NEW YORK PUBLIC RADIO

Financial Statements and Supplemental Schedule

June 30, 2016 and 2015

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
New York Public Radio:

We have audited the accompanying financial statements of New York Public Radio, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 New York Public Radio as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Report on Supplementary Information

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the 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 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 as a whole.

KPMG LLP

October 18, 2016

NEW YORK PUBLIC RADIO

Statements of Financial Position

June 30, 2016 and 2015

Assets		2016	2015
Current assets:			
Cash and cash equivalents	$	9,050,428	14,093,811
Pledges and grants receivable		8,531,700	7,411,833
Accounts receivable, less allowance for doubtful accounts of $467,064 and $428,951 at December 31, 2016 and 2015, respectively		5,159,859	4,750,653
Due from partner in collaborative arrangements		—	62,742
Investments		6,104,375	3,600,830
Prepaid expenses and other current assets		729,894	568,475
Total current assets		29,576,256	30,488,344
Noncurrent assets:			
Pledges receivable, net, long-term portion		3,877,138	514,481
Investments		36,954,152	42,419,774
Cash equivalents limited as to use		213,913	207,640
Fixed assets, net of accumulated depreciation and amortization		19,564,132	21,527,866
FCC licenses		29,242,387	29,242,387
Other assets		403,937	382,588
Total noncurrent assets		90,255,659	94,294,736
Total assets	$	119,831,915	124,783,080
Liabilities and Net Assets			
Current liabilities:			
Accounts payable, accrued expenses, and deferred revenue	$	10,579,088	13,051,616
Current portion of bonds payable		855,000	830,000
Due to partner in collaborative arrangements		573,107	226,352
Total current liabilities		12,007,195	14,107,968
Noncurrent liabilities:			
Refundable advance		1,000,000	1,000,000
Fair value of interest rate swap agreement		1,600,507	1,433,220
Bonds payable, less current portion		9,454,185	10,287,550
Deferred rent		2,663,570	2,482,187
Other liabilities		1,740,957	1,770,394
Total noncurrent liabilities		16,459,219	16,973,351
Total liabilities		28,466,414	31,081,319
Commitments			
Net assets:			
Unrestricted:			
Undesignated		60,839,993	66,292,501
Board-designated		14,971,267	16,336,557
Total unrestricted		75,811,260	82,629,058
Temporarily restricted		15,217,481	10,733,679
Permanently restricted		336,760	339,024
Total net assets		91,365,501	93,701,761
Total liabilities and net assets	$	119,831,915	124,783,080

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statements of Activities

Years ended June 30, 2016 and 2015

	2016						2015					
	Undesignated	**Board-designated**	**Total unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**	**Undesignated**	**Board-designated**	**Total unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Operating activities:												
Operating support and revenue:												
Contributions	$ 55,941,609	966,060	56,907,669	16,895,114	—	73,802,783	48,990,537	1,413,242	50,403,779	10,603,082	—	61,006,861
Government grants	121,119	75,000	196,119	400,290	—	596,409	116,449	—	116,449	785,005	—	901,454
Donated services	1,071,344	—	1,071,344	—	—	1,071,344	98,150	—	98,150	—	—	98,150
Production and other income	3,105,507	—	3,105,507	—	—	3,105,507	3,172,368	—	3,172,368	—	—	3,172,368
Special events revenue, net of direct expenses of $596,051 and $387,858 in 2016 and 2015, respectively	1,387,975	—	1,387,975	5,000	—	1,392,975	957,273	—	957,273	112,500	—	1,069,773
Investment income	1,033,977	—	1,033,977	—	—	1,033,977	1,036,306	—	1,036,306	—	—	1,036,306
Revenues from collaborative arrangement	1,361,076	—	1,361,076	—	—	1,361,076	1,270,332	—	1,270,332	—	—	1,270,332
Net assets released from restrictions	12,816,602	—	12,816,602	(12,816,602)	—	—	10,025,902	625,000	10,650,902	(10,650,902)	—	—
Total operating support and revenue	76,839,209	1,041,060	77,880,269	4,483,802	—	82,364,071	65,667,317	2,038,242	67,705,559	849,685	—	68,555,244
Operating expenses:												
Program services:												
Programming	49,868,428	—	49,868,428	—	—	49,868,428	41,719,463	—	41,719,463	—	—	41,719,463
Technical operations	5,940,605	—	5,940,605	—	—	5,940,605	5,832,533	—	5,832,533	—	—	5,832,533
Marketing	3,315,032	—	3,315,032	—	—	3,315,032	2,853,260	—	2,853,260	—	—	2,853,260
Total program services	59,124,065	—	59,124,065	—	—	59,124,065	50,405,256	—	50,405,256	—	—	50,405,256
Supporting services:												
Fund-raising (noncampaign)	17,364,743	—	17,364,743	—	—	17,364,743	14,621,471	—	14,621,471	—	—	14,621,471
Management and general	5,807,191	—	5,807,191	—	—	5,807,191	5,185,272	—	5,185,272	—	—	5,185,272
Total supporting services	23,171,934	—	23,171,934	—	—	23,171,934	19,806,743	—	19,806,743	—	—	19,806,743
Total operating expenses	82,295,999	—	82,295,999	—	—	82,295,999	70,211,999	—	70,211,999	—	—	70,211,999
Increase (decrease) in operating activities	(5,456,790)	1,041,060	(4,415,730)	4,483,802	—	68,072	(4,544,682)	2,038,242	(2,506,440)	849,685	—	(1,656,755)
Nonoperating activities:												
Investment return, less amounts allocated for spending	(2,234,781)	—	(2,234,781)	—	(2,264)	(2,237,045)	(1,239,208)	—	(1,239,208)	—	(15,234)	(1,254,442)
Change in fair value of interest rate swap agreement	(167,287)	—	(167,287)	—	—	(167,287)	119,665	—	119,665	—	—	119,665
Transfers	2,406,350	(2,406,350)	—	—	—	—	1,298,534	(1,298,534)	—	—	—	—
Change in net assets	(5,452,508)	(1,365,290)	(6,817,798)	4,483,802	(2,264)	(2,336,260)	(4,365,691)	739,708	(3,625,983)	849,685	(15,234)	(2,791,532)
Net assets at beginning of year	66,292,501	16,336,557	82,629,058	10,733,679	339,024	93,701,761	70,658,192	15,596,849	86,255,041	9,883,994	354,258	96,493,293
Net assets at end of year	$ 60,839,993	14,971,267	75,811,260	15,217,481	336,760	91,365,501	66,292,501	16,336,557	82,629,058	10,733,679	339,024	93,701,761

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statements of Cash Flows

Years ended June 30, 2016 and 2015

		2016	2015
Cash flows from operating activities:			
Change in net assets	$	(2,336,260)	(2,791,532)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:			
Depreciation and amortization of fixed assets		3,201,617	3,488,441
Amortization of deferred financing costs		21,635	21,635
Bad debt expense, net of recoveries		90,140	166,976
Net expense from barter arrangements		(198,410)	(52,927)
Deferred rent		181,383	149,789
Lease incentive obligation (in other liabilities)		(27,069)	(27,068)
Donated fixed assets		—	(5,652)
Change in fair value of interest rate swap agreement		167,287	(119,665)
Change in unrealized losses on investments		1,419,538	1,114,591
Changes in operating assets and liabilities:			
Current pledges and grants receivable		(1,121,367)	27,360
Accounts receivable		(497,846)	(929,804)
Prepaid expenses and other current assets		(161,419)	98,511
Due from partner in collaborative arrangements		409,497	370,671
Long-term pledges receivable, net		(3,362,657)	824,213
Other assets		(21,349)	(47,910)
Accounts payable, accrued expenses, and deferred revenue		(2,142,781)	1,593,611
Other liabilities		(2,368)	(148,384)
Net cash (used in) provided by operating activities		(4,380,429)	3,732,856
Cash flows from investing activities:			
Net increase in cash equivalents limited as to use		(6,273)	(8,789)
Purchase of fixed assets		(1,369,220)	(871,313)
Purchase of investments		(7,117,988)	(15,755,497)
Sale of investments		8,660,527	10,706,453
Investment receivable		—	1,677,522
Net cash provided by (used in) investing activities		167,046	(4,251,624)
Cash flows from financing activity:			
Repayment of bonds payable		(830,000)	(795,000)
Net cash used in financing activity		(830,000)	(795,000)
Net decrease in cash and cash equivalents		(5,043,383)	(1,313,768)
Cash and cash equivalents at beginning of year		14,093,811	15,407,579
Cash and cash equivalents at end of year	$	9,050,428	14,093,811
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	369,052	399,317
Noncash investing and financing activities:			
Fixed assets purchased through accounts payable	$	674,076	805,413
Donated fixed assets		—	5,652

See accompanying notes to financial statements.

(1) Nature of Business and Organization

New York Public Radio was incorporated in the State of New York in September 1979 as a not-for-profit corporation, primarily for the purpose of providing monetary and operational support for the City of New York Municipal Broadcasting System, later known as the New York Public Communications Group, through fund-raising activities and the rendering of services.

On January 7, 1997, the City of New York transferred the licenses and all the assets associated with WNYC-AM and WNYC-FM to New York Public Radio for $20 million payable over six years. The Federal Communications Commission (FCC) granted the transfer of the licenses in fiscal 1997.

On October 6, 2009, New York Public Radio purchased certain assets used in the operation of the radio station WQXR-FM from The New York Times Company. New York Public Radio paid a purchase price of approximately $11,626,000 in cash inclusive of direct expenses.

On July 1, 2011, New York Public Radio assumed operations under a managing program agreement of four New Jersey network radio stations, WNJT-FM, WNJP-FM, WNJY-FM, and WNJO-FM, owned by the State of New Jersey. On December 5, 2011, the FCC licenses and certain other assets were purchased from the State of New Jersey for approximately $1 million in cash and $1.8 million in in-kind services.

New York Public Radio is a Section 501(c)(3) organization, which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code). It is a publicly supported organization as described in Section 509(a)(1) of the Code. New York Public Radio is also exempt from state and local income taxes. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. New York Public Radio recognizes the effect of income tax positions only if these positions are more likely than not of being sustained.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

(b) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are used for, but not limited to, accounts and pledges receivable allowances, fair value of investments and interest rate swaps, depreciation rates for fixed assets, and functional expenses.

New York Public Radio allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be readily identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

(c) Net Assets

To ensure compliance with limitations and restrictions placed on the use of resources, New York Public Radio reports its financial resources in three net asset classes: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which New York Public Radio's Board of Trustees has discretionary control and are used to carry out New York Public Radio's operations in accordance with its Articles of Incorporation and the related bylaws.

In fiscal year 2006, New York Public Radio's Board of Trustees designated a portion of unrestricted net assets for the Campaign for New York Public Radio. Funds received in association with this campaign are to be allocated at the discretion of the Board of Trustees to the fit-out and construction of New York Public Radio's facility, debt service related to the March 2006 bond offering, lease and operating expenses associated with the facility, and programming initiatives.

In fiscal year 2013, all charitable gift annuities in excess of the related liabilities were classified as board designated by the Board of Trustees. Upon maturity of a gift annuity agreement, the revenue will be allocated at the discretion of the Board of Trustees.

In fiscal year 2015, the Board of Trustees designated unrestricted funds received in association with a future campaign and other unrestricted funds as it deems appropriate, as unrestricted funds to be allocated at its discretion in association with strategic initiatives.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of New York Public Radio.

Permanently Restricted Net Assets: Permanently restricted net assets represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be used.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

(d) Grants and Contributions

Grants and contributions (including unconditional promises to give) are recorded initially at fair value when received or pledged. Contributions received with donor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted support. Unconditional promises to give, with payments due in future years, are reported as temporarily restricted support, discounted to their present value. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The details of unrestricted contributions for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Membership	$ 23,722,487	21,890,367
Underwriting	21,512,811	17,073,817
Underwriting trade	443,778	584,254
Campaign for New York Public Radio	—	250,000
Major donors	6,802,631	5,429,428
Bequests and planned giving	1,284,554	1,861,781
Foundations and not-for-profit organizations	3,141,408	3,314,132
	$ 56,907,669	50,403,779

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. As of June 30, 2016, New York Public Radio has received conditional pledges and payments totaling approximately $1,263,000 for future support for which the conditions stipulated by the donors have not yet been met.

(e) Donated Services and Support

Volunteers have donated significant amounts of their time to New York Public Radio's program services and supporting services. No amounts have been reflected in the accompanying financial statements for these donated services because they do not meet the criteria for revenue recognition established by U.S. generally accepted accounting principles.

(f) Cash Equivalents

New York Public Radio considers all highly liquid investments, consisting primarily of money market funds, with a maturity of three months or less when purchased, and other than those intended to be held as part of the investment portfolio or those restricted as to use, to be cash equivalents. All cash and cash equivalents are held at three financial institutions at June 30, 2016 and 2015. The amount of cash and cash equivalents at these banks may exceed federally insured limits. At June 30, 2016 and 2015, approximately, $0.3 million and $10.1 million, respectively, of the balance in cash and cash equivalents is held in money market funds that are invested in underlying U.S. government or U.S. government and agency securities.

(g) Accounts Receivable

Accounts receivable consist primarily of on-air acknowledgments of corporate underwriting. The allowance for doubtful accounts is determined based upon specific analysis of past-due accounts and historical collections experience.

(h) Investments

New York Public Radio follows Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*, which removes the requirements to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value (NAV) per share practical expedient and removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient.

Investments are reported at estimated fair market value based upon quoted market prices or at estimated fair value using NAV, as a practical expedient, provided by the general partners of limited partnerships or other external investment managers. These NAVs are reviewed and evaluated by New York Public Radio. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been used had a ready market existed for such investments. Short-term investments are investments with maturities less than one year, which are not held by long-term investment managers.

New York Public Radio maintains a spending policy on its long-term investment portfolio. The spending policy used for operations may be up to 4% of a 12-quarter rolling average market value as of June 30. In addition to the spending policy on the long-term investment portfolio, investment return used for operations includes investment income on working capital cash, short-term investments and any other long-term investments not maintained as part of the long-term investment portfolio.

(i) FCC Licenses

Identifiable intangible assets with indefinite lives consist of the FCC licenses for New York Public Radio. Such intangible assets are no longer amortized but instead are subject to annual impairment tests. There were no indications of impairment noted in the annual impairment test performed for the years ended June 30, 2016 and 2015.

(j) Depreciation and Amortization

Furniture, fixtures, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. New York Public Radio provides for depreciation of fixed assets on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 17 years. Amortization of leasehold improvements is provided on the straight-line basis over the lesser of the terms of the related leases or estimated useful lives of the improvements.

(k) Marketing and Public Relations

Marketing and public relations costs are expensed as incurred. For the years ended June 30, 2016 and 2015, total marketing and public relations costs amounted to approximately $1,598,000 and $1,205,000, respectively.

(Continued)

(l) Barter Transactions

Revenue from barter transactions (underwriting acknowledgments provided in exchange for goods and services) is recognized when underwriting is broadcast and is valued based on fair value (comparable cash revenue). Goods and services received are recorded as a capital asset or prepaid expense, depending on the nature of the goods or services received, and are charged to expense when rendered or used. Barter revenues were $443,778 and $584,254 and barter expenses were $245,368 and $531,328 for the years ended June 30, 2016 and 2015, respectively. A liability of $102,711 and $301,421 is included in accounts payable at June 30, 2016 and 2015, respectively, in the accompanying statements of financial position, representing the acknowledgements under barter arrangements to be broadcast in the future.

(m) Interest Rate Swap Agreement

New York Public Radio calculates and records the fair value of its interest rate swap agreement based on the differences between market interest rates at the date of the agreement and interest rates in effect at June 30.

(n) Collaborative Arrangements

New York Public Radio accounts for its collaborative arrangements in accordance with *Accounting for Collaborative Arrangements* (note 11), which prescribes that for costs incurred and revenue generated from third parties, the participant in a collaborative arrangement that is deemed to be the principal participant for a given transaction should record that transaction on a gross basis in the financial statements. Payments from New York Public Radio's partners in the collaborative arrangements are recorded as revenues from collaborative arrangement in the period in which such payments are due to cover expenditures of the arrangement.

(o) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(Continued)

(p) Operating Measure

New York Public Radio includes in operations all revenue and expenses that are an integral part of its program and supporting activities. Investment return, including net realized and unrealized gains and losses, in excess of or less than the authorized spending policy, the change in fair value of interest rate swap agreement and transfers, are recognized as nonoperating activities.

(3) Investments

New York Public Radio held the following investments at June 30:

	Fair value 2016	Fair value 2015
Investments:		
U.S. equity	$ 9,273,021	9,938,636
Global equity	7,671,207	7,999,195
Emerging markets	2,658,878	2,787,504
Hedge funds	8,252,347	8,854,780
Inflation hedging	579,533	1,615,500
Fixed income	14,346,752	14,680,249
Cash and equivalents	276,789	144,740
	$ 43,058,527	46,020,604

Investments measured at NAV by major category, at June 30 are as follows:

Strategy	2016	2015	Redemption frequency (if currently eligible)	Redemption notice period
U.S. equity	$ 2,085,981	4,363,369	Calendar Quarter	30 days
Global equity	3,522,574	3,438,099	Semi-Monthly/Monthly	3–10 days
Emerging markets	1,062,442	1,045,906	Monthly	30 days
Hedge funds	8,252,347	8,854,780	Quarterly/Annually/Bi-Annually	60–90 days
Inflation hedging	299,047	355,719	Monthly	5 days
Fixed income	646,416	622,334	Daily	10 days
	$ 15,868,807	18,680,207		

Investment income consists of the following in fiscal 2016 and 2015:

	2016	2015
Interest, dividend, and realized gains (losses)	$ 216,470	896,455
Net depreciation in fair value of investments	(1,419,538)	(1,114,591)
	$ (1,203,068)	(218,136)

Valuation Hierarchy

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2016 and 2015:

		Fair value measurements at June 30, 2016 using	
	Carrying value (fair value at June 30, 2016)	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**
Investments:			
U.S. equity	$ 7,187,040	7,187,040	—
Global equity	4,148,633	4,148,633	—
Emerging markets	1,596,436	1,596,436	—
Inflation hedging	280,486	280,486	—
Fixed income	13,700,336	13,700,336	—
Cash and equivalents	276,789	276,789	—
Investments measured at net asset value (or its equivalent)	15,868,807	—	—
Total investments	$ 43,058,527	27,189,720	—
Fair value of interest rate swap agreement	$ (1,600,507)	—	(1,600,507)

	Carrying value (fair value at June 30, 2015)	Fair value measurements at June 30, 2015 using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Investments:			
U.S. equity	$ 5,575,268	5,575,268	—
Global equity	4,561,096	4,561,096	—
Emerging markets	1,741,598	1,741,598	—
Inflation hedging	1,259,781	1,259,781	—
Fixed income	14,057,914	14,057,914	—
Cash and equivalents	144,740	144,740	—
Investments measured at net asset value (or its equivalent)	18,680,207	—	—
Total investments	$ 46,020,604	27,340,397	—
Fair value of interest rate swap agreement	$ (1,433,220)	—	(1,433,220)

Valuation Techniques

New York Public Radio's derivative instrument consists of an over-the-counter interest rate swap agreement, which is not publicly traded on a public exchange. The fair value of New York Public Radio's interest rate swap agreement was determined based on inputs to a model that can be corroborated with observable market data (note 4). As such, New York Public Radio categorized its interest rate swap agreement as Level 2.

(4) Pledges and Grants Receivable

Pledges and grants receivable consist substantially of promises to give and are due from individuals and foundations. Pledges and grants receivable, net of allowance for uncollectible pledges, are due to be collected as follows at June 30:

		2016	2015
Pledges and grants receivable:			
Less than one year	$	8,531,700	7,411,833
One to five years		4,242,667	559,144
		12,774,367	7,970,977
Less:			
Discount (1.01%–1.62%)		(97,680)	(20,673)
Credit rate adjustments		(267,849)	(23,990)
Pledges and grants receivable, net	$	12,408,838	7,926,314

One donor accounted for 23% and 13% of gross pledges and grants receivable at June 30, 2016 and 2015, respectively.

(5) Fixed Assets

Fixed assets consist of the following at June 30:

		2016	2015
Computer hardware	$	3,413,106	3,196,403
Leasehold improvement		24,400,498	24,356,803
Furniture and fixtures		2,390,001	2,366,392
Equipment		15,489,196	14,535,320
Vehicles		29,456	29,456
		45,722,257	44,484,374
Less accumulated depreciation and amortization		(26,158,125)	(22,956,508)
	$	19,564,132	21,527,866

New York Public Radio received capital appropriations from the City of New York, which obligated the recipient organization to operate the facility and/or maintain equipment for the respective bonding term as a nonprofit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational, or artistic uses, and/or related purposes approved by the City.

At June 30, 2016, the City of New York and a government entity held a security interest in leasehold improvements of $1,012,500.

(Continued)

(6) Bonds Payable

In March 2006, New York Public Radio issued tax-exempt Series 2006 revenue bonds (Series 2006 Revenue Bonds) through the Trust for Cultural Resources of the City of New York in the amount of $23,000,000. Proceeds from the Series 2006 Revenue Bonds, as well as any interest income earned on the proceeds, were used to finance issuance costs, a portion of interest costs, and a portion of the cost of the renovation, construction, studio technical fit-out, and furnishing of approximately 76,000 square feet of leased space in a building that is used as New York Public Radio's principal office and broadcast studios.

The Series 2006 Revenue Bonds are secured by an irrevocable direct pay letter of credit from a bank (Wells Fargo Bank, N.A.) with a credit rating at June 30, 2016 that meets the requirements of the bond indentures. The letter of credit expires on March 29, 2019 and is secured by certain assets pledged by New York Public Radio. The letter of credit agreement also requires New York Public Radio to maintain compliance with certain financial covenants and other restrictions. At June 30, 2016, New York Public Radio was in compliance with the financial covenants contained in its credit agreement.

As a condition of this borrowing, beginning in April 2008, New York Public Radio was required to make monthly deposits into a debt service fund. At June 30, 2016 and 2015, approximately, $214,000 and $208,000, respectively, of debt service funds are included in cash equivalents limited as to use in the accompanying statements of financial position. The fund accumulates amounts necessary to make principal payments on annual serial maturity dates commencing April 1, 2009. The final maturity date is April 1, 2026. Any grants and contributions received that are restricted to the project funded by the bonds must be used to fund project costs or be deposited in the debt service fund for payment of bond principal. The Series 2006 Revenue Bonds bear interest at a rate that is reset weekly as determined by the remarketing agent. The rate effective at June 30, 2016 was 0.40%. Interest is payable on the first business day of each calendar month. New York Public Radio recognized approximately $369,000 and $397,000 in interest expense for the years ended June 30, 2016 and 2015, respectively.

The Series 2006 Revenue Bonds are subject to future mandatory sinking fund installments as follows:

Year ending June 30:	
2017	$ 866,250
2018	910,000
2019	950,000
2020	990,000
2021	1,031,250
Thereafter	5,553,750
	$ 10,301,250

Principal payments are to be made from the sinking fund installments that New York Public Radio pays as follows:

Year ending June 30:		
2017	$	855,000
2018		900,000
2019		940,000
2020		980,000
2021		1,020,000
Thereafter		5,820,000
		10,515,000
Less unamortized bond issuance costs		205,815
	$	10,309,185

(7) Interest Rate Swap Agreement

In March 2006, New York Public Radio entered into an interest rate swap agreement to manage the interest cost and risk associated with the Series 2006 bond issuance. The interest rate swap has an effective date of March 29, 2006 and is intended to reduce the risk of rising interest rates. The initial notional amount of the swap agreement is $15,000,000, to be reduced to match principal payments on the bonds payable over the period from April 1, 2009 through April 1, 2026. In accordance with the terms of the interest rate swap and related agreement, New York Public Radio pays an interest rate of 3.675% and receives interest based on 70% of USDLIBOR-BBA. Net receipts or payments under the agreement are recognized as an adjustment to interest expense. The interest rate swap agreement expires April 1, 2026. The fair value of the swap agreement is a liability of $1,600,507 and $1,433,220 at June 30, 2016 and 2015, respectively.

(8) Refundable Advance

In November 2013, New York Public Radio entered into an agreement with an outside foundation under which the foundation advanced $1,000,000 for the support of New York Public Radio's programs for a period of 15 years through November 11, 2028. After November 11, 2028, New York Public Radio will be required, at the direction of the foundation, to contribute the funds to one or more not-for-profit organizations that are not affiliated with New York Public Radio. Any income that New York Public Radio earns on the $1,000,000 can be used to fund operations. The advance is reflected in investments and as a refundable advance in the accompanying statements of financial position.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

		2016	2015
Temporarily restricted:			
Programming	$	13,355,896	7,944,870
Time restrictions		1,861,585	2,788,809
	$	15,217,481	10,733,679

$8,333,498 and $5,157,159 restricted for programming at June 30, 2016 and 2015, respectively, are also time restricted.

(10) Endowment Fund

In 2010, New York State adopted New York Prudent Management of Institutional Funds Act (NYPMIFA). The Board of Trustees of New York Public Radio has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, New York Public Radio classifies as permanently restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the accounting guidance associated with the adoption of NYPMIFA, 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 New York Public Radio in a manner consistent with the standard of prudence prescribed by NYPMIFA.

New York Public Radio’s endowment consists of a permanently restricted endowment fund, the principal of which must be maintained intact in perpetuity, and income earned is restricted for the development of news, information, and other programming services. New York Public Radio’s permanently restricted donor endowment fund balance was $336,760 and $339,024 at June 30, 2016 and 2015, respectively.

New York Public Radio has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment fund.

Changes in endowment net assets for the year ended June 30, 2016 consisted of the following:

		Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	—	339,024	339,024
Contributions		—	—	—
Investment return:				
Investment income		7,475	(2,264)	5,211
Appropriated for spending		(7,475)	—	(7,475)
Endowment net assets, ending of year	$	—	336,760	336,760

Changes in endowment net assets for the year ended June 30, 2015 consisted of the following:

		Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	—	354,258	354,258
Contributions		—	—	—
Investment return:				
Investment income		6,339	(15,234)	(8,895)
Appropriated for spending		(6,339)	—	(6,339)
Endowment net assets, ending of year	$	—	339,024	339,024

(11) Collaborative Arrangements

New York Public Radio entered into co-production agreements (the Agreements) with Partners to develop, produce, and distribute noncommercial public radio programming and digital content. Under the terms of the Agreements, New York Public Radio is responsible for the day-to-day editorial and creative control of the content.

New York Public Radio acts as the principal for certain revenue and expense transactions with third parties and, therefore, recognized these transactions on a gross basis in the accompanying financial statements.

New York Public Radio recognized the following for the years ended June 30:

		2016	2015
Temporarily restricted contributions	$	230,354	84,500
Unrestricted contributions		4,198,914	1,885,809
Production and other income		222,030	165,726
Various expenses		6,041,276	3,082,173

In addition to these amounts, revenues from this collaborative arrangement of $1,361,076 and $1,270,332 are also recognized in the accompanying statements of activities for the years ended June 30, 2016 and 2015, respectively, related to the portion of certain Agreements expenses for which New York Public Radio's partner is obligated to reimburse New York Public Radio.

(12) Commitments

New York Public Radio has agreements to license capacity on transmitters and lease space at the transmission facilities with third parties in New York and New Jersey. These agreements expire between March 2017 and March 2029. Total license and rent expense was approximately $1,296,000 for each of the years ended June 30, 2016 and 2015, respectively.

In March 2006, New York Public Radio entered into a noncancelable lease agreement for office space and broadcast studios in New York City for a term of 20 years. The lease calls for escalation charges through the lease term and includes a rent-free period of approximately 11 months. The lease also provides New York Public Radio with the option to renew for an additional 10 years provided that New York Public Radio is not in default of any of the terms of the lease agreement. The lease agreement is secured by a standby letter of credit in the amount of approximately $837,000 that expires in March 2017 and may be renewed at the option of New York Public Radio.

The aggregate minimum lease payments under the lease agreement for office space and broadcast studios are being recognized over the term of the lease on the straight-line basis. The cumulative difference between rent expense so calculated and amounts paid in accordance with terms of the lease amounted to approximately $2,664,000 and $2,482,000 as of June 30, 2016 and 2015, respectively, and has been reflected as deferred rent, a liability in the accompanying statements of financial position. Under the terms of the lease agreement, New York Public Radio is reimbursed by the landlord for certain costs incurred. The costs incurred are included in fixed assets and are amortized over the lesser of the lease term or the estimated useful lives of the assets. The amount of costs reimbursed by the landlord is recorded as a lease incentive obligation, which is amortized as a reduction of rent expense on a straight-line basis over the term of the lease. A lease incentive obligation of approximately $277,000 and $305,000 is included in other liabilities in the accompanying statements of financial position as of June 30, 2016 and 2015, respectively. Total rent expense recorded under this lease agreement was approximately $1,967,000 and $1,716,000 for the years ended June 30, 2016 and 2015, respectively.

Future minimum payments under these agreements as of June 30, 2016 were as follows:

		License agreements	Leases
Year ending June 30:			
2017	$	981,125	2,172,021
2018		590,269	2,222,091
2019		393,529	2,232,410
2020		239,597	2,243,039
2021		231,000	2,253,987
Thereafter		2,368,300	12,043,700
	$	4,803,820	23,167,248

(13) Subsequent Events

New York Public Radio has evaluated events and transactions occurring after the statement of financial position date of June 30, 2016 through October 18, 2016, which is the date that the financial statements were issued, for disclosure and recognition in the financial statements.

NEW YORK PUBLIC RADIO

Schedule of Functional Expenses

Years ended June 30, 2016 and 2015

	Program services				Supporting services				
	Programming	**Technical operations**	**Marketing**	**Total**	**Fund-raising (noncampaign)**	**Management and general**	**Total**	**2016**	**2015**
Salaries and benefits	$ 31,862,231	2,872,935	1,619,666	36,354,832	9,658,652	3,047,006	12,705,658	49,060,490	42,854,373
Consultants’ fees	4,979,986	290,884	173,972	5,444,842	1,111,378	321,392	1,432,770	6,877,612	2,159,122
Marketing and public relations	337,110	—	885,692	1,222,802	345,866	29,335	375,201	1,598,003	1,205,125
Program acquisition and production	5,178,330	21,267	283,760	5,483,357	1,020	905	1,925	5,485,282	5,355,119
Membership services	—	—	—	—	3,539,210	—	3,539,210	3,539,210	3,521,500
Professional services	623,466	17,224	74,247	714,937	469,540	967,664	1,437,204	2,152,141	2,354,591
Travel, entertainment, and meetings	581,825	20,153	30,709	632,687	461,256	88,820	550,076	1,182,763	1,140,356
Equipment rental, repairs, maintenance, and supplies	743,804	529,007	19,993	1,292,804	568,098	212,187	780,285	2,073,089	1,619,282
Office expenses	191,662	10,433	22,120	224,215	53,700	63,626	117,326	341,541	275,723
Bad debt expense, net of recoveries	—	—	—	—	—	90,140	90,140	90,140	166,976
Postage and mailing	22,349	4,036	3,309	29,694	22,858	3,751	26,609	56,303	49,822
Insurance	221,399	17,775	9,571	248,745	47,856	23,042	70,898	319,643	331,295
Rent, utilities, and custodial	2,910,021	1,975,191	94,155	4,979,367	596,117	208,524	804,641	5,784,008	5,154,599
Financing costs and other costs	—	—	—	—	—	534,157	534,157	534,157	535,675
Total expenses before depreciation, amortization	47,652,183	5,758,905	3,217,194	56,628,282	16,875,551	5,590,549	22,466,100	79,094,382	66,723,558
Depreciation and amortization	2,216,245	181,700	97,838	2,495,783	489,192	216,642	705,834	3,201,617	3,488,441
Total expenses	$ 49,868,428	5,940,605	3,315,032	59,124,065	17,364,743	5,807,191	23,171,934	82,295,999	70,211,999

See accompanying independent auditors’ report.