financial report

JUNE 30, 2011

CLASSICAL
SOUTH FLORIDA®

Classical South Florida

(An Affiliated Organization of American Public Media Group)

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
Classical South Florida

We have audited the accompanying statement of financial position of Classical South Florida 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 Classical South Florida's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior period'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 Classical South Florida 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 and Property Fund information presented in the statement of activities for 2011 and the supplemental information on page 14 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 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.

As discussed in Notes 1 and 6 to the financial statements, Classical South Florida's parent company, American Public Media Group, has committed to continue to provide funds to support the operating activities of Classical South Florida throughout fiscal 2012. At June 30, 2011, Classical South Florida had borrowings of $13,003,000.

McGladrey & Pullen, LLP

Minneapolis, Minnesota
October 24, 2011

Classical South Florida (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	Eliminations	Total	Temporarily Restricted	**Total**	2010
Support from public:							
Individual gifts and membership	$ 1,221	$ 1	$ -	$ 1,222	$ 11	**$ 1,233**	$ 2,081
Individual gifts and membership released from restriction (rfr)	200	-	-	200	(200)	**-**	-
Underwriting	92	-	-	92	844	**936**	583
Underwriting rfr	610	-	-	610	(610)	**-**	-
Business support	7	-	-	7	-	**7**	2
Foundation support	1	-	-	1	55	**56**	-
Foundation support rfr	55	-	-	55	(55)	**-**	-
Intercompany grant (Note 10)	28	21	(21)	28	-	**28**	24
Total support from public	2,214	22	(21)	2,215	45	**2,260**	2,690
Support from governmental agencies:							
Corporation for Public Broadcasting (CPB)	-	-	-	-	253	**253**	98
CPB rfr	235	-	-	235	(235)	**-**	-
Other governmental grants	-	-	-	-	40	**40**	21
Other governmental grants rfr	40	-	-	40	(40)	**-**	-
Total support from governmental agencies	275	-	-	275	18	**293**	119
Earned revenue	6	1	-	7	-	**7**	-
Total support and earned revenue	2,495	23	(21)	2,497	63	**2,560**	2,809
Expenses:							
Operations	2,911	199	(20)	3,090	-	**3,090**	2,808
Administrative	570	17	-	587	-	**587**	441
Fundraising	978	24	(1)	1,001	-	**1,001**	780
Total expenses	4,459	240	(21)	4,678	-	**4,678**	4,029
Change in net assets	(1,964)	(217)	-	(2,181)	63	**(2,118)**	(1,220)
Net assets, beginning of year	(6,375)	(69)	-	(6,444)	900	**(5,544)**	(4,324)
Net assets, end of year	$ (8,339)	$ (286)	$ -	$ (8,625)	$ 963	**$ (7,662)**	$ (5,544)

See Notes to Financial Statements.

Classical South Florida (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				
	Operations	Administrative	Fundraising	**Total**	2010
Expenses:					
Personnel	$ 181	$ 305	$ 410	**$ 896**	$ 682
Fringe benefits of personnel	31	36	78	**145**	130
Programming and production	299	-	-	**299**	113
Space costs and equipment rent (Note 10)	1,890	2	-	**1,892**	1,862
Utilities	63	-	61	**124**	125
Repairs and maintenance	103	7	2	**112**	60
Promotion and development	386	16	306	**708**	597
Travel and training	22	24	21	**67**	45
Depreciation	81	18	23	**122**	108
Financial and general	34	179	100	**313**	307
Total	$ 3,090	$ 587	$ 1,001	**$ 4,678**	$ 4,029

See Notes to Financial Statements.

Classical South Florida (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		
Trade receivables, net (Note 4)	**$ 507**	$ 208
Grants receivable, net (Note 4)	**160**	221
Prepaid expenses	**18**	17
Other	**5**	4
Total current assets	**690**	450
Net Property and Equipment (Note 5)	**594**	450
Other Assets		
Grants receivable, net (Note 4)	**543**	688
Investments	**-**	50
Interest in investment pool (Note 3)	**7**	-
Intangibles not subject to amortization (Note 11)	**3,810**	-
Deferred tax asset	**45**	-
Other assets	**18**	15
Total assets	**$ 5,707**	$ 1,653

Liabilities and Net Assets		
Current Liabilities		
Trade payables	**$ 58**	$ 10
Accrued liabilities	**131**	84
Deferred revenue (Note 11)	**59**	-
Total current liabilities	**248**	94
Other Liabilities		
Deferred revenue, less current portion (Note 11)	**118**	-
Obligations to APMG (Note 6)	**13,003**	7,103
Total other liabilities	**13,121**	7,103
Total liabilities	**13,369**	7,197
Commitments and Contingencies (Notes 6, 7 and 8)		
Net Assets		
Unrestricted	**(8,625)**	(6,444)
Temporarily restricted	**963**	900
Total net assets	**(7,662)**	(5,544)
Total liabilities and net assets	**$ 5,707**	$ 1,653

See Notes to Financial Statements.

Classical South Florida (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	**$ (2,118)**	$ (1,220)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	**122**	108
Revenue from station acquisition (Note 11)	**(88)**	-
Decrease (increase) in assets, net of acquisition:		
Trade receivable, net	**(288)**	(48)
Grants receivable, net	**206**	(784)
Prepaid expenses and other assets	**24**	(6)
Deferred tax asset	**(45)**	-
Increase in trade payable and accrued liabilities	**88**	10
Total adjustments	**19**	(720)
Net cash used in operating activities	**(2,099)**	(1,940)
Cash Flows From Investing Activities		
Purchase of investments	**-**	(50)
Sale of investments	**50**	-
Change in interest in investment pool	**(7)**	-
Purchase of equipment	**(20)**	(50)
Station acquisition (Note 11)	**(3,824)**	-
Net cash used in investing activities	**(3,801)**	(100)
Cash Flows From Financing Activities		
Net borrowings on loan from APMG	**5,900**	2,040
Net cash provided by financing activities	**5,900**	2,040
Net change in cash and cash equivalents	**-**	-
Cash and Cash Equivalents, beginning of year	**-**	-
Cash and Cash Equivalents, end of year	**$ -**	$ -
Supplemental Disclosures of Noncash Investing Activities		
Addition to net property and equipment funded through trade payable	**$ 7**	$ -
Noncash consideration transferred in station acquisition (Note 11)	**177**	-
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	**$ 13**	$ 3

See Notes to Financial Statements.

Note 1. Nature of Business and Organization

Nature of business: Classical South Florida (the Organization or CSF) is a not-for-profit corporation located in Fort Lauderdale, Florida. CSF's mission is to strengthen the civic and cultural bonds that unite South Florida's diverse communities by providing the highest-quality classical music programming and interactive media resources.

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

As of June 30, 2011, CSF had accumulated a total net asset deficit of $7,662,000, due, in part, to one-time startup costs and operating deficits. As CSF's fundraising efforts mature, the Organization anticipates its operating deficits will decrease and ultimately reverse. To the extent needed and at least through July 1, 2012, APMG has committed to provide funds to support the operations of CSF.

On September 24, 2007, APMG entered into an asset purchase agreement with Trinity International University (Trinity) to acquire WKCP 89.7 FM (formerly WMCU), serving South Florida's Miami-Dade and Broward counties, and W270AD, an FM translator station in West Palm Beach (together, the station), for $20,000,000, subject to the approval of the Federal Communications Commission (FCC). Also on September 24, 2007, APMG entered into an affiliation agreement with Trinity to provide classical music programming to the station until the FCC approved the asset purchase agreement. On November 13, 2007, APMG created CSF to fulfill its programming, operational and financial responsibilities under both agreements with Trinity. On March 14, 2008, upon preliminary approval from the FCC, the station, including the FCC licenses and certain broadcasting equipment, was sold to APMG based on the terms of the September 24, 2007, asset purchase agreement. Final FCC approval is pending. Subsequently, CSF entered into a public service operating agreement (PSOA) with APMG, effective November 13, 2007, assuming responsibility for the day-to-day operations of the station, including maintaining APMG's good standing as the FCC licensee. Under the PSOA, APMG assigned certain broadcasting equipment for the station to CSF and retained certain other equipment to lease to CSF. Also under the PSOA, CSF has the opportunity to solicit donations and underwriting for the station and agrees to pay for and utilize certain APMG shared services, such as management, human resources, finance, legal, fundraising, technical and programming services.

On May 25, 2011, the Organization closed on an agreement with Barry Telecommunications, Inc. to acquire the noncommercial radio station WPBI 90.7 FM (formerly WXEL) serving West Palm Beach, Florida (see Note 11). Together the noncommercial radio stations WKCP 89.7 FM and WPBI 90.7 FM are the Network.

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 restrictions and are available for support of the operations of the Organization. All property, plant and equipment, and debt are considered unrestricted. The Organization maintains the following unrestricted funds:

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

Note 2. Summary of Significant Accounting Policies (Continued)

Property Fund: The Property Fund is maintained to acquire and account for unrestricted property and equipment owned by 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 restrictions. For example, underwriting support is released as related on-air spots are broadcast.

Temporarily restricted net assets at June 30, 2011, were restricted for program support and underwriting.

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. The Organization's financial statements from prior years are available on its website.

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.

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 restricted support if they are received with donor stipulations 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.

Barter transactions: The Organization provides on-air and web underwriting spots for certain goods and services. Underwriting support 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 support of $184,000 and expense of $188,000 are reflected in the statement of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Net 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
Leasehold improvements	Lease term
Equipment	3–7

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 suggest an impairment might exist. The Organization did not recognize any impairment charge for year ended June 30, 2011. See also Note 11.

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

Income tax status: CSF is incorporated as a not-for-profit corporation under Florida Statutes, Chapter 617, and is exempt from state income tax under Florida Statutes, Section 220.13(2)(h). The Internal Revenue Service has determined that CSF 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 Organization is engaged in certain activities that result in unrelated business income. For the year ended June 30, 2011, CSF recorded an estimated deferred tax benefit included in administrative expenses and long-term deferred tax asset that amounted to $45,000. The deferred tax benefit results from an unrelated business loss carryforward, which begins expiring in 2030.

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 still subject to U.S. federal and state income tax examinations by tax authorities for years since its inception on September 24, 2007. The Organization has reviewed its tax position for all open tax years and has concluded that there are no uncertain tax positions which require recognition.

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.

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 between 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.

Note 2. Summary of Significant Accounting Policies (Continued)

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: Accounting Standards Codification (ASC) 958, Not-for-Profit Entities, establishes principles and requirements for how a not-for-profit entity accounts for and discloses mergers and acquisitions. These provisions of ASC 958 are effective for mergers occurring on or after December 15, 2009, and acquisitions for which the acquisition date is on or after July 1, 2010. The Organization applied the provisions of ASC 958 to the acquisition of WXEL in 2011. See Note 11.

In August 2009, the Financial Accounting Standards Board (FASB) issued Update No. 2009-05 to ASC 820, *Fair Value Measurements and Disclosures—Measuring Liabilities at Fair Value,* for the fair value measurement of liabilities. This amendment provides clarification that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more prescribed techniques. The amendment also clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The amendment further clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required, are Level 1 fair value measurements under the fair value hierarchy. The Organization adopted this standard for the fiscal year ended June 30, 2011.

In January 2010, the 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 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell the asset or paid to transfer the liability (an exit price).

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.

Note 3. Fair Value Measurements (Continued)

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.

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. Any valuation technique used needs to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 Organization held $7,000 in the interest in investment pool, Level 2, at June 30, 2011.

Note 4. Receivables

Trade receivables: Trade receivables consist primarily of individual gifts and membership and underwriting contributions. The Organization estimates an allowance for doubtful accounts that is based on both a review of outstanding accounts and historical experience. The allowance for doubtful accounts is $31,000 at June 30, 2011.

Grants receivable: Grant contributions, which include unconditional promises to give, are recorded as support in the period received. Unconditional promises to give due in the next year are reflected as grants receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as noncurrent grants receivable and are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. Present value discounts of $7,000 at June 30, 2011, were recorded. Amortization of the discount is reported on the statement of activities within public support.

Net trade and grants receivable at June 30, 2011, were due as follows:

In less than one year	$ 667,000
In one to five years	543,000
Trade and grants receivable	$ 1,210,000

Note 5. Net Property and Equipment

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

Equipment	$ 612,000
Leasehold improvements	256,000
Construction in progress	20,000
Less accumulated depreciation and amortization	(294,000)
Net property and equipment	$ 594,000

Total depreciation expense recorded in the Property Fund was $122,000 for the year ended June 30, 2011.

Note 6. Amounts Payable to APMG

APMG established a long-term obligation for CSF's general operating needs up to $10,000,000. This obligation bears interest at the federal funds effective rate of interest, which was 0.07 percent at June 30, 2011. Interest paid to APMG was $12,000 for the year ended June 30, 2011. The amount of the obligation outstanding at June 30, 2011, was $9,167,000. CSF will begin to make payments on the obligation as soon as it is able, which is not expected to be before July 2012.

APMG established an obligation for CSF to finance the purchase of WPBI 90.7 FM, West Palm Beach, of up to $4,000,000 plus additional costs. The amount of the obligation outstanding at June 30, 2011, was $3,836,000. The interest rate on the obligation is the 30-day LIBOR rate plus 1.2 percent, which was 1.45 percent at June 30, 2011. Interest expense was $6,000 for the year ended June 30, 2011.

Note 7. Leases

The Organization leases studio facilities, office space and equipment under noncancelable operating lease agreements that expire at varying dates. Total rent expense for all operating leases was $191,000 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	$	213,000
2013		165,000
2014		120,000
2015		119,000
2016		109,000
Thereafter		130,000
	$	856,000

Note 8. Commitments and Contingencies

CSF operates the Network of radio stations based on preliminary FCC approval of the agreements described in Note 1. APMG and CSF would appeal should the FCC ultimately deny the agreements.

Note 9. Retirement Plan

CSF employees participate in APMG's 403(b) tax-deferred retirement plan, which provides for qualified employees to make required and supplemental contributions to the plan through payroll deductions. For the year ended June 30, 2011, employee contributions were matched 100 percent by the Organization up to 6.0 percent of qualified employees' base compensation through December 31, 2010, and 6.5 percent thereafter. Employees may elect to make required contributions after one year of employment. Required contributions become mandatory after five years of employment or age 35, whichever is later. The Organization contributed $32,000 for the year ended June 30, 2011.

Note 10. Affiliated and Related-Party Organizations

As part of the PSOA with APMG (see Note 1), CSF has access to the station and to programming owned by APMG as well as to certain broadcasting equipment. For the year ended June 30, 2011, fees of $1,700,000 were expensed and are included in operations expenses in the statement of activities. CSF is also charged by APMG for its estimated share of various administrative services incurred on its behalf. These charges totaled $60,000 for the year ended June 30, 2011, and are included in administrative expenses in the statement of activities. The PSOA includes an automatic annual renewal provision, unless terminated by either party at least 90 days prior to the expiration of the then-current term, and a provision to negotiate the fee on an annual basis. Neither APMG nor CSF has expressed intent to terminate the agreement.

CSF reimbursed MPR $147,000 for personnel costs incurred on its behalf related to programming and operating costs for the Network during the year ended June 30, 2011. These personnel charges are reflected in operations, fundraising and administrative expenses in the statement of activities.

CSF received a grant of programming services from MPR in the amount of $28,000 for the year ended June 30, 2011, which is reflected as an intercompany grant and operations expense on the statement of activities.

Note 11. Business Acquisition

On May 25, 2011, the Organization closed on an agreement with Barry Telecommunications, Inc. to acquire the noncommercial radio station WPBI 90.7 FM (formerly WXEL) licensed to West Palm Beach, Florida.

The acquisition-date fair value consideration transferred for the purchase is as follows:

Cash paid	$ 3,824,000
Liability incurred for deferred underwriting revenue	177,000
Receivable from seller	(11,000)
Total consideration transferred	$ 3,990,000

The liability incurred for deferred underwriting revenue is an obligation for CSF to air underwriting spots acknowledging Barry University, the parent of Barry Telecommunications, Inc., over a three-year period beginning on the closing date. As of the acquisition date, management estimated the net present value of the underwriting spots to be approximately $177,000, based on the price that CSF could charge other customers for the spots in a cash transaction. The Organization has determined that this liability is a Level 2 fair value measurement within the FASB’s fair value hierarchy. The receivable from seller is settlement for the purchase price adjustments per the agreement.

This acquisition will enhance and expand the service of the Organization, while securing the station as a powerful presence for classical music in southern Florida. The Organization incurred transaction costs of $66,000 for the year ended June 30, 2011, that are reflected in operations expense on the statement of activities.

The fair value of assets acquired and liabilities assumed represent management’s estimate of fair values at the acquisition date. Management determines fair value through comparable sales and discounted cash flow models.

Note 11. Business Acquisition (Continued)

The fair value of assets acquired and liabilities assumed is as follows:

Prepaid expenses	$ 28,000
Equipment	240,000
Broadcast license	3,810,000
Grant and underwriting revenue	(88,000)
Total assets acquired and liabilities assumed	$ 3,990,000

This license is not subject to amortization. Broadcast licenses are considered indefinite-lived intangibles and are recorded at cost and tested annually for impairment or more frequently if an event occurs or circumstances change that would indicate impairment.

Supplemental Information

Classical South Florida (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	**$ 1,421**	$ 1,193
Regional underwriting	**702**	587
Business general support	**7**	2
Foundations	**56**	125
Intercompany grants	**28**	24
Total support from public	**2,214**	1,931
Support from governmental agencies:		
Corporation for Public Broadcasting	**235**	98
Grants from other governmental agencies	**40**	21
Total support from governmental agencies	**275**	119
Earned revenue	**6**	-
Total support and earned revenue	**2,495**	2,050
Expenses:		
Operations	**2,911**	2,733
Selling, general and administrative	**570**	425
Fundraising	**978**	748
Total expenses	**4,459**	3,906
Support and revenues in excess of (less than) expenses before Long-term activities	**(1,964)**	(1,856)
Long-term activities:		
Property Fund net change	**(217)**	(123)
Temporarily restricted net change	**63**	759
Change in net assets	**(2,118)**	(1,220)
Net assets (deficit)—beginning of year	**(5,544)**	(4,324)
Net assets (deficit)—end of year	**$ (7,662)**	$ (5,544)

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