WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

NEWARK PUBLIC RADIO, INC.

Financial Statements

September 30, 2013 and 2012

With Independent Auditors' Reports

Newark Public Radio, Inc.
Table of Contents
September 30, 2013 and 2012

WithumSmith+Brown, PC
Certified Public Accountants and Consultants

One Spring Street
New Brunswick, NJ 08901
732.828.1615 . fax 732.828.5156

www.withum.com

Additional Offices in New Jersey,
New York, Pennsylvania, Maryland
Florida, and Colorado

Independent Auditors' Report

To the Board of Trustees,
Newark Public Radio, Inc.:

We have audited the accompanying financial statements of Newark Public Radio, Inc. ("WBGO" or the "Station"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Station'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 Station'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 Newark Public Radio, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Withum Smith+Brown, PC

January 6, 2014

Newark Public Radio, Inc.
Statements of Financial Position
September 30, 2013 and 2012

	2013	2012
Assets		
Current assets		
Cash and cash equivalents	$ 1,582,783	$ 1,784,469
Investments	653,496	674,103
Underwriting receivables, less allowance for uncollectible accounts of $27,625 and $28,800 for 2013 and 2012, respectively	144,944	152,340
Pledges receivable, current portion	301,507	370,589
Grants and contracts receivable	95,439	258,168
Loans receivable, current portion	10,440	13,800
Prepaid expenses	17,857	45,728
Total current assets	2,806,466	3,299,197
Property and equipment, net	1,872,911	1,961,229
Other assets		
Investments	878,999	856,141
Pledges receivable, net of current portion	23,565	46,443
Loans receivable, net of current portion	2,778	10,683
Debt financing costs, net	7,957	11,936
Total other assets	913,299	925,203
	$ 5,592,676	$ 6,185,629
Liabilities and Net Assets		
Current liabilities		
Current portion of bonds payable	$ 131,434	$ 124,726
Accounts payable and accrued expenses	130,660	141,633
Loan payable	1,824	3,229
Deferred revenue	37,602	37,675
Total current liabilities	301,520	307,263
Bonds payable, net of current portion	179,850	310,588
Deferred rent	26,869	20,693
Loan payable, net of current portion	--	1,850
Total liabilities	508,239	640,394
Net assets		
Unrestricted		
Board designated for future expansion	198,263	340,000
Board designated education fund	205,500	205,500
Board designated technical innovation fund	205,500	205,500
Available for general operations	1,568,090	1,656,349
	2,177,353	2,407,349
Investment in property and equipment	1,567,760	1,532,772
Total unrestricted net assets	3,745,113	3,940,121
Temporarily restricted	460,325	748,973
Permanently restricted	878,999	856,141
Total net assets	5,084,437	5,545,235
	$ 5,592,676	$ 6,185,629

The Notes to Financial Statements are an integral part of these statements.

Newark Public Radio, Inc.
Statements of Activities and Changes in Net Assets
Years Ended September 30, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues								
Contributions	$ 2,348,640	$ 413,984	$ 22,858	$ 2,785,482	$ 2,257,053	$ 655,564	$ 24,228	$ 2,936,845
Grants and contracts	658,641	--	--	658,641	840,515	--	--	840,515
Investment income	8,359	--	--	8,359	19,170	--	--	19,170
Underwriting revenue	572,540	--	--	572,540	519,807	--	--	519,807
Rental income	72,900	--	--	72,900	128,311	--	--	128,311
Special events	485,922	--	--	485,922	292,764	--	--	292,764
Loss on disposal of property	(3,737)	--	--	(3,737)	--	--	--	--
Trade revenue	796,108	--	--	796,108	408,673	--	--	408,673
In-kind contributions	91,400	--	--	91,400	380,158	--	--	380,158
Other income	44,057	--	--	44,057	11,589	--	--	11,589
	5,074,830	413,984	22,858	5,511,672	4,858,040	655,564	24,228	5,537,832
Net assets released from restrictions								
Satisfaction of purpose restrictions	702,632	(702,632)	--	--	553,572	(553,572)	--	--
	5,777,462	(288,648)	22,858	5,511,672	5,411,612	101,992	24,228	5,537,832
Expenses								
Program services	4,096,252	--	--	4,096,252	3,858,186	--	--	3,858,186
Administrative	704,991	--	--	704,991	775,897	--	--	775,897
Fundraising	1,171,227	--	--	1,171,227	1,182,529	--	--	1,182,529
	5,972,470	--	--	5,972,470	5,816,612	--	--	5,816,612
Changes in net assets	(195,008)	(288,648)	22,858	(460,798)	(405,000)	101,992	24,228	(278,780)
Net assets, beginning of year	3,940,121	748,973	856,141	5,545,235	4,345,121	646,981	831,913	5,824,015
Net assets, end of year	$ 3,745,113	$ 460,325	$ 878,999	$ 5,084,437	$ 3,940,121	$ 748,973	$ 856,141	$ 5,545,235

The Notes to Financial Statements are an integral part of these statements.

Newark Public Radio, Inc.
Statements of Cash Flows
Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Changes in net assets	$ (460,798)	$ (278,780)
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation and amortization	160,863	159,438
Net realized/unrealized gains on investments	(194)	(6,622)
Donated investments	(13,217)	(56,101)
Loss on disposal of equipment	3,737	--
Bad debt expense	18,080	3,300
Changes in assets and liabilities		
Underwriting receivables	(10,684)	(45,999)
Pledges receivable	91,960	10,966
Grants receivable	162,729	146,911
Prepaid expenses	27,871	(13,581)
Accounts payable and accrued expenses	(10,973)	31,995
Security deposits payable	--	(5,000)
Deferred revenue	(73)	(2,111)
Deferred rent	6,176	7,423
Net cash used by operating activities	(24,523)	(48,161)
Cash flows from investing activities		
Property and equipment additions	(72,303)	(117,541)
Payments received on loan receivable	11,265	13,079
Purchase of investments	(702,386)	(603,945)
Proceeds from sale of investments	713,546	558,271
Net cash used by investing activities	(49,878)	(150,136)
Cash flows from financing activities		
Repayment of loan payable	(3,255)	(3,254)
Repayments of bonds payable	(124,030)	(118,361)
Net cash used by financing activities	(127,285)	(121,615)
Net change in cash and cash equivalents	(201,686)	(319,912)
Cash and cash equivalents		
Beginning of year	1,784,469	2,104,381
End of year	$ 1,582,783	$ 1,784,469
Supplemental disclosure of cash flow information		
Interest paid	$ 20,264	$ 26,740
Noncash operating activities		
Donated services	$ 91,400	$ 380,158

No amounts were paid for income taxes for the years ended September 30, 2013 and 2012.

The Notes to Financial Statements are an integral part of these statements.

Newark Public Radio, Inc.
Statements of Functional Expenses
Years Ended September 30, 2013 and 2012

	2013				2012			
	Program Services	Supporting Services				Program Services	Supporting Services	
	Station Operations	Administrative	Fundraising	Total	Total	Station Operations	Administrative	Fundraising
Salaries	$ 1,593,740	$ 430,277	$ 407,812	$ 2,431,829	$ 2,424,944	$ 1,535,693	$ 483,283	$ 405,968
Payroll taxes and fringe benefits	329,151	73,437	98,515	501,103	470,129	298,023	74,212	97,894
Artist fees	76,746	--	--	76,746	93,172	93,172	--	--
Professional services	404,306	79,124	41,165	524,595	542,158	409,568	84,630	47,960
Donated services	91,400	--	--	91,400	380,158	378,558	--	1,600
Audience research	46,020	--	--	46,020	37,910	37,910	--	--
Office expense	22,109	3,328	3,227	28,664	37,201	29,617	4,024	3,560
Broadcast supplies	23,108	--	--	23,108	9,460	9,460	--	--
Program purchases	73,664	--	--	73,664	55,920	55,920	--	--
Internet streaming	36,043	--	--	36,043	32,356	32,356	--	--
Telephone	50,773	5,300	4,837	60,910	64,743	51,254	7,331	6,158
Printing	42,335	--	--	42,335	37,046	37,046	--	--
Fundraising supplies	--	--	91,140	91,140	101,516	--	--	101,516
Premiums	9,988	--	90,554	100,542	117,793	3,626	--	114,167
Postage and shipping	19,507	1,850	53,763	75,120	106,728	21,506	2,652	82,570
Dues and subscriptions	14,945	4,086	7,557	26,588	25,227	14,912	6,143	4,172
Satellite fee	8,060	--	--	8,060	7,906	7,906	--	--
Newswire	22,641	--	--	22,641	20,432	20,432	--	--
Credit and administrative fees	2,091	1,985	57,707	61,783	67,082	1,818	2,498	62,766
Travel and entertainment	30,411	7,633	5,953	43,997	43,647	31,491	7,796	4,360
Meetings and conferences	--	1,177	--	1,177	751	35	716	--
Advertising and public relations	34,936	65	10,838	45,839	32,531	12,310	60	20,161
Advertising and public relations - trade	741,108	--	--	741,108	408,673	408,673	--	--
Staff development	4,492	565	5,241	10,298	10,579	3,895	555	6,129
Utilities	35,614	9,615	9,112	54,341	52,791	33,360	10,560	8,871
Space and equipment rental	157,684	7,200	6,823	171,707	176,507	165,047	6,228	5,232
Space and equipment rental - trade	55,000	--	--	55,000	--	--	--	--
Repairs and maintenance	15,384	25,994	--	41,378	53,467	26,505	26,962	--
Insurance	35,280	9,515	9,027	53,822	49,874	31,516	9,977	8,381
Depreciation and amortization	87,855	32,218	40,790	160,863	159,438	85,502	35,071	38,865
Interest expense	13,281	3,585	3,398	20,264	26,740	16,897	5,349	4,494
Special events	--	--	223,768	223,768	157,705	--	--	157,705
Bad debt expense	18,080	--	--	18,080	3,300	3,300	--	--
Miscellaneous	500	8,037	--	8,537	8,728	878	7,850	--
	$ 4,096,252	$ 704,991	$ 1,171,227	$ 5,972,470	$ 5,816,612	$ 3,858,186	$ 775,897	$ 1,182,529

The Notes to Financial Statements are an integral part of these statements.

1. Organization and Purpose

Newark Public Radio, Inc ("WBGO" or the "Station") is a publicly-supported, cultural institution that champions jazz, an American art form, and presents news to a worldwide audience through radio at 88.3 fm, other technologies including its website at wbgo.org and through events. Founded in 1979, the Station is currently enjoying the largest listening audience in its history and continues to grow its reach into both the Newark, NJ and jazz communities.

2. Summary of Significant Accounting Policies

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to donor imposed time or purpose restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either time or by actions of the Station. For the years ended September 30, 2013 and 2012 the Station had accounting transactions in all three net asset categories.

Revenue and Support Recognition

Contributions, including membership fees, are recognized as revenue when they are received or unconditionally pledged and revenues are recorded as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Station accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as liabilities in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Unrestricted revenues are obtained from underwriting revenues, special events, program fees and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and supporting services expenses.

Trade revenue is recorded in the period products or services of equal value are exchanged and are valued based on the services provided by the Station at standard rates.

Donated professional services and supplies are recorded as unrestricted revenue at the estimated fair market value when received.

Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividends) is included in unrestricted net assets unless the income or loss is restricted by donor or law.

Income Taxes

The Station is exempt from Federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and state income taxes under similar provisions. Accordingly, the accompanying financial statements do not reflect provisions for Federal or state income taxes. The Station had no unrecognized benefits at September 30, 2013 and 2012 and has incurred no interest or penalties related to income taxes for the periods presented in their financial statements. Additionally, the Station has no open tax years subject to examination prior to September 30, 2010.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Property and Equipment and Depreciation

Property and equipment purchases are recorded at cost, except for donated items which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The principal rates for computing depreciation by major asset categories are as follows:

Description	Estimated Life (Years)
Buildings	40
Building improvements	5-40
Office equipment	5-7
Broadcasting equipment	5-10

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

Functional Allocation of Expenses

Costs of providing program and supporting services have been summarized on a functional basis based on a combination of a direct costing method for charging certain expenses to each function which is consistent with the benefit derived, and using salaries to allocate those expenses that do not have a direct association to a particular function.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to $45,839 and $32,531 in 2013 and 2012, respectively. Additionally, during the years ended September 30, 2013 and 2012 the Station had $741,108 and $408,673, respectively, of advertising trade, which represented a reciprocal arrangement between the Station and other cultural organizations for promoting each other, based on the fair market value of the services provided and received.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Station reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment for impairment was required for the periods presented in these financial statements.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including underwriting receivables, pledges receivable, grants and contracts receivable, loans receivable, prepaid expenses and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Cash and Cash Equivalents

Cash and cash equivalents include funds held in money market accounts and other instruments with an initial maturity of three months or less.

Reclassification

Certain amounts in the 2012 financial statements have been reclassified for comparative purposes to conform with the presentation in the 2013 financial statements. These reclassifications had no effect on previously reported net assets.

3. Pledges Receivable

Pledges receivable are as follows at September 30:

	2013	2012
Less than 1 year	$ 301,507	$ 370,589
1-5 years	25,000	50,000
	326,507	420,589
Less: Discounts to net present value at 3 percent	1,435	3,557
	$ 325,072	$ 417,032

4. Grants and Contracts Receivable

The Station was due certain amounts at September 30, 2013 and 2012 from funding sources which resulted from expenditures incurred in excess of payments received or from donors' notifications of intent to give. Expenditures incurred in excess of payments received, recorded in grants and contracts receivable, are as follows at September 30:

	2013	2012
U.S . Department of Commerce	$ --	$ 22,500
New Jersey Council on the Arts	81,794	82,051
National Public Radio	2,743	30,609
Corporation for Public Broadcasting	--	30,000
The Argus Fund	--	79,000
National Endowment for the Arts	8,044	--
New Jersey Cultural Trust	2,858	4,228
Other	--	9,780
	$ 95,439	$ 258,168

5. Investments

The following summarizes the relationship between the market value and cost of investments at September 30:

	2013		2012	
	Cost	Market	Cost	Market
Equities	$ 5,362	$ 12,211	$ 2,399	$ 13,034
Certificates of deposit	1,522,822	1,520,284	1,520,489	1,517,210
	$ 1,528,184	$ 1,532,495	$ 1,522,888	$ 1,530,244

Investment income related to these investments is included with investment income earned by cash and cash equivalents on the statements of activities and changes in net assets at September 30, 2013 and 2012 and was comprised of the following:

	2013	2012
Interest and dividend income	$ 8,315	$ 12,698
Realized (loss) gain	(56)	2,113
Unrealized gain (loss)	250	4,509
Investment fees	(150)	(150)
	$ 8,359	$ 19,170

6. Property and Equipment

Property and equipment at September 30, consisted of the following:

	2013	2012
Land	$ 47,855	$ 47,855
Buildings	82,684	82,684
Building improvements	2,342,224	2,335,323
Boardcasting equipment	1,858,998	1,835,883
Office equipment	516,544	520,541
	4,848,305	4,822,286
Less: Accumulated depreciation	2,975,394	2,861,057
	$ 1,872,911	$ 1,961,229

Depreciation expense totaled $156,884 and $155,459 for the years ended September 30, 2013 and 2012, respectively.

7. Recurring Fair Value Measurements

The Station has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets and liabilities, the Station values such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Station values such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Station develops measurement criteria based on the best information available.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Station has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own estimates about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Station's own data.)

The following table summarizes assets which have been accounted for at fair value on a recurring basis along with the basis of the determination of fair value as of September 30, 2013 and 2012:

	2013			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Stocks	$ 12,211	$ 12,211	$ --	$ --
Certificates of deposit	1,520,284	--	1,520,284	--
Total investments	$ 1,532,495	$ 12,211	$ 1,520,284	$ --

	2012			
	Total	**Quoted Prices in Active Markets (Level 1)**	**Observable Measurement Criteria (Level 2)**	**Unobservable Measurement Criteria (Level 3)**
Stocks	$ 13,034	$ 13,034	$ --	$ --
Certificates of deposit	1,517,210	--	1,517,210	--
Total investments	$ 1,530,244	$ 13,034	$ 1,517,210	$ --

8. Deferred Financing Costs

The Station incurred bond financing costs of $59,678 in conjunction with the issuance of New Jersey Economic Development Agency Bonds which are being amortized over fifteen years. Bond financing costs shown net of accumulated amortization were $7,957 and $11,936 at September 30, 2013 and 2012, respectively. Amortization expense amounted to $3,979 for each of the years ended September 30, 2013 and 2012. The subsequent year amortization of the deferred financing costs is as follows:

Years Ending September 30,	Amount
2014	$ 3,979
2015	3,978
	$ 7,957

9. Bonds Payable

In November 2000 the New Jersey Economic Development Authority ("NJEDA") issued $1,500,000 of variable rate, tax exempt revenue bonds (Newark Public Radio, Inc. – 2000 Project) to help pay for a portion of the estimated costs to construct, equip and staff the facility, renovate the administrative offices and radio station, acquire machinery and equipment and refinance existing debt.

Under the terms of the bond indenture agreement and the loan agreement between the Station and NJEDA the bonds require the monthly payment of principal and interest. The interest rate is currently 5.25 percent, pegged to the average U.S. Treasury five-year note yield plus 2 percent and resets every five years. The bonds mature in January 2016 and are secured by a mortgage on land and building. Bonds payable amounted to $311,284 and $435,314 as of September 30, 2013 and 2012, respectively.

Scheduled principal repayments of the bonds are as follows:

Years Ending September 30,	Amount
2014	$ 131,434
2015	138,503
2016	41,347
	311,284
Less: Current portion of bonds payable	131,434
Bonds payable, net of current portion	$ 179,850

10. Loan Payable

The Station entered into a loan agreement to finance the purchase of a van. The Station owed $1,824 and $5,079 as of September 30, 2013 and 2012, respectively. The loan is unsecured with no stated rate of interest. Expected future principal payments are $1,824 in 2014.

11. Operating Leases

Rental Income
The Station leased a portion of its radio frequency to two other radio stations under a month to month lease contract and a lease contract which expired in September 2013. Rental income from these leases was $72,900 and $128,311 for the years ended September 30, 2013 and 2012, respectively.

Rental Expense
The Station leases office equipment and antenna space under a month to month and non-cancelable operating lease arrangement with an expiration in March 2025. Additionally, the Station leases equipment and space for events held during the year. Rental expense amounted to $171,707 and $176,507 for the years ended September 30, 2013 and 2012, respectively. Minimum future annual rentals under non-cancelable lease agreements for the remaining lease terms are as follows:

Year	**Amount**
2014	$ 64,845
2015	66,142
2016	67,465
2017	68,814
2018	70,190
Thereafter	491,539
	$ 828,995

12. Employee Retirement Plan

All full time employees of the Station who have completed minimum service requirements are eligible to participate in Newark Public Radio, Inc.'s Retirement Plan (the “Plan”), a defined contribution plan. Participants in the Plan may contribute a percentage of their compensation up to the maximum allowed by I.R.S. regulations. The Station makes discretionary contributions to each participant's account of up to 4 percent of the participant's compensation. Participants become vested immediately upon entry into the Plan. It is the Station’s policy to fund contributions currently. The Station's discretionary contribution was approximately $51,000 and $48,000 for the years ended September 30, 2013 and 2012, respectively.

13. Net Assets

Components of temporarily restricted net assets were as follows at September 30:

	2013	**2012**
Temporarily restricted -		
Restricted by donor for programmatic use as follows		
Signal Expansion Project	$ 386,901	$ 657,501
Jazzset	10,594	--
Children's music project	40,603	26,120
Live jazz productions	19,919	55,973
Special projects	2,308	9,379
	$ 460,325	$ 748,973

Components of permanently restricted net assets were as follows at September 30:

	2013	2012
Permanently restricted net assets -		
Donor restricted endowed principal		
National Endowment for the Arts	$ 240,000	$ 240,000
Jazznet Endowment	300,000	300,000
Prudential Financial	250,000	250,000
NJ Cultural Trust	88,999	66,141
	$ 878,999	$ 856,141

Of the funds included in the permanently restricted net assets of the Station, $430,000 represents donations certified by the New Jersey Cultural Trust.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2013	2012
Jazzset	$ 237,871	$ 199,346
Children's Music Project	--	22,380
Children's Jazz Series	69,567	--
Alan Wolper Project	13,104	--
Computers	15,000	--
Jazzset New Year's Eve	12,502	25,000
Signal Expansion Project	286,166	264,878
Musical Instrument	6,275	--
CPB Web stream	8,401	--
Live jazz productions	36,054	33,027
Special projects	17,692	8,941
	$ 702,632	$ 553,572

14. Concentrations of Credit Risk

Financial investments which potentially subject the Station to concentrations of credit risk consist of cash and cash equivalents, investments, and receivables. In an attempt to limit the credit risk, the Station places all funds with high quality financial institutions. At various times throughout the years, the Station had cash balances in excess of FDIC insurance coverage. The credit risk with regard to receivables is limited due to amounts being comprised of many immaterial balances from a wide range of individuals and organizations.

The Station had one grantor who contributed 10.53 percent of total revenue for the year ended September 30, 2012. No such concentrations existed for the year ended September 30, 2013.

15. Endowment Funds

The Station’s endowment consists of four individual funds established to support the Station operations. The funds are donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law
The Board of Trustees of the Station has interpreted state law as requiring the preservation of the value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Station 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets in accordance with the donor agreements.

Return Objectives and Risk Parameters
The Station follows investment policies for endowment assets that attempt to provide a predictable stream of funding to 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 the Station must hold in perpetuity.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives, the Station 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).

Changes in endowment net assets for the years ended September 30, 2013 and 2012 are as follows:

	National Endowment for the Arts	Jazznet Endowment	Prudential Endowment	NJ Cultural Trust	Total
Balance - 10/01/11	$ 240,000	$ 300,000	$ 250,000	$ 41,913	$ 831,913
Contributions	--	--	--	24,228	24,228
Balance - 9/30/12	240,000	300,000	250,000	66,141	856,141
Contributions	--	--	--	22,858	22,858
Balance - 9/30/13	$ 240,000	$ 300,000	$ 250,000	$ 88,999	$ 878,999

16. Subsequent Events

The Station has evaluated subsequent events occurring after the statement of financial position date through the date of January 6, 2014, the date the financial statements were available for release. Based upon this evaluation, the Station has determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.