Cincinnati Public Radio, Inc. and Subsidiary

Consolidated Financial Statements with Supplementary Information
June 30, 2014, with
Summarized Comparative Totals for June 30, 2013, and
Independent Auditors' Report

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY
June 30, 2014 with Summarized Comparative Totals for June 30, 2013

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Board of Directors
Cincinnati Public Radio, Inc. and Subsidiary
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Cincinnati Public Radio, Inc. and Subsidiary (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related consolidated notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cincinnati Public Radio, Inc. and Subsidiary as of June 30, 2014, 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.

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Independent Auditors' Report
(Continued)

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functio nal expenses on page 17 is presented for purposes of additional analysis 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 financial statements. The information has been subjected to the auditing procedures applied in the 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 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 consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Cincinnati Public Radio, Inc. and Subsidiary's 2013 consolidated financial statements, and our report dated September 16, 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Barnes, Dennig & Co., Ltd.

September 22, 2014
Cincinnati, Ohio

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Financial Position
June 30, 2014 with Summarized Comparative Totals for June 30, 2013

	2014	2013
Assets		
Current:		
Cash and cash equivalents	$ 1,608,750	$ 324,910
Accounts receivable (net of allowance for doubtful accounts of $21,000 and $30,000 at June 30, 2014 and 2013, respectively)	206,635	212,285
Pledges receivable (net of allowance for uncollectible pledges of $16,000 and $23,000 at June 30, 2014 and 2013, respectively)	14,598	126,763
Bequest receivable	830,856	2,424,000
Prepaid expenses and deposits	36,628	37,328
Total current assets	2,697,467	3,125,286
Property and equipment, net	752,251	837,288
Other:		
Investments	6,068,612	3,789,074
Broadcast licenses	22,988,377	22,988,377
Bond issuance costs, net of amortization	269,760	293,978
Total other assets	29,326,749	27,071,429
Total assets	$ 32,776,467	$ 31,034,003
Liabilities and Net Assets		
Liabilities		
Current:		
Accounts payable	$ 136,958	$ 96,744
Unearned revenue	112,286	137,443
Other accrued liabilities	170,630	151,837
Current portion of lease liability	8,594	8,118
Current portion of bonds payable	3,728,123	565,542
Total current liabilities	4,156,591	959,684
Lease liability, net of current portion	18,731	27,325
Bonds payable, net of current portion	5,384,132	9,112,255
Total liabilities	9,559,454	10,099,264
Net Assets		
Unrestricted:		
Operating	21,545,105	17,741,120
Board designated	440,753	440,753
Total unrestricted	21,985,858	18,181,873
Temporarily restricted	995,206	2,516,917
Permanently restricted	235,949	235,949
Total net assets	23,217,013	20,934,739
Total liabilities and net assets	$ 32,776,467	$ 31,034,003

See accompanying notes to financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended June 30, 2014 with Summarized Comparative Totals for June 30, 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Public support and revenues					
Public support:					
Corporation for Public Broadcasting	$ 436,743	$ -	$ -	$ 436,743	$ 456,260
Contributions	3,479,028	840,856	-	4,319,884	6,600,383
Underwriting	1,797,315	-	-	1,797,315	1,901,383
Foundations	264,000	175,000	-	439,000	274,950
Grants	48,720	-	-	48,720	37,634
In-kind donations	557,651	-	-	557,651	592,857
Special events revenue	68,565	-	-	68,565	57,495
Other	4,889	-	-	4,889	-
Total public support	6,656,911	1,015,856	-	7,672,767	9,920,962
Revenues:					
Rentals and sales	58,065	-	-	58,065	66,562
Gain (loss) on sale of property and equipment	-	-	-	-	(88,685)
Net assets released from restrictions	2,537,567	(2,537,567)	-	-	-
Total revenues	2,595,632	(2,537,567)	-	58,065	(22,123)
Total public support and revenues	9,252,543	(1,521,711)	-	7,730,832	9,898,839
Operating expenses					
Programming and production	2,372,062	-	-	2,372,062	2,308,993
Broadcasting	760,571	-	-	760,571	788,991
Program information and promotion	838,123	-	-	838,123	837,271
Management and general	418,225	-	-	418,225	442,128
Underwriting	698,414	-	-	698,414	792,814
Membership development	720,839	-	-	720,839	762,805
Total operating expenses	5,808,234	-	-	5,808,234	5,933,002
Change in net assets before other changes	3,444,309	(1,521,711)	-	1,922,598	3,965,837
Investment return	359,676	-	-	359,676	186,252
Change in net assets	3,803,985	(1,521,711)	-	2,282,274	4,152,089
Net assets, beginning of year	18,181,873	2,516,917	235,949	20,934,739	16,782,650
Net assets, end of year	$ 21,985,858	$ 995,206	$ 235,949	$ 23,217,013	$ 20,934,739

See accompanying notes to financial statements

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Cash Flows
Year Ended June 30, 2014 with Summarized Comparative Totals for June 30, 2013

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 2,282,274	$ 4,152,089
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	184,895	185,699
Bad debt expense	30,523	21,236
Loss on sale of property and equipment	-	88,685
Net realized and unrealized gain on investments	(222,745)	(90,568)
Changes in:		
Accounts receivable	38,152	45,644
Pledges receivable	49,140	(47,312)
Bequest receivable	1,593,144	(2,424,000)
Prepaid expenses and deposits	700	(1,644)
Accounts payable	40,214	(102,622)
Accrued liabilities	18,793	11,314
Unearned revenue	(25,157)	15,448
Net cash provided by operating activities	3,989,933	1,853,969
Cash flows from investing activities		
Purchase of property and equipment	(75,640)	(76,805)
Purchase of investments	(2,519,571)	(1,424,668)
Proceeds from sale of investments	462,778	331,884
Net cash used in investing activities	(2,132,433)	(1,169,589)
Cash flows from financing activities		
Payments on bonds payable	(565,542)	(675,988)
Payment on lease liability	(8,118)	(7,668)
Net cash used in financing activities	(573,660)	(683,656)
Net change in cash and cash equivalents	1,283,840	724
Cash and cash equivalents, beginning of year	324,910	324,186
Cash and cash equivalents, end of year	$ 1,608,750	$ 324,910
Supplemental cash flows information		
Interest paid	$ 220,075	$ 235,610

See accompanying notes to financial statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies for Cincinnati Public Radio, Inc. and Subsidiary is presented to assist in the understanding of the Organization's financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of Cincinnati Public Radio, Inc. and Cincinnati Public Radio Properties, LLC, a limited liability company whose sole member is Cincinnati Public Radio, Inc. The two entities are collectively referred to in this report as "CPR" or the "Organization". All material inter-organizational transactions have been eliminated.

Nature and Purpose of the Organization

Cincinnati Public Radio, Inc. is an Ohio not-for-profit organization providing the finest classical music programming on WGUC and news and public radio programming on WVXU and WMUB, pursuant to a local management agreement with Miami University who hold the license, heard throughout Cincinnati and the Tri-state area.

Cincinnati Public Radio Properties, LLC was established under the laws of the State of Ohio in 2005 in order to hold properties that were purchased in 2005. These properties were sold during fiscal years 2006 and 2007 and operations have been inactive subsequent to the sale.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. The Organization is considered a public charity under section 509(a)(1) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions that are material to the financial statements. The Organization is generally no longer subject to examinations by tax authorities for years before 2010.

Financial Statement Presentation

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP for not-for-profit organizations requires, among other things, the net assets to be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and may be utilized at the discretion of the Board of Directors to support the Organization's purposes and operations in accordance with its code of regulations. Unrestricted net assets include board designated assets totaling $440,753 at June 30, 2014 and 2013.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization satisfying the purpose or the passage of time. 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 restrictions.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (continued)

Permanently restricted net assets – Net assets for which the donor has stipulated that the principal be maintained in perpetuity and that only the income from the investment thereof be expended either for the general purpose of the Organization or for purposes specified by the donor.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information, included with the consolidated statement of activities, 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, 2013, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. The Organization's cash in bank deposit accounts may at times exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Receivables

Accounts receivable consists primarily of balances due from underwriters. The Organization provides an allowance for doubtful accounts, which is based upon management's review of historical collection information.

Pledges receivable are from individuals and corporations that have made a pledge that has not been fulfilled or is payable in periodic payments. Management provides for an allowance for unpaid pledges based on historical collection information.

Bequest receivable represents amounts due from estates that are expected to be collected within one year. These receivables are unrestricted and have been recorded at estimated net realizable value.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met. Bequests are considered unconditional when a will is probated and declared valid by the courts.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments in equity and debt securities are carried at fair value. The Organization has elected to record the endowment gifts at fair value at the date of the gift in accordance with the Ohio Uniform Management of Institutional Funds Act and the Ohio Prudent Management of Institutional Funds Act effective June 1, 2009, unless otherwise requested by the donor. Therefore, any appreciation or depreciation is recorded as a change in the unrestricted investments.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is calculated on a straight-line basis over the estimated useful life of the respective assets. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

In accordance with applicable GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions.

Broadcast Licenses

The Organization has broadcast licenses from the Federal Communication Commission (FCC) for WGUC and WVXU. These licenses are renewable and considered to have an indefinite useful life. These broadcast licenses are not subject to amortization, but are tested for impairment at least annually.

In determining that the Organization’s broadcast licenses qualified as indefinite lived intangibles, management considered a variety of factors including the FCC’s historical track record of renewing public radio broadcast licenses and the stability of the public radio industry. Should the Organization determine that the carrying value of the broadcast licenses exceed the fair value, then the broadcast licenses will be written down to fair value and expensed to current operations in accordance with applicable GAAP Accounting for Intangibles. Consistent with applicable GAAP, the Organization has combined its broadcast licenses within a single market cluster into a single unit of accounting for impairment testing purposes.

In-Kind Donations

The Organization receives in-kind donations during the year, which are recorded at fair value as contribution revenue and in the appropriate expense category. See Note 15.

Revenue Recognition

The Organization is primarily supported through individual pledges and program underwriting. Individual support, contributions, grants and unconditional pledges are recorded as unrestricted revenue in the year made unless a restriction is explicitly stipulated by the donor. Donor restricted contributions and grants whose restrictions are met in the same reporting periods as received are reported as unrestricted support. Donor restricted revenue and grant revenue whose restrictions are not currently met in the year received, are reflected as an increase in temporarily restricted net assets.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Underwriting revenue is recognized when the underwriting announcements are broadcast. An underwriting announcement is a broadcast acknowledgement of financial or in-kind support by a business.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses

Expenses have been classified based upon the actual direct expenditures and allocations based upon estimates by the Organization. The costs of supporting the various programs and other activities have been summarized on a functional basis below.

	2014	2013
Program	$ 3,970,756	$ 3,935,255
Management and general	1,116,639	1,234,942
Fundraising	720,839	762,805
	$ 5,808,234	$ 5,933,002

Management and general expenses include $698,414 and $792,814 of underwriting expenses at June 30, 2014 and 2013, respectively.

Reclassifications

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

Subsequent Events

The Organization has evaluated subsequent events through September 22, 2014, which is the date the consolidated financial statements were available to be issued.

NOTE 2 PLEDGES AND BEQUEST RECEIVABLE

Pledges and bequest receivable as of June 30 consisted of the following:

	2014	2013
Due within one year	$ 861,454	$ 2,573,763
Less allowance for uncollectible contributions	16,000	23,000
	$ 845,454	$ 2,550,763

NOTE 3 INVESTMENTS

Investments as of June 30 consisted of the following:

	2014	2013
Cash management and money market	$ 550,995	$ 344,300
Equities	2,458,721	1,636,034
Bond mutual funds	2,713,524	1,642,205
Other traded securities	345,372	166,535
	$ 6,068,612	$ 3,789,074

Investment return is comprised of the following:

	2014	2013
Interest and dividends	$ 136,931	$ 95,684
Realized gain on investments	22,380	1,762
Unrealized gain on investments	200,365	88,806
	$ 359,676	$ 186,252

Endowment

The Organization's endowment consists of various donor-restricted endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which is the applicable law in the state of Ohio effective June 1, 2009. UPMIFA provides guidance on matters concerning the governance and management of donor restricted endowment funds. Under UPMIFA, the original value of donated gifts to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument are classified as permanently restricted net assets. The remaining portion of the donor restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Directors.

Investment Policy

Investment assets, including endowment assets, which are assets of donor-restricted funds that the Organization must hold in perpetuity, are managed in a pooled income fund. The investment policy states that the primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk. The Organization expects its investment funds to provide an average rate of return of 3% plus the Consumer Price Index over a five year period.

NOTE 3 INVESTMENTS (Continued)

These objectives shall be accomplished using a balanced strategy of equity and fixed income securities and cash equivalents relying on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization's current spending policy is to transfer all investment return into unrestricted net assets or temporarily restricted net assets if directed by the donor. The Board of Directors approved the use of unrestricted undesignated investment assets to meet operating needs.

The composition of net assets by type of endowment fund at June 30 was:

	2014	2013
Board designated endowment funds	$ 440,753	$ 440,753
Permanently restricted	235,949	235,949
	$ 676,702	$ 676,702

The changes in endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

	Board Designated	Permanently Restricted	Total
Balance at June 30, 2012	$ 440,753	$ 235,949	$ 676,702
Total investment return	13,575	7,267	20,842
Transfer of funds	(13,575)	(7,267)	(20,842)
Total change in endowment net assets	-	-	-
Balance at June 30, 2013	440,753	235,949	676,702
Total investment return	12,549	6,718	19,267
Transfer of funds	(12,549)	(6,718)	(19,267)
Total change in endowment net assets	-	-	-
Balance at June 30, 2014	$ 440,753	$ 235,949	$ 676,702

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consisted of the following:

	2014	2013
Studio and broadcast equipment	$ 562,410	$ 521,191
Transmitter	596,339	596,339
Leasehold improvements	898,409	898,409
Computer hardware and software	123,834	89,413
Furniture, fixtures and office equipment	206,854	206,854
	2,387,846	2,312,206
Less accumulated depreciation	(1,661,462)	(1,509,407)
	726,384	802,799
Capital lease	25,867	34,489
	$ 752,251	$ 837,288

Depreciation expense was $160,677 and $161,481 for the years ended June 30, 2014 and 2013, respectively.

NOTE 5 CAPITAL LEASE

At June 30, 2014, the Organization was obligated under a capital lease for telephone equipment that expires on July 8, 2017. The monthly payments under this lease amount to $828. The equipment amount of $43,111 has been capitalized with lease payments commencing in August 2012. The Organization began depreciating the equipment July 1, 2012.

The future capital lease obligations for the following fiscal years are as follows:

2015	$ 9,936
2016	9,936
2017	9,936
Total minimum lease payments	29,808
Less amount representing interest	2,483
Present value of net minimum lease payments	$ 27,325

NOTE 6 BROADCAST LICENSES

The broadcast licenses consisted of the following at June 30:

	2014	2013
WGUC	$ 9,900,000	$ 9,900,000
WVXU	13,088,377	13,088,377
	$ 22,988,377	$ 22,988,377

NOTE 7 BOND ISSUANCE COSTS

The Organization incurred legal, broker, appraisal, survey and other fees in connection with the bond issuance (see Note 8). These costs, totaling $484,336, were capitalized and are being amortized over the life of the bonds. The amount of amortization expense incurred for both of the years ended June 30, 2014 and 2013 was $24,218. As of June 30, 2014 and 2013, the accumulated amortization on the bond issuance costs was $214,576 and $190,358, respectively.

NOTE 8 BONDS PAYABLE

The Organization has outstanding tax exempt revenue bonds, which are due on August 10, 2025. Payments of principal and interest are made on a quarterly basis. The interest rate was fixed through May 22, 2013 at 2.31%. On May 23, 2013, the Organization reissued the tax exempt revenue bonds. The interest is variable with annual resets each November that are fixed by the bond agreement. Initially, from May 23, 2013 to November 10, 2014, the interest rate is 2.31%, with a maximum rate of 4.99% after November 2024. The bonds are secured by substantially all assets of the Organization.

In August 2014, the Organization signed a Third Amendment to the bond agreement to schedule a $1,200,000 prepayment of the principal balance in February 2015. The Organization also paid $2,000,000 of the annual maturity for 2015 in August 2014. The loan agreement contains financial covenants for cash flow available for debt service, maximum amount of debt and unrestricted investments that must be met.

Aggregate annual maturities of the bonds payable at June 30, 2014 are:

2015	$ 3,728,123
2016	412,297
2017	410,911
2018	439,077
2019	464,839
Thereafter	3,657,008
	$ 9,112,255

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30 are available for the following purposes or periods:

	2014	2013
Restricted as to purpose:		
Grant funded programming	$ 63,617	$ 92,917
Capital improvements	100,733	-
Restricted as to time:		
Bequest receivable	830,856	2,424,000
	$ 995,206	$ 2,516,917

NOTE 10 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors and consisted of the following for the years ended June 30:

	2014	2013
Purpose restriction accomplished:		
Programming	$ 79,300	$ 69,250
Captial improvements	34,267	-
Capital Campaign	-	10,637
Time restriction accomplished:		
Bequest receivable	2,424,000	-
	$ 2,537,567	$ 79,887

NOTE 11 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2014 and 2013 was $235,949. They are included in investments with the principal treated as an endowment fund, and with investment income and related gains included as investment return in the unrestricted section of the statement of activities. Investment earnings on these funds are to be used for support of programming.

NOTE 12 COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, not-for-profit grant-making organization that provides funding to public radio and television stations. Grants may be used at the discretion of the recipients, although a portion is restricted for acquisition and production of programs to be distributed nationwide. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming.

The grants are reported on the accompanying consolidated financial statements as unrestricted operating revenues when earned; however, certain general guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting and licensee status with the Federal Communications Commission. During the 2014 and 2013 fiscal years, $436,743 and $456,260, respectively, were earned. Amounts received in excess of amounts earned are recorded as unearned revenue on the consolidated statement of financial position.

NOTE 13 OPERATING LEASE

The Organization leases its office facilities under a non-cancelable operating lease from the Greater Cincinnati Television Educational Foundation. The lease is for a fifteen-year term, which expires on October 31, 2019, with the option to renew for an additional fifteen years. Base rent is adjusted annually for inflation. Rent expense for this lease included in the consolidated statements of activities for the years ended June 30, 2014 and 2013 was $223,070 and $205,178, respectively. The Organization received in-kind rent from the Greater Cincinnati Television Educational Foundation for office facilities in the amounts of $500 and $25,900 for the years ended June 30, 2014 and 2013, respectively. In June 2009, the Organization commenced leasing office copiers.

NOTE 13 OPERATING LEASE (Continued)

The future minimum payments on the Organization's operating leases are as follows:

2015	$ 234,864
2016	241,713
2017	248,767
2018	256,033
2019	261,872
Thereafter	86,486
	$ 1,329,735

NOTE 14 PENSION PLAN

The Organization has a defined contribution pension plan for all eligible employees. The plan is funded through the purchase of deferred tax-sheltered annuity contracts. Employee contributions are voluntary and are made on a pretax basis. On January 1, 2009, the Organization amended the plan to change the contribution to a voluntary basis rather than a specific contribution amount. In February 2009, the Organization ceased payments to the plan. There were no employer contributions for the years ended June 30, 2014 and 2013.

NOTE 15 IN-KIND DONATIONS

In-kind donations are reflected as contributions in the accompanying consolidated statements. Detailed below is a listing of all in-kind donations at their estimated fair values at date of receipt for the years ended June 30:

	2014	2013
Advertising and premiums	$ 334,580	$ 315,223
Operational expenses	178,257	238,284
Programming	41,885	35,510
Special events	2,929	3,840
	$ 557,651	$ 592,857

NOTE 16 FAIR VALUE

The Organization measures investments at fair value in accordance with GAAP, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. GAAP also establishes a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The three levels are defined as follows:

Level 1 – Inputs are unadjusted quoted prices for identical assets in active markets.

Level 2 – Inputs are observable quoted prices for similar assets in active markets.

Level 3 – Inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of the investments pursuant to the valuation hierarchy.

NOTE 16 FAIR VALUE (Continued)

Fair values for investments in marketable securities are determined by reference to quoted market prices and other relevant information generated by market transactions.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis at June 30:

Year	Description	Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
2014	Investments in marketable securities	$ 6,068,612	$ 6,068,612
2013	Investments in marketable securities	$ 3,789,074	$ 3,789,074

There were no level 2 or level 3 assets.

Assets Measured at Fair Value on a Nonrecurring Basis

Broadcast licenses are measured at fair value on a nonrecurring basis. That is, the broadcast licenses are subject to fair value in certain circumstances, such as when there is evidence of impairment. The licenses were recorded at the book values at the time of purchase, which approximates fair value and results in a classification within Level 3 of the valuation hierarchy.

Level 3 – Broadcast Licenses $22,988,377

The differences between the estimated fair value and carrying value of the Organization's financial instruments were not significant at June 30, 2014 and 2013. The following summarizes the methods used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated financial statement at amounts other than fair value.

Pledges receivable
Fair value is estimated at the present value of the future payment expected to be received.

Bonds payable
Fair value is estimated based on the borrowing rates currently available to the Organization for bonds with similar terms and maturities.

NOTE 17 COMMITMENTS AND CONTINGENCIES

Pursuant to the agreement with the University of Cincinnati that transferred the WGUC broadcast license and all rights associated with it from the University to the Organization, the University has the right of first refusal upon any future sale of the WGUC license.

Pursuant to the Asset Purchase Agreement entered into with Xavier University ("Xavier"), if the Organization sells substantially all of the WVXU assets prior to August 2015, the Organization is required to reimburse Xavier 50% of any excess of the sales price of the assets over the amount paid to Xavier for the assets.

SUPPLEMENTARY INFORMATION

CINCINNATI PUBLIC RADIO, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended June 30, 2014 with Summarized Comparative Totals for June 30, 2013

	2014								2013
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Underwriting	Membership Development	Total	Total
Salaries and wages	$ 924,129	$ 321,397	$ 257,609	$ 1,503,135	$ 233,743	$ -	$ 284,192	$ 2,021,070	$ 1,952,995
Contract services	56,123	112,463	52,730	221,316	73,172	644,569	140,670	1,079,727	1,263,237
Program license fees	828,899	-	39,122	868,021	-	-	-	868,021	819,365
Advertising and premiums	-	-	352,349	352,349	115	-	57,384	409,848	383,147
Employee benefits and payroll tax	129,747	47,131	41,169	218,047	24,131	-	42,761	284,939	278,154
Interest	234,003	1,815	-	235,818	-	-	-	235,818	233,446
Building rent	55,892	55,892	33,535	145,319	22,357	22,357	33,535	223,568	231,078
Depreciation and amortization	49,095	88,226	13,836	151,157	9,951	9,951	13,836	184,895	185,699
Investment and bank fees	-	-	102	102	41,173	6,967	55,609	103,851	90,862
Research	66,090	-	-	66,090	-	6,995	-	73,085	67,990
Tower rent	-	60,600	-	60,600	-	-	-	60,600	60,600
Postage	32	150	6,260	6,442	1,798	102	40,493	48,835	57,585
Travel and training	7,579	1,284	13,307	22,170	10,615	4,428	4,521	41,734	63,390
Utilities	-	39,097	-	39,097	-	-	-	39,097	39,013
Bad debt expense (recovery)	-	95	-	95	(3,289)	-	33,717	30,523	21,236
Telephone	8,252	15,975	975	25,202	731	1,463	1,219	28,615	27,818
Insurance	3,954	3,954	2,372	10,280	1,582	1,582	2,372	15,816	15,365
Dues and memberships	4,508	-	2,566	7,074	898	-	7,609	15,581	27,637
Printing	-	-	11,768	11,768	-	-	-	11,768	13,632
Supplies	3,759	3,201	834	7,794	507	-	2,611	10,912	17,433
Repairs and maintenance	-	9,291	-	9,291	741	-	310	10,342	14,873
Special events	-	-	9,589	9,589	-	-	-	9,589	68,447
Total expenses	$ 2,372,062	$ 760,571	$ 838,123	$ 3,970,756	$ 418,225	$ 698,414	$ 720,839	$ 5,808,234	$ 5,933,002
Percentages - 2014	41%	13%	14%	68%	7%	12%	13%	100%	
Percentages - 2013	39%	13%	14%	66%	8%	13%	13%		100%

See accompanying notes to financial statements