are unconditional promises to give to support the general operating or capital needs of the Organization. No allowance for doubtful accounts was deemed necessary for grant receivables at June 30, 2011.

Note 5. Investments

Risks and uncertainties: 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. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of financial position.

The composition of amounts reported as investments and interest in investment pool at June 30, 2011, were as follows:

Cash	$ 72,000
Money market funds	1,158,000
Interest in investment pool	1,133,000
Total	$ 2,363,000

Net investment return for the year ended June 30, 2011, consisted of the following:

Interest and dividend income	$ 9,000
Realized losses	(9,000)
Unrealized gains	3,000
Change in value of endowment funds held by others	29,000
Total net investment return	$ 32,000

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

Note 6. Net Property and Equipment

Net property and equipment at June 30, 2011, consisted of the following:

Cost:	
Land	$ 4,734,000
Building and leasehold improvements	15,273,000
Furniture and equipment	4,360,000
Total	24,367,000
Less accumulated depreciation and amortization	(2,385,000)
Net property and equipment	$ 21,982,000

Total depreciation expense and amortization of leasehold improvements was $1,250,000 for the year ended June 30, 2011, and was recorded in the Property Fund.

Note 7. Amounts Payable to APMG

On May 28, 2009, SCPR and APMG agreed to a $1,035,000 promissory note that provided long-term financing of SCPR's purchase of KPCV (90.3 FM). This note bears interest at the federal funds effective rate of interest, which was 0.07 percent at June 30, 2011. The amount outstanding at June 30, 2011, was $335,000.

Annual principal payments due on the promissory note from APMG at June 30, 2011, are as follows:

Years Ending June 30,	
2012	$ 100,000
2013	100,000
2014	135,000
Total amount due to APMG	$ 335,000

APMG established a line of credit of $1,000,000 for SCPR's general operating needs. This line bears interest at the federal funds rate, which was 0.07 percent at June 30, 2011. Interest expense on the line of credit was $1,000 for the year ended June 30, 2011. The line of credit expires on June 30, 2012. There was no outstanding amount at June 30, 2011.

Note 8. Long-Term Obligations

Long-term obligations consisted of the following at June 30, 2011:

$7,000,000 variable-rate California Infrastructure and Economic Development Demand Revenue Bonds (Southern California Public Radio Project—Series 2005, with interest due monthly (0.1% as of June 30, 2011) maturing September 1, 2025; secured by an irrevocable letter of credit of $6,489,027, which expires on November 15, 2015	$ 6,410,000
Total long-term debt	6,410,000
Less optional redemption	685,000
Less amounts due within one year	315,000
Long-term portion	$ 5,410,000

Interest on the bonds is based on a daily remarketing process; however, the rate is not to exceed 10.0 percent. SCPR has the option to call for the redemption and prepayment of the outstanding bonds in full or in part as per the redemption schedule. The bonds can also be tendered on certain dates by the bondholders. The remarketing agreements provide for a “best efforts” remarketing of any bonds tendered.

On October 28, 2010, SCPR entered into an agreement with JPMorgan Chase Bank, N.A. as the letter of credit provider for the Series 2005 bonds. The JPMorgan Chase letter of credit replaced the original letter of credit with Allied Irish Bank, p.l.c., New York. The replacement letter of credit was established for five years, expiring on November 15, 2015, unless terminated. The letter of credit is for an amount equal to the aggregate outstanding principal amount of the bonds, plus 45 days’ interest at a maximum interest rate of 10.0 percent per annum. The letter of credit is also secured by a guarantee provided to the trustee by APMG. 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.

SCPR exercised its option to call and redeem $685,000 of the Southern California Public Radio Project Series 2005 Bonds on September 1, 2011. As of June 30, 2011, SCPR reported the optional redemption of long-term obligations as a current liability on its statement of financial position.

While there is no assurance that the letter of credit can be renewed, it is the Organization’s intention to renew the letter of credit. The scheduled maturities of the Series 2005 Bonds, assuming the bonds are remarketed and the letter of credit is renewed over the term of the bonds, is as follows:

Years Ending June 30,	
2012 (with optional redemption)	$ 1,000,000
2013	325,000
2014	340,000
2015	355,000
2016	370,000
Thereafter	4,020,000
	$ 6,410,000

Note 8. Long-Term Obligations (Continued)

In the event the bonds are not remarketed and amounts are drawn on the letter of credit, such amounts are due in quarterly installments of one-twelfth the amount of the draw, beginning in the calendar quarter one year after the draw date. Additionally, any outstanding draws would be due in full on the earlier of the date of remarketing of the related bonds or termination of the letter of credit. There were no amounts outstanding on the letters of credit for bonds that were not remarketed as of June 30, 2011.

The Organization incurred $67,000 of interest expense during the year ended June 30, 2011.

Note 9. Leases

The Organization leases studio facilities, transmission facilities and office space under noncancelable operating lease agreements that expire at varying dates from 2011 to 2025. Total rent expense for all operating leases, including month-to-month leases, was $177,000 for the year ended June 30, 2011.

Minimum future payments required under noncancelable operating leases as of June 30, 2011, are as follows:

Years Ending June 30,		
2012	$	161,000
2013		149,000
2014		136,000
2015		127,000
2016		132,000
Thereafter		903,000
	$	1,608,000

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

SCPR employees participate in APMG's 403(b) tax-deferred retirement plan, which provides that qualified employees may contribute to the plan through payroll deductions that are matched 100 percent by the employer up to 6.0 percent of their base compensation through December 31, 2010, and 6.5 percent thereafter. Participation is voluntary after one year and is required after five years of employment or age 35, whichever is later. The Organization contributed $313,000 for the year ended June 30, 2011.

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, 2011, these charges totaled $422,000 and are included in administrative expenses on the statement of activities.

During the year ended June 30, 2011, SCPR was charged $184,000 for various operational services provided by MPR. These charges are included in operations expenses on the statement of activities.

Note 12. Affiliated and Related-Party Organizations (Continued)

SCPR is charged by MPR for tenant improvements and rental costs associated with their shared office space in downtown Los Angeles. For the year ended June 30, 2011, the charges totaled $30,000 and are included in operations expenses on the statement of activities.

SCPR uses programming services from MPR in the amount of $229,000 that is reflected in operations expenses on the statement of activities. SCPR received a grant of programming services from MPR in the amount of $98,000 for the year ended June 30, 2011, that 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 minimum revenue-sharing 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. Minimum revenue-sharing payments to the licensees under the terms of the operating agreements are as follows for the years ending June 30:

Years Ending June 30,	
2012	$ 211,000
2013	212,000
2014	212,000
2015	212,000
2016	262,000
Thereafter	2,860,000
	$ 3,969,000

For the year ended June 30, 2011, minimum revenue-sharing payments to the licensees were $210,000 and are included in operations expenses on the statement of activities.

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, 2011, with Comparative Totals for the Year Ended June 30, 2010
(In Thousands)

	2011	2010
Operating fund activities:		
Support from public:		
Individual gifts and membership	**$ 8,582**	$ 6,747
Underwriting	**7,390**	5,981
Business general support	**80**	74
Foundations	**468**	634
Intercompany grants	**98**	202
Other public support	**528**	95
Total support from public	**17,146**	13,733
Support from governmental agencies:		
Corporation for Public Broadcasting	**963**	986
Grants from other governmental agencies	**16**	26
Total support from governmental agencies	**979**	1,012
Earned revenue:		
Earned operating activities	**49**	-
Investment return, net	**1**	1
Other earned activities	**102**	97
Total earned revenue	**152**	98
Total support and earned revenue	**18,277**	14,843
Expenses:		
Operations	**11,490**	9,677
Selling, general and administrative	**2,532**	1,735
Fundraising	**4,207**	3,721
Total expenses	**18,229**	15,133
Support and revenues in excess of (less than) expenses before long-term activities	**48**	(290)
Long-term activities:		
Designated Fund support from operating	**339**	-
Designated Fund net change	**-**	-
Property Fund net change	**(413)**	12,184
Temporarily restricted net change	**1,310**	(4,489)
Permanently restricted net change	**16**	25
Change in net assets	**1,300**	7,430
Net assets—beginning of year	**26,771**	19,341
Net assets—end of year	**$ 28,071**	$ 26,771

SOUTHERN CALIFORNIA PUBLIC RADIO
474 SOUTH RAYMOND AVENUE | PASADENA, CA 91105

SCPR.ORG