VERMONT PUBLIC RADIO

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

VERMONT PUBLIC RADIO

FINANCIAL STATEMENTS

TABLE OF CONTENTS

SEPTEMBER 30, 2014

GDP

GRIPPIN DONLAN PINKHAM

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS

DAVID C. GRIPPIN CPA CVA
RICHARD D. DONLAN CPA
KIMBERLY M. PINKHAM CPA CFP®
JOHN F. DARCY MBA CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vermont Public Radio

We have audited the accompanying financial statements of Vermont Public Radio (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, and the related statements of activities, functional expenses 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 2014 financial statements referred to above present fairly, in all material respects, the financial position of Vermont Public Radio as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of Vermont Public Radio as of September 30, 2013, were audited by other auditors whose report dated April 10, 2014, expressed an unmodified opinion on those statements. The predecessor auditor reported on the financial statements of the prior period before restatement. As part of our audit of the 2014 financial statements, we also audited adjustments described in Note 17 that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements as a whole.

Grippin, Donlan + Pinkham, PLC

Registration #553
May 15, 2015

"INNOVATIVE SOLUTIONS & PERSONAL SERVICE"

3 BALDWIN AVENUE SOUTH BURLINGTON, VERMONT 05403
PHONE: 802-846-2000 TOLL FREE: 1-877-437-1120 FAX: 802-846-2001
E-MAIL: GDP@gdp-cpa.com WEB: www.gdp-cpa.com

VERMONT PUBLIC RADIO

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

A S S E T S

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	RESTATED 2013 Total
CURRENT ASSETS					
Cash and cash equivalents	$ 596,591	$ 875,412	$ -	$ 1,472,003	$ 719,683
Underwriting receivable, net (Note 3)	217,223	-	-	217,223	181,873
Grants and other receivables	612	-	-	612	8,421
Pledges receivable, net (Note 2)	282,125	611,000	942	894,067	300,121
Prepaid expenses	75,793	-	-	75,793	142,615
TOTAL CURRENT ASSETS	1,172,344	1,486,412	942	2,659,698	1,352,713
PROPERTY AND EQUIPMENT					
Land, buildings and equipment (Note 4)	10,620,243	-	-	10,620,243	10,179,887
Less accumulated depreciation	(6,092,892)	-	-	(6,092,892)	(5,526,005)
PROPERTY AND EQUIPMENT, NET	4,527,351	-	-	4,527,351	4,653,882
OTHER ASSETS					
Investments (Note 5)	1,490,077	1,776,750	7,093,291	10,360,118	9,843,625
FCC licenses	3,220,223	-	-	3,220,223	3,220,223
Pledges receivable, net (Note 2)	4,000	903,039	-	907,039	25,796
Beneficial interest in trusts	-	-	725,071	725,071	699,401
TOTAL OTHER ASSETS	4,714,300	2,679,789	7,818,362	15,212,451	13,789,045
TOTAL ASSETS	$ 10,413,995	$ 4,166,201	$ 7,819,304	$ 22,399,500	$ 19,795,640

See accompanying notes.

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	RESTATED 2013 Total
CURRENT LIABILITIES					
Current portion of long-term debt (Note 7)	$ 52,460	$ -	$ -	$ 52,460	$ 96,700
Accounts payable	215,891	-	-	215,891	125,965
Line of credit (Note 8)	127,979	-	-	127,979	-
Accrued payroll	238,634	-	-	238,634	294,198
Deferred income	73,569	-	-	73,569	31,899
TOTAL CURRENT LIABILITIES	708,533	-	-	708,533	548,762
LONG-TERM LIABILITIES					
Long-term debt, less current portion (Note 7)	13,852	-	-	13,852	66,300
TOTAL LONG-TERM LIABILITIES	13,852	-	-	13,852	66,300
TOTAL LIABILITIES	722,385	-	-	722,385	615,062
NET ASSETS					
Unrestricted					
Undesignated	648,250	-	-	648,250	646,136
Board-designated reserves (Note 13)	1,490,077	-	-	1,490,077	1,743,823
Net property and equipment	7,553,283	-	-	7,553,283	7,711,105
Subtotal - unrestricted	9,691,610	-	-	9,691,610	10,101,064
Temporarily restricted (Note 11)	-	4,166,201	-	4,166,201	1,287,880
Permanently restricted (Note 12)	-	-	7,819,304	7,819,304	7,791,634
TOTAL NET ASSETS	9,691,610	4,166,201	7,819,304	21,677,115	19,180,578
TOTAL LIABILITIES AND NET ASSETS	$ 10,413,995	$ 4,166,201	$ 7,819,304	$ 22,399,500	$ 19,795,640

See accompanying notes.

VERMONT PUBLIC RADIO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

CHANGE IN NET ASSETS FROM OPERATIONS	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	RESTATED 2013 Total
SUPPORT AND REVENUE					
Memberships	$ 4,475,763	$ -	$ -	$ 4,475,763	$ 4,292,434
Contributions - operating	13,707	36,048	-	49,755	122,865
Underwriting	2,031,973	-	-	2,031,973	1,821,605
Donated goods and services	918,900	-	-	918,900	960,818
Grants	543,362	-	-	543,362	566,263
Special events and projects	36,419	-	-	36,419	52,511
Telecasting, production and other income	101,982	-	-	101,982	101,696
Strategic investment draw	90,000	-	-	90,000	-
Investment return designated for current operations	352,160	-	-	352,160	349,158
Gain on disposal of assets	659	-	-	659	6,184
Subtotal	8,564,925	36,048	-	8,600,973	8,273,534
Net assets released for operating purposes	29,918	(29,918)	-	-	-
TOTAL SUPPORT AND REVENUE	8,594,843	6,130	-	8,600,973	8,273,534
EXPENSES					
Program services	6,175,732	-	-	6,175,732	5,961,931
Management and general	1,092,668	-	-	1,092,668	1,074,906
Fundraising and membership development	1,644,769	-	-	1,644,769	1,559,833
TOTAL EXPENSES	8,913,169	-	-	8,913,169	8,596,670
CHANGE IN NET ASSETS FROM OPERATIONS (forward)	$ (318,326)	$ 6,130	$ -	$ (312,196)	$ (323,136)

See accompanying notes.

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	RESTATED 2013 Total
CHANGE IN NET ASSETS FROM OPERATIONS (forwarded)	$ (318,326)	$ 6,130	$ -	$ (312,196)	$ (323,136)
NON-OPERATING INCOME (EXPENSE)					
Endowment contributions	-	-	2,000	2,000	29,893
Change in beneficial interest in trusts	-	-	25,670	25,670	30,403
Contributions - capital	-	-	-	-	40,860
Net assets released for capital purposes	97,412	(97,412)	-	-	-
Bequests	66,029	-	-	66,029	18,712
VPR Next campaign	-	2,291,191	-	2,291,191	-
Capital campaign expenses	(123,027)	-	-	(123,027)	(35,908)
Investment income	191,398	800,752	-	992,150	1,194,280
Strategic investment draw	(90,000)	-	-	(90,000)	-
Investment return designated for current operations	(227,809)	(123,321)	-	(351,130)	(349,158)
Other	(5,131)	981	-	(4,150)	-
Endowment expenses	-	-	-	-	(1,352)
TOTAL NON-OPERATING INCOME (EXPENSE)	(91,128)	2,872,191	27,670	2,808,733	927,730
TOTAL CHANGE IN NET ASSETS	(409,454)	2,878,321	27,670	2,496,537	604,594
BEGINNING NET ASSETS - RESTATED	10,101,064	1,287,880	7,791,634	19,180,578	18,575,984
ENDING NET ASSETS	$ 9,691,610	$ 4,166,201	$ 7,819,304	$ 21,677,115	$ 19,180,578

See accompanying notes.

VERMONT PUBLIC RADIO

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	Program Services	Management and General	Fundraising and Membership Development	Capital Campaign	2014 Total	RESTATED 2013 Total
Salaries and wages	$ 2,217,686	$ 543,367	$ 582,313	$ -	$ 3,343,366	$ 3,194,310
Payroll taxes	191,892	40,183	49,935	-	282,010	270,030
Pension expense	71,199	18,641	19,415	-	109,255	104,427
Employee benefits	403,852	109,796	115,610	-	629,258	562,540
Subtotal - Personnel	2,884,629	711,987	767,273	-	4,363,889	4,131,307
Donated supplies and services	741,853	64,619	112,428	-	918,900	960,818
Program acquisitions and affiliations	972,658	-	-	-	972,658	879,493
Depreciation and amortization	463,159	68,615	35,114	-	566,888	514,618
Occupancy	512,149	24,823	63,914	-	600,886	580,397
Professional fees	156,167	39,886	196,244	99,850	492,147	442,613
Office expenses	97,119	34,120	285,900	20,234	437,373	462,866
Information technology	215,015	21,857	35,052	-	271,924	264,804
Bad debt	-	-	107,877	-	107,877	69,038
Travel	57,627	7,891	10,592	1,657	77,767	78,410
Conferences and meetings	29,291	13,855	11,672	-	54,818	70,045
Insurance	19,248	28,684	1,741	-	49,673	45,647
Interest	2,510	-	3,648	-	6,158	12,585
Accounting fees	-	34,136	-	-	34,136	33,005
Legal fees	105	18,359	3,848	761	23,073	32,852
Miscellaneous	-	21,682	2,190	-	23,872	10,523
Advertising	24,202	2,154	7,276	525	34,157	44,909
TOTAL EXPENSES	$ 6,175,732	$ 1,092,668	$ 1,644,769	$ 123,027	$ 9,036,196	$ 8,633,930

See accompanying notes.

VERMONT PUBLIC RADIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014	RESTATED 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Membership income received	$ 4,410,059	$ 4,302,663
Contributions and bequests	166,808	201,588
Grants received	592,841	704,850
Underwriting received	1,996,623	1,834,340
Other operating receipts	101,982	101,696
Operating investment income	442,160	349,158
Cash paid for personnel	(4,419,453)	(4,115,222)
Cash paid for goods and services	(2,900,586)	(3,512,581)
Interest paid	(6,158)	(12,585)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	384,276	(146,093)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	659	6,184
Purchases of property, equipment and intangibles	(440,356)	(313,222)
Proceeds from endowment fund for capital expenditures	70,210	-
Non-operating interest and dividend income, net	285,183	-
Investment expenses paid	(100,261)	-
Proceeds from sales of investment securities	5,203,509	351,424
Purchases of investment securities	(4,765,109)	(404,927)
Income and gains deposited or retained in endowment funds, net	(659,006)	-
NET CASH USED BY INVESTING ACTIVITIES	(405,171)	(360,541)
CASH FLOWS FROM FINANCING ACTIVITIES		
Endowment gifts received	15,920	44,418
Capital gifts and grants received	849,031	86,574
Capital campaign expenses paid	(123,027)	-
Proceeds from additional long-term debt	-	125,000
Principal payments on long-term debt	(96,688)	(157,921)
Increase in line of credit	127,979	(400,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	773,215	(301,929)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	752,320	(808,563)
BEGINNING CASH AND CASH EQUIVALENTS	719,683	1,528,246
ENDING CASH AND CASH EQUIVALENTS	$ 1,472,003	$ 719,683

See accompanying notes.

VERMONT PUBLIC RADIO

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014	RESTATED 2013
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	$ 2,496,537	$ 604,594
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	566,888	514,618
Gain on disposal of fixed assets	(659)	(6,184)
Endowment pledge writeoffs	-	14,837
Decrease in allowance for endowment pledges receivable	-	(13,485)
Gifts restricted for capital purposes	(2,291,191)	(40,860)
Gifts restricted for endowment	(2,000)	(29,893)
Non-operating capital campaign expenses	123,027	-
Non-operating investment income	(551,020)	(845,122)
Change in beneficial interest in trusts	(25,670)	(30,403)
Other non-operating income	(61,879)	-
(Increase) decrease in:		
Underwriting receivables	(35,350)	12,735
Pledges receivable	14,930	17,729
Grants and other receivables	7,809	129,988
Prepaid expenses	66,822	(54,236)
Increase (decrease) in:		
Accounts payable	89,926	(445,095)
Accrued payroll	(55,564)	16,085
Deferred income	41,670	8,599
Total adjustments	(2,112,261)	(750,687)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 384,276	$ (146,093)

See accompanying notes.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Vermont Public Radio ("VPR") is a not-for-profit corporation that operates non-commercial public radio stations in Vermont: WVPS-FM in Burlington, WVPR-FM in Windsor, WRVT-FM in Rutland, WVPA-FM in St. Johnsbury, WBTN-FM in Bennington, WOXR-FM in Burlington, WNCH-FM in Norwich, WVTQ-FM in Sunderland/Manchester, WVTI-FM in Brighton, WVNK in Manchester, WOXM-FM in Middlebury, WVXR-FM in Randolph and WVBA in Brattleboro. All of these stations are accounted for as a single operating entity. VPR obtains its revenue principally from public contributions and underwriting contracts with area businesses.

Measure of operations

VPR includes in operations all revenues and expenses from regularly carried-on business. Operations do not include return on long-term investments (net of fees), changes in value of beneficial interests in trust, investment returns not designated for current operations (net of fees), revenues related to bequests, or solicitations for capital support related to frequency expansion.

Financial statement presentation

VPR is required to report its financial statements according to three classes of net assets as follows:

Permanently restricted net assets - net assets limited by donor-imposed restrictions that the resources must be maintained permanently.

Temporarily restricted net assets - net assets limited by donor-imposed restrictions that will expire by passage of time or action by VPR.

Unrestricted net assets - net assets not limited by donor-imposed restrictions.

Comparative financial information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with VPR's financial statements for the year ended September 30, 2013, from which the summarized information was derived. Certain amounts in the prior-year summarized comparative information were restated, see Note 17.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclassifications did not have any impact on the previously reported change in net assets.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

VPR reports its contributions received as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash equivalents

Cash and cash equivalents include balances in operating checking accounts, interest and noninterest-bearing liquid investment accounts, sweep accounts, money market accounts, and financial assets with maturities of three months or less, which have not been designated as part of VPR's long-term investable assets.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a 5 percent discount factor. Amortization of the discounts is included in contribution revenue.

Conditional promises to give are not included in contribution revenue until the conditions are substantially met.

VPR uses the allowance method to record uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Underwriting receivable

VPR recognizes amounts received for on-air promotion as exchange transactions as the credits are aired. VPR uses the allowance method to record the uncollectible amounts.

Allocated costs

The costs of providing VPR's various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

VPR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to VPR's tax-exempt purpose is subject to taxation as unrelated business income. Unrelated business income taxes were approximately $21,000 in 2014 and $6,000 in 2013. VPR qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2) of the Code.

Donated goods and services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by VPR. Volunteers also perform various functions, primarily fundraising and administrative duties, which do not meet the criteria for recognition in the financial statements.

VPR has recorded in-kind contributions of goods and services as revenue and expenses in the accompanying Statement of Activities, consisting of donated artist fees and other professional services, tele-communications services and materials. These donations are recorded at estimated fair value.

Advertising

VPR expenses advertising costs to operations when incurred. The amount paid for advertising was $34,157 and $44,909 for the years ended September 30, 2014 and 2013, respectively. Additionally, VPR received donated advertising from trade agreements with area not-for-profit organizations. Total donated advertising was $636,487 and $672,594 for the years ended September 30, 2014 and 2013, respectively.

Investments

VPR reports investments in the Statement of Financial Position at fair market value with any realized or unrealized gain and loss included in net investment income (loss) in the Statement of Activities.

VPR maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gain and loss from securities in the master investment accounts are allocated to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. Beneficial interest in trust are recorded at fair value of the underlying investments, which approximates the present value of the future payment VPR will receive. For remainder interest trusts quantitative factors include a long-term average growth rate of 5 percent and a discount rate of 5 percent.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Fair value of alternative investments equals to the organization's share in FreshTracks II venture capital fund.

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

Property and equipment

Property and equipment are stated at cost and are depreciated over their estimated useful and economic lives by the straight-line method. VPR's policy is to capitalize all significant betterments with a cost or value of $1,000 or more and a useful life of at least one year.

FCC licenses

FCC licenses are indefinite-lived intangibles and are tested annually for impairment, or more frequently if an event occurs or circumstances change that would indicate an impairment. The unit of accounting used to test FCC licenses represents all licenses owned and operated by VPR, as such licenses are used together, are complimentary to each other and are representative of the best use of those assets. VPR did not recognize any impairment charge for the years ended September 30, 2014 and 2013.

Donated capital assets

Donated property and equipment, which is stated at fair market value at the date of the gift, is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, VPR reports expirations when the donated or acquired assets are placed in service as instructed by the donor. VPR reclassifies temporarily restricted net assets to unrestricted net assets at that time.

2) PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give at September 30:

	2014	2013
Unrestricted promises to give:		
Membership	$ 308,425	$ 227,721
Bequest	9,000	12,500
Capital purchases	14,200	71,334
Other	-	15,000
	331,625	326,555
Less allowance for uncollectible pledges	(45,500)	(45,500)
Subtotal - net unrestricted promises to give	286,125	281,055
Restricted promises to give:		
Journalism fund	10,000	30,000
Creating A Sound Future endowment	5,942	19,862
VPR Next Campaign	1,606,423	-
Subtotal - restricted promises to give	1,622,365	49,862
Less allowance for uncollectible pledges	(5,000)	(5,000)
Less discount on campaign pledges receivable	(102,384)	-
Subtotal - net restricted promises to give	1,514,981	44,862
	$ 1,801,106	$ 325,917
Promises to give are due in:		
Less than one year	$ 894,067	$ 300,121
One to five years	907,039	25,796
	$ 1,801,106	$ 325,917

Pledges receivable more than one year in the future are discounted at 5 percent. Single donors account for 31 percent, 19 percent and 12 percent of the VPR Next Campaign receivables. In total 15 donors account for the entire balance.

3) UNDERWRITING RECEIVABLE

Underwriting receivable consists of the following at September 30:

	2014	2013
Due within one year	$ 247,223	$ 211,873
Less allowance for uncollectible accounts	(30,000)	(30,000)
	$ 217,223	$ 181,873

4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2014	RESTATED 2013
Building	$ 563,438	$ 563,438
Towers	251,963	234,863
Transmitters, antennae and satellites	5,236,199	5,057,169
Building improvements	1,827,610	1,827,610
Studio equipment	974,252	967,061
Furniture and equipment	1,379,385	1,348,336
Transportation equipment	110,598	61,697
Assets not yet in service	276,798	119,713
	10,620,243	10,179,887
Less accumulated depreciation	(6,092,892)	(5,526,005)
	$ 4,527,351	$ 4,653,882

Depreciation and amortization expense was $566,888 and $514,618 for the years ended September 30, 2014 and 2013, respectively.

Assets not yet in service at September 30, 2014 and 2013 consisted of architectural studies for a planned expansion of the Organization's office building and various equipment not yet installed.

5) INVESTMENTS

VPR's investments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. At year-end, investments consist of the following:

	Fair value	
	2014	2013
Cash and money funds	$ 282,937	$ 286,458
Corporate bonds	2,433,880	2,308,406
Equity securities	7,080,801	6,647,979
Asset-backed securities	16,070	21,541
Mutual funds	387,269	416,062
Alternative investment, FreshTracks II	159,161	163,179
	$10,360,118	$ 9,843,625

In 2008, VPR agreed to invest $350,000 with FreshTracks II, a venture capital fund. As of September 30, 2014 VPR had invested a total of $301,925. Since 2008 stock and cash distributions received from the fund were $115,133. The fair value of the Investment in FreshTracks II, as reported by the fund, was $159,161 and $163,179 at September 30, 2014 and 2013, respectively. A VPR board member, joining the board in 2010, is a co-founder and Senior Advisor to FreshTracks Capital, which manages the fund.

Investment income consists of the following for the years ended September 30:

	2014	2013
Interest and dividend income	$ 285,183	$ 315,934
Net realized gain on investments	818,269	351,424
Net unrealized gain (loss) on investments	(10,011)	622,750
Investment fees	(100,261)	(95,828)
	$ 993,180	$ 1,194,280

5) INVESTMENTS (continued)

Valuation Hierarchy

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of September 30, 2014 and 2013:

		Fair value measurements at September 30, 2014 using		
	Carrying value (fair value at Sept. 30, 2014)	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant un-observable inputs (Level 3)
Investments:				
Cash and money funds	$ 282,937	$ 282,937	$ -	$ -
Corporate bonds	2,433,880	2,433,880	-	-
Equity securities	7,080,801	7,080,801	-	-
Asset-backed securities	16,070	16,070	-	-
Mutual funds	387,269	387,269	-	-
Alternative investment FreshTracks II	159,161	-	-	159,161
Total investments	$ 10,360,118	$ 10,200,957	$ -	$ 159,161
Fair value of beneficial interest in trust	$ 725,071	$ -	$ 725,071	$ -

		Fair value measurements at September 30, 2013 using		
	Carrying value (fair value at Sept. 30, 2014)	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant un-observable inputs (Level 3)
Investments:				
Cash and money funds	$ 286,458	$ 286,458	$ -	$ -
Corporate bonds	2,308,406	2,308,406	-	-
Equity securities	6,647,979	6,647,979	-	-
Asset-backed securities	21,541	21,541	-	-
Mutual funds	416,062	416,062	-	-
Alternative investment FreshTracks II	163,179	-	-	163,179
Total investments	$ 9,843,625	$ 9,680,446	$ -	$ 163,179
Fair value of beneficial interest in trust (Restated)	$ 699,401	$ -	$ 699,401	$ -

5) INVESTMENTS (continued)

Changes in the FreshTracks II investment (Level 3) are as follows:

	2014	2013
Beginning balance	$ 163,179	$ 192,851
Contributions	16,163	12,433
Distributions	-	(40,533)
Included in non-operating investment income, net:		
Fees and expenses	(4,551)	(9,566)
Interest income	16	87
Unrealized valuation change	(15,655)	3,434
Realized gain - included in net realized gain on investments	9	4,473
Ending balance	$ 159,161	$ 163,179

6) ENDOWMENT NET ASSETS

Implementation of FSP FAS 117-1

In August 2008, the Financial Accounting Standards Board issued a FASB Staff Position (formerly referred to as No. FAS 117-1), "Endowments of Not-for-Profit Organizations Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds". The Staff Position provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Staff Position also requires additional disclosures about an Organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Vermont enacted UPMIFA effective May 5, 2009, the provisions of which apply to endowment funds existing or established after that date. VPR adopted the FASB Staff Position for the year ended September 30, 2009. The Board of Directors, on advice of legal counsel, has determined that VPR's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Interpretation of relevant law

VPR has interpreted State of Vermont law as requiring prudent management of its endowment funds with a view to supporting VPR giving due regard to increasing the value of its donor-restricted endowment funds over the long-term, absent donor stipulations to the contrary. As a result of this interpretation, VPR classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment funds. The remaining portion of the donor-restricted endowment funds that are not classified as permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by VPR in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, VPR considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

6) ENDOWMENT NET ASSETS (continued)

1. The duration and preservation of the fund
2. The purpose of VPR and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of VPR
7. VPR's investment policies

Return objectives and risk parameters

VPR has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that VPR must hold in perpetuity as well as Board-Designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce sufficient earnings to meet VPR's current and future operational needs.

Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives, VPR relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). VPR targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

VPR has a policy of appropriating for distribution each year a percentage of each endowment based on the average market value of the fund over the past twelve quarters ending on March 31 of the year preceding the fiscal year in which the distribution is planned to occur. The percentage amount is determined individually for each Endowment by the Investment Committee of the Board of Directors and approved by the full Board. In establishing this policy, VPR considers the long-term expected return on the endowment funds. Accordingly, over the long-term, VPR expects the current spending policy to allow its endowment to grow. This is consistent with VPR's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment returns.

Funds with deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level the donors or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur over time. In accordance with GAAP, deficiencies of this nature are reported as unrestricted net assets. No deficiencies were present as of September 30, 2014 and 2013.

6) ENDOWMENT NET ASSETS (continued)

Endowment net asset composition at year-end was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2013:				
Board-designated	$ 1,743,823	$ -	$ -	$ 1,743,823
Donor-restricted		1,022,431	7,077,371	8,099,802
	$ 1,743,823	$ 1,022,431	$ 7,077,371	$ 9,843,625
September 30, 2014:				
Board-designated	$ 1,490,077	$ -	$ -	$ 1,490,077
Donor-restricted	-	1,776,750	7,093,291	8,870,041
	$ 1,490,077	$ 1,776,750	$ 7,093,291	$10,360,118

Changes in endowment net assets were as follows for the years ended September 30, 2013 and 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fair value, October 1, 2012	$ 1,912,047	$ -	$ 7,063,692	$ 8,975,739
Contributions	51,168	-	29,893	81,061
Net investment income	79,149	1,007,970	-	1,087,119
Deposits	43,663	-	-	43,663
Appropriated for operations expenditure	(348,000)	-	(1,352)	(349,352)
Other	5,796	14,461	(14,862)	5,395
Fair value, September 30, 2013	1,743,823	1,022,431	7,077,371	9,843,625
Contributions	-	-	2,000	2,000
Net investment income	177,803	800,752	-	978,555
Deposits	80,893	74,085	13,920	168,898
Campaign expenses	(123,027)	-	-	(123,027)
Appropriated for capital expenditure	(70,210)	-	-	(70,210)
Strategic draw	(90,000)	-	-	(90,000)
Appropriated for operations expenditure	(228,809)	(122,321)	-	(351,130)
Other	(396)	1,803	-	1,407
Fair value, September 30, 2014	$ 1,490,077	$ 1,776,750	$ 7,093,291	$10,360,118

7) LONG-TERM DEBT

Long-term debt consists of the following at September 30:

	2014	2013
People's United Bank:		
$935,000 frequency acquisition note dated February 2010, requiring interest-only payments for three months from date of initial borrowing (July 2010), at the Wall Street Journal prime rate (subject to minimum rate of 4%), then 84 monthly payments including interest at the Federal Home Loan Bank of Boston Rate plus 2.5% (4.5% and 4.3% at September 30, 2014 and 2013, respectively)	$ -	$ 46,230
Merchants Bank:		
$200,000 software acquisition note dated October 2012, payable in monthly installments of $4,511, including interest at 3.95% unsecured, matures in December 2015	66,312	116,770
	66,312	163,000
Less current portion	(52,460)	(96,700)
	$ 13,852	$ 66,300

VPR is making additional principal payments, thus accelerating the maturity date. Future maturities based on the current monthly payment are as follows for the fiscal years ending:

2015	$ 52,460
2016	13,852
	$ 13,852

8) LINE OF CREDIT

VPR has a $400,000 line of credit available from People's United Bank with interest at the Wall Street Journal prime rate, with a minimum rate of 3.5%, maturing August 2015. The effective interest rate was 3.5% as of September 2014 and 2013. Amounts outstanding under the line of credit as of September 30, 2014 and September 30, 2013 were $127,979 and $0, respectively.

9) RETIREMENT PLANS

VPR sponsors a 401(k) defined contribution retirement plan for employees that have attained age 21 and have completed one month of service. Employee contributions include a safe harbor match in which VPR will match 100% of the first 3% of salary deferrals, and 50% of the next 2% of salary deferrals up to a maximum match of 4%. In addition, there is a discretionary profit-sharing plan in which VPR, at its discretion, may make additional contributions for each employee based on a percentage of annual compensation. Total contributions to the plan were $109,255 and $104,427 for the years ended September 30, 2014 and 2013, respectively.

10) OPERATING LEASES

VPR leases certain equipment, transmitting facilities and sites, and storage areas under operating leases that expire through 2030. Rent expense for these leases was $203,517 and $219,241 for the years ended September 30, 2014 and 2013, respectively.

Future minimum rental payments under noncancelable agreements for the years ending September 30 are as follows:

2015	$ 182,000
2016	134,000
2017	83,000
2018	56,000
2019	38,000
Thereafter	189,000
	$ 682,000

11) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30:

	2014	**2013**
Journalism fund	$ 262,823	$ 265,449
VPR Next Campaign	2,126,628	-
Unappropriated endowment earnings	1,776,750	1,022,431
	$ 4,166,201	$ 1,287,880

12) PERMANENTLY RESTRICTED NET ASSETS

The Creating a Sound Future (CSF) Endowment was created in 2004 when a five-year campaign was launched to raise $10 million to provide support for VPR's long-term stability. The four specific endowment initiatives supported by the CSF Endowment are:

1. Fiscal independence
2. New program initiatives
3. New technologies
4. Continued programming

CSF donations are invested in perpetuity with the total income from these investments to be used for the stated purpose of the Fund.

The Charles and Terry Phillips Classical Music Fund was created in 2002 with a gift of $1,002,497 with the donor stipulation to "support the broadcast of classical music on VPR." The original gift documents specify that, in the event the VPR Board of Directors determines that conditions or circumstances are such or have so changed as to make it impossible or impractical to continue the broadcast of classical music on VPR, then the Board may apply the funds to benefit such purposes as most closely approximates the original purpose.

Permanently restricted gifts are invested in accordance with VPR's investment policies.

12) PERMANENTLY RESTRICTED NET ASSETS (continued)

Permanently restricted net assets as of September 30, 2014 and 2013 consist of the following donor-restricted funds to be held in perpetuity:

	2014	2013
Creating a Sound Future:		
Beneficial interests in trusts	$ 725,071	$ 699,401
Direct gifts, pledge payments and pledges receivable	6,090,736	6,089,736
Subtotal - Creating a Sound Future	6,815,807	6,789,137
Charles and Terry Phillips Classical Music Fund	1,003,497	1,002,497
	$ 7,819,304	$ 7,791,634

13) BOARD-DESIGNATED NET ASSETS

VPR has designated a portion of its unrestricted net assets as reserves to be used only in certain circumstances with prior approval by the Board of Directors.

14) CONCENTRATIONS

VPR maintains its cash balances at certain financial institutions located in Vermont. As of September 30, 2014 and 2013, there were certain balances on deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit or held in uninsured investment or custody accounts. Although these funds were in excess of the standard FDIC insurance limits, VPR believes there is minimal risk to the account balances.

15) COMMITMENTS AND CONTINGENCIES

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting the awards and their terms, it has accommodated the objectives of the organization to the provisions of the grant.

VPR receives grants from the Corporation for Public Broadcasting (CPB) for equipment purchases and signal enhancement. Under the terms of the grant agreements, for a period of ten years from the execution of the grant agreement, VPR is required to return the grant funds if it ceases to be eligible for CPB funding, voluntarily returns the broadcast spectrum to the FCC or enters into a transaction to sell, transfer, or assign the equipment acquired to an entity that is not eligible to receive CPB funding.

16) UNCERTAIN TAX POSITIONS

VPR is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities, primarily tower rental. VPR believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

VPR's tax returns (Form 990 and Form 990T) for the fiscal years ended September 30, 2011, 2012 and 2013 are subject to examination by taxing authorities, generally for three years after they were filed.

17) PRIOR PERIOD ADJUSTMENTS

In 2014 management determined that the recorded value of its beneficial interests in trusts was overstated in prior years because of errors in the valuation methodology and misunderstanding of the trust provisions. The accompanying summarized 2013 financial statements have been restated from the previously issued 2013 financial statements to correct for this overstatement.

In 2014 management also determined that its policy for accounting for purchased FCC radio broadcast licenses was not in accordance with generally accepted accounting principles. In prior year financial statements, amortization expense was recorded on the purchase cost of these licenses over a 25 year period. In accordance with ASC Topic 350 “Intangibles – Goodwill and Other,” radio broadcasting licenses are not to be amortized, but are to be tested for impairment at the reporting unit level and unit of accounting level, respectively. The change in accounting policy materially changed the carrying value of these purchased licenses. The accompanying 2013 financial statements contained herein have been restated from the previously issued 2013 financial statements to correct for this change.

The following summarizes the effect of these changes on the prior period financial statements :

Change to statement of financial position:

	Beneficial interest in trusts	Property and equipment, net	FCC licenses	Net assets
At September 30, 2012:				
Originally reported	$ 2,776,453	$ 7,238,459	$ -	$19,846,397
Correction	(2,107,455)	(2,383,181)	3,220,223	(1,270,413)
Restated balance	$ 668,998	$ 4,855,278	$ 3,220,223	$18,575,984
At September 30, 2013:				
Originally reported	$ 2,128,779	$ 6,906,074	$ -	$19,641,925
Correction	(1,429,378)	(2,252,192)	3,220,223	(461,347)
Restated balance	$ 699,401	$ 4,653,882	$ 3,220,223	$19,180,578

Change to statement of activities:

	Change in beneficial interest in trusts	Program services expenses	Total change in net assets
For the year ended September 30, 2013:			
Originally reported	$ (647,674)	$ 6,092,920	$ (204,472)
Correction	678,077	(130,989)	809,066
Restated	$ 30,403	$ 5,961,931	$ 604,594

18) DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through May 15, 2015, the date the financial statements were available to be issued.