FINANCIAL REPORT
June 30, 2014

Classical South Florida
(An Affiliated Organization of American Public Media Group)

CLASSICAL
SOUTH FLORIDA®

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
Classical South Florida
Fort Lauderdale, Florida

Report on the Financial Statements
We have audited the accompanying financial statements of Classical South Florida (the Organization), which comprise of the statement of financial position as of June 30, 2014; the related statements of activities and cash flows for the year then ended; and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Classical South Florida as of June 30, 2014, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Organization's 2013 financial statements and supplementary information, and we expressed an unmodified audit opinion and in-relation-to opinion on those audited financial statements and supplementary information, respectively, in our report dated October 17, 2013. 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 financial statements and related supplementary information from which it has been derived.

Other Matters
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional Operating Fund and Property Fund information presented in the statement of activities for 2014 and the supplemental information on page 16 are presented for the purpose of additional analysis of the financial statements, rather than to present the results of operations of the individual funds, and are not a required part of the financial statements. Such additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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 2015.

McGladrey LLP

Minneapolis, Minnesota
October 14, 2014

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Activities
Year Ended June 30, 2014, With Comparative Totals for the Year Ended June 30, 2013
(In Thousands)

	2014						
	Unrestricted						
	Operating Fund	Property Fund	Eliminations	Total	Temporarily Restricted	**Total**	2013
Support from public:							
Individual gifts and membership	$ 1,740	$ -	$ -	$ 1,740	$ 578	**$ 2,318**	$ 1,598
Individual gifts and membership—released from restriction (rfr)	441	-	-	441	(441)	**-**	-
Underwriting	1,340	36	-	1,376	-	**1,376**	1,237
Business support	6	-	-	6	-	**6**	7
Foundation support	3	-	-	3	85	**88**	18
Foundation support—rfr	97	-	-	97	(97)	**-**	-
Intercompany grant (Note 11)	26	14	(14)	26	-	**26**	26
Total support from public	3,653	50	(14)	3,689	125	**3,814**	2,886
Support from governmental agencies:							
Corporation for Public Broadcasting (CPB)	-	-	-	-	317	**317**	419
CPB—rfr	317	-	-	317	(317)	**-**	-
Other governmental grants	-	-	-	-	114	**114**	15
Other governmental grants—rfr	114	-	-	114	(114)	**-**	-
Total support from governmental agencies	431	-	-	431	-	**431**	434
Earned revenue	35	-	-	35	-	**35**	39
Total support and earned revenue	4,119	50	(14)	4,155	125	**4,280**	3,359
Expenses:							
Operations	3,097	226	(14)	3,309	-	**3,309**	3,334
Administrative	730	33	-	763	-	**763**	638
Fundraising	1,795	108	-	1,903	-	**1,903**	1,789
Total expenses	5,622	367	(14)	5,975	-	**5,975**	5,761
Support and earned revenue in excess of (less than) expenses before debt forgiveness	(1,503)	(317)	-	(1,820)	125	**(1,695)**	(2,402)
Debt forgiveness from APMG	-	-	-	-	-	**-**	5,800
Change in net assets (deficit)	(1,503)	(317)	-	(1,820)	125	**(1,695)**	3,398
Net assets (deficit), beginning of year	(6,750)	(795)	-	(7,545)	313	**(7,232)**	(10,630)
Net assets (deficit), end of year	$ (8,253)	$ (1,112)	$ -	$ (9,365)	$ 438	**$ (8,927)**	$ (7,232)

See Notes to Financial Statements.

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Financial Position
June 30, 2014, With Comparative Totals for June 30, 2013
(In Thousands)

Assets	**2014**	2013
Current Assets		
Trade receivables, net (Note 4)	**$ 390**	$ 501
Grants receivable, net (Note 4)	**291**	255
Prepaid expenses	**25**	16
Other current assets	**8**	39
Total current assets	**714**	811
Net Property and Equipment (Note 5)	**713**	989
Other Assets		
Grants receivable, net (Note 4)	**248**	99
Interest in investment pool (Note 3)	**1**	1
Intangibles not subject to amortization	**8,006**	8,006
Deferred tax asset	**129**	106
Other long-term assets	**219**	230
Total other assets	**8,603**	8,442
Total assets	**$ 10,030**	$ 10,242
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Trade payables	**$ 92**	$ 72
Current portion of long-term obligations (Note 7)	**4,495**	-
Accrued liabilities	**138**	99
Deferred revenue	**47**	124
Total current liabilities	**4,772**	295
Other Liabilities		
Obligations to APMG (Note 6)	**9,350**	7,849
Long-term obligations (Note 7)	**4,835**	9,330
Total other liabilities	**14,185**	17,179
Total liabilities	**18,957**	17,474
Commitments and Contingencies (Notes 6, 8 and 9)		
Net Assets (Deficit)		
Unrestricted	**(9,365)**	(7,545)
Temporarily restricted	**438**	313
Total net assets (deficit)	**(8,927)**	(7,232)
Total liabilities and net assets (deficit)	**$ 10,030**	$ 10,242

See Notes to Financial Statements.

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Cash Flows
Year Ended June 30, 2014, With Comparative Totals for the Year Ended June 30, 2013
(In Thousands)

	2014	2013
Cash Flows From Operating Activities		
Change in net assets (deficit)	**$ (1,695)**	$ 3,398
Adjustments to reconcile change in net assets (deficit) to net cash used in operating activities:		
Depreciation and amortization	**311**	313
Debt forgiveness from APMG	**-**	(5,800)
Decrease (increase) in assets:		
Trade receivable, net	**111**	(108)
Grants receivable, net	**(185)**	151
Prepaid expenses and other assets	**22**	(14)
Deferred tax asset	**(23)**	16
Increase (decrease) in liabilities:		
Trade payable and accrued liabilities	**59**	(134)
Deferred revenue	**(77)**	(31)
Total adjustments	**218**	(5,607)
Net cash used in operating activities	**(1,477)**	(2,209)
Cash Flows From Investing Activities		
Change in interest in investment pool	**-**	6
Purchase of equipment	**(24)**	(160)
Proceeds from disposal of equipment	**-**	6
Net cash used in investing activities	**(24)**	(148)
Cash Flows From Financing Activities		
Borrowing on long-term obligations	**-**	4,200
Principal payments on long-term obligations	**-**	(115)
Debt issuance costs	**-**	(107)
Net borrowings (payments) on obligations to APMG	**1,501**	(1,621)
Net cash provided by financing activities	**1,501**	2,357
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 and Financing Activities		
Debt forgiveness from APMG	**$ -**	$ 5,800
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	**$ 285**	$ 235

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 and news 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.

On March 14, 2008 (upon preliminary approval from the FCC) APMG acquired WKCP (89.7 FM), serving South Florida's Miami-Dade and Broward counties; W270AD, an FM translator station serving West Palm Beach; and other broadcasting equipment (together, the station) for $20,000,000. APMG created CSF to fulfill its programming, operational and financial responsibilities for the station. CSF entered into a public service operating agreement (PSOA) with APMG, 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. 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.

CSF is the licensee of the noncommercial radio station WPBI (90.7 FM), serving West Palm Beach, Florida, and the noncommercial radio station WNPS (88.7 FM), serving Fort Meyers and Naples, Florida. Together, the noncommercial radio stations WKCP, WPBI and WNPS are the Network.

CSF operates an Internet website at classicalsouthflorida.org, where it provides a live stream of its radio programming and other information.

As of June 30, 2014, CSF had accumulated a total net asset deficit of $8,927,000, due largely to operating deficits. In 2014, the Organization's Board of Trustees reaffirmed the five-year plan that leverages the strengths of each community served in the Network and economies of scale, during which the Organization is projecting the operating deficits to decrease and ultimately reverse. To the extent needed and at least through July 1, 2015, APMG has committed to provide funds to support the operations of CSF.

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.

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

Temporarily restricted net assets at June 30, 2014, were restricted for program support.

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, 2013: The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived. The Organization's financial statements from the prior year are available on its website, classicalsouthflorida.org.

Treasury management: The Organization is a member of a centralized treasury management system with its parent, APMG, in order to maximize economies of scale and investment returns on its treasury assets. At the end of each business day, the net cash activity recorded by the Organization's financial institution is transferred to APMG, and a reciprocal amount is recorded by the Organization as due to/from parent. The Organization also maintains funds identified for long-term uses in APMG's interest in investment pool. 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.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition:

Support from public and governmental agencies: The Organization receives unconditional promises and gifts of cash and other assets (support) from the public, including individuals, members, businesses, foundations and others; and from governmental agencies (donors). Support is reported at fair value on the date it is received. To the extent support includes a donor-imposed restriction, the support is reported as temporarily restricted, as described earlier in Note 2. When the donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted support is reclassified as unrestricted support and reported in the statement of activities as support released from restriction (e.g. individual gifts and membership—released from restriction (rfr)). CSF has no permanently restricted net assets.

The Organization receives conditional support from the underwriters of its programming (underwriting), which are thanked with messages within its programming (spots). Underwriting is recognized as unrestricted support as the spots are run. The Organization also receives goods and services from its underwriters. Barter expense is recorded when the goods or services are used or received. During the year ended June 30, 2014, barter support of $354,000 and expense of $349,000 are reflected in the statement of activities. To the extent underwriting cash or barter assets (support) is received before the spots are run, the support is reported as deferred revenue in the statement of financial position.

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	3–11

Impairment analysis of broadcast licenses not subject to amortization: Broadcast licenses are considered indefinite-lived intangibles and are recorded at cost and tested annually on June 30 for impairment, or more frequently if an event occurs or circumstances change that would suggest an impairment might exist. The unit of accounting used to test broadcast licenses represents all licenses owned by Classical South Florida, as such licenses are used together, are complementary to each other, and are representative of the best use of those assets. The Organization determined that its licenses required a quantitative test. At June 30, 2014, management engaged a third-party valuation specialist (the Firm) with broadcast license expertise to assist management with determining the fair value of its Florida broadcast licenses. The Firm developed, and management analyzed and accepted, a fair value calculation that equally weighted the market approach and the income approach. No impairment was recorded as of June 30, 2014.

Note 2. Summary of Significant Accounting Policies (Continued)

In July 2012, the Financial Accounting Standards Board (FASB) issued guidance to amend and simplify the rules related to testing indefinite-lived intangible assets for impairment. The revised guidance permits an entity to first assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with current guidance. These amendments are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this guidance did not have a material effect on the Organization's consolidated financial statements.

Impairment analysis of other long-lived assets: Other long-lived assets, such as property and equipment, are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset group may not be recoverable. The long-lived assets are evaluated for potential impairment by comparing the carrying amount of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related expected future net cash flows be less than the carrying amount, an impairment loss would be recognized. The Organization concluded its other long-lived assets were not impaired, and no impairment was recorded for the year ended June 30, 2014.

Other assets: Other assets include barter assets and capitalized bond issuance costs. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received. Bond issuance costs are recorded at historical cost and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Total amortization of capitalized bond issuance costs was $11,000 for the year ended June 30, 2014, and was recorded in the Property Fund.

Income tax status and deferred tax asset: 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, 2014, CSF recorded a deferred tax asset of $259,000 and an allowance of $129,000. CSF recorded an estimated deferred tax benefit included in administrative expenses of $24,000. The deferred tax benefit resulted from unrelated business losses, which begins expiring in 2030.

The Organization has adopted certain provisions of *FASB Accounting Standards Codification* (ASC) Topic 740, Income Taxes. The provisions clarify the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribe a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Generally, the Organization is still subject to U.S. federal and state income tax examinations by tax authorities for years before the year ended June 30, 2011. The Organization has reviewed its tax positions for all open tax years and has concluded that there are no uncertain tax positions that require recognition.

Note 2. Summary of Significant Accounting Policies (Continued)

Allocation of expenses: The Organization's costs of providing its various services have been classified on a functional basis in the statement of activities. 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 head count.

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.

Recent accounting pronouncements:

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

Joint and several liability arrangements: In February 2013, the FASB issued ASU No. 2013-04, *Liabilities (Topic 405): Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*. ASU No. 2013-04 provides guidance on the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. This standard requires an entity to measure obligations resulting from such joint and several liability arrangements as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. An entity is also required to disclose the nature and amount of the obligation as well as other information about those obligations. ASU No. 2013-04 is effective for the Organization for fiscal years ending after December 15, 2014, with early adoption permitted. ASU No. 2013-04 requires retrospective application to all prior periods presented. The Organization is currently evaluating the impact of the adoption of this standard on the financial statements.

Subsequent events: The Organization has considered subsequent events through October 14, 2014, the date of issuance, in preparing the financial statements and notes; there were none to report.

Note 3. Fair Value Measurements

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

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

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

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

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. 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. The Organization held $1,000 in the interest in investment pool, Level 2, at June 30, 2014.

Note 4. Receivables

Trade receivables: Trade receivables consist primarily of individual gifts and membership and underwriting support. The Organization estimates an allowance for doubtful accounts that is based on both a review of outstanding accounts and a consideration of historical experience. The allowance for doubtful accounts was $62,000 at June 30, 2014.

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 $2,000 at June 30, 2014, were recorded. Amortization of the discount is reported on the statement of activities within public support. Grants receivable at June 30, 2014, included $402,000 due from one donor.

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2014, the Organization had received conditional underwriting trade receivables of approximately $251,000 that were not recorded in the financial statements because the conditions had not been met.

Note 4. Receivables (Continued)

Net trade and grants receivable at June 30, 2014, were due as follows:

In less than one year	$ 681,000
In one to five years	248,000
Trade and grants receivable	$ 929,000

Note 5. Net Property and Equipment

Net property and equipment at June 30, 2014, consisted of the following:

Equipment	$ 1,570,000
Leasehold improvements	256,000
Construction in progress	1,000
Total	1,827,000
Less accumulated depreciation and amortization	(1,114,000)
Net property and equipment	$ 713,000

Total depreciation expense recorded in the Property Fund was $300,000 for the year ended June 30, 2014.

Note 6. Obligations to APMG

APMG established a long-term obligation for CSF's general operating needs for up to $10,000,000 (the obligation), of which $9,350,000 was outstanding at June 30, 2014. The obligation bears interest at the one-month LIBOR plus 1.2 percent, which was 1.3 percent at June 30, 2014, and $119,000 of interest expense was incurred for the year ended June 30, 2014. Effective July 1, 2014, interest and principal due will be suspended on the obligation until the Organization has the financial capacity to resume payments, which is not expected to be before July 2015.

In June 2014, APMG established a second long-term obligation for up to $1,500,000 to be available for CSF's operating needs (the second obligation). No amount was outstanding at June 30, 2014. The second obligation bears interest at a rate of 5.6 percent, APMG's weighted-average cost of capital.

Note 7. Long-Term Obligations

Long-term obligations consisted of the following at June 30, 2014:

$4,600,000 Palm Beach County, Florida Industrial Development Revenue Bonds, Series 2011 (1)	$ 4,495,000
$4,200,000 Florida Development Finance Corporation Revenue Bonds, Series 2012 (2)	4,085,000
$750,000 promissory note with WAY Media, Inc relating to the purchase of WNPS (3)	750,000
Total long-term obligations	9,330,000
Less amounts due within one year	4,495,000
Long-term portion	$ 4,835,000

(1) On December 2, 2011, Palm Beach County, Florida (the WPBI Issuer), issued 20-year Industrial Development Revenue Bonds, Series 2011, which were used to refinance the APMG bridge financing in connection with CSF's acquisition of WPBI, in the amount of $4,600,000 (the WPBI Bonds).

The WPBI Bonds are structured as unrated and unenhanced variable-rate demand bonds purchased by U.S. Bank National Association (the Bank) directly from the WPBI Issuer. On December 2, 2011, CSF entered into a supplemental agreement, in which the Bank agreed to initially purchase the WPBI Bonds directly from the WPBI Issuer for a period of three years ending December 1, 2014. At the end of the initial purchase period, the Bank will have the option to tender the WPBI Bonds or renew for an additional purchase period. The WPBI Bonds are secured by a guaranty provided by APMG. Interest on the WPBI Bonds is payable monthly at a fixed rate of 1.8 percent until December 1, 2014. The Organization incurred $84,000 of interest expense during the year ended June 30, 2014.

(2) On November 13, 2012, the Florida Development Finance Corporation, Florida (the WNPS Issuer), issued 20-year Industrial Development Revenue Bonds, Series 2012, which were used to refinance the APMG bridge financing in connection with CSF's acquisition of WNPS, in the amount of $4,200,000, (the WNPS Bonds).

The WNPS Bonds are structured as unrated and unenhanced variable-rate demand bonds purchased by U.S. Bank National Association (the Bank) directly from the WNPS Issuer. On November 13, 2012, CSF entered into a supplemental agreement, in which the Bank agreed to initially purchase the WNPS Bonds directly from the WNPS Issuer for a period of three years ending November 12, 2015. At the end of the initial purchase period, the Bank will have the option to tender the WNPS Bonds or renew for an additional purchase period. The WNPS Bonds are secured by a guaranty provided by APMG. The WNPS Bonds were issued on November 13, 2012, and will mature on November 1, 2032. Interest on the WNPS Bonds is payable monthly at a fixed rate of 1.3 percent until November 12, 2015. The Organization incurred $53,000 of interest expense during the year ended June 30, 2014.

(3) In connection with its June 7, 2012, purchase of WNPS from WAYJ Media, Inc (the Seller), CSF entered into a $750,000 promissory note with the Seller (the Note). Under the terms of the Note, CSF will pay interest of 4.0 percent for the first three years and 5.0 percent thereafter. Interest expense was $30,000 for the year ended June 30, 2014. Principal payments begin in 2017 and end on June 7, 2022. CSF has the option of prepaying the Note in whole or in part without any premium or penalty. If CSF sells WNPS to an unaffiliated third party in a brokered sale approved by the Seller within three years after the date of the Note, at a price less than or equal to $3,600,000, then the Note shall be canceled upon closing. Should the sale price exceed $3,600,000, CSF will pay to the Seller the lessor of 50.0 percent of the difference of the sale price and $3,600,000 or $750,000.

Note 7. Long-Term Obligations (Continued)

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

Years Ending June 30,	
2015	$ 4,495,000
2016	4,085,000
2017	3,000
2018	35,000
2019	36,000
Thereafter	676,000
	$ 9,330,000

Note 8. 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 $311,000 for the year ended June 30, 2014.

Minimum future payments required under noncancelable operating leases as of June 30, 2014, are as follows:

Years Ending June 30,	
2015	$ 213,000
2016	130,000
2017	132,000
2018	83,000
	$ 558,000

Note 9. Contingencies

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

Note 10. Retirement Plan

CSF employees participate in APMG’s 403(b) tax-deferred retirement plan (the plan), which provides for qualified employees to make required and supplemental contributions to the plan through payroll deductions. For the year ended June 30, 2014, required employee contributions were matched 100 percent by the Organization up to 6.5 percent of qualified employees’ base compensation. 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 provided $50,000 of required matching contributions for the year ended June 30, 2014.

Note 11. 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, 2014, fees of $1,290,000 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 $85,000 for the year ended June 30, 2014, 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 $300,000 for personnel costs incurred on its behalf related to programming and operating costs for the Network during the year ended June 30, 2014. 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 $26,000 for the year ended June 30, 2014, which is reflected as an intercompany grant and operations expense on the statement of activities.

CSF leases office space from a member of its Board of Trustees. For the year ended June 30, 2014, $36,000 of expense related to this lease is included in operations, administrative and fundraising expenses on the statement of activities.

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, 2014, With Comparative Totals for the Year Ended June 30, 2013
(In Thousands)

	2014	2013
Operating Fund:		
Support from public:		
Individual gifts and membership	**$ 2,181**	$ 1,800
Regional underwriting	**1,340**	1,201
Business general support	**6**	7
Foundations	**100**	6
Intercompany grants	**26**	26
Total support from public	**3,653**	3,040
Support from governmental agencies:		
Corporation for Public Broadcasting	**317**	419
Grants from other governmental agencies	**114**	24
Total support from governmental agencies	**431**	443
Earned revenue	**35**	38
Total support and earned revenue	**4,119**	3,521
Expenses:		
Operations	**3,097**	3,100
Administrative	**730**	616
Fundraising	**1,795**	1,738
Total expenses	**5,622**	5,454
Support and revenues less than expenses before debt forgiveness and long-term activities	**(1,503)**	(1,933)
Debt forgiveness	**-**	5,800
Long-term activities:		
Property Fund net change	**(317)**	(228)
Temporarily restricted net change	**125**	(241)
Change in net assets (deficit)	**(1,695)**	3,398
Net assets (deficit)—beginning of year	**(7,232)**	(10,630)
Net assets (deficit)—end of year	**$ (8,927)**	$ (7,232)

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