VERMONT PUBLIC RADIO
FINANCIAL STATEMENTS
Years ended September 30, 2015 and 2014

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GDP

GRIPPIN DONLAN PINKHAM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vermont Public Radio

We have audited the accompanying financial statements of Vermont Public Radio (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Vermont Public Radio as of September 30, 2015 and 2014, 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.

Grippin, Donlan + Pinkham, PLC
Registration number 553
May 6, 2016

"INNOVATIVE SOLUTIONS & PERSONAL SERVICE"

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VERMONT PUBLIC RADIO
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

ASSETS

	2015	2014
Current Assets		
Cash & cash equivalents	$ 1,615,626	$ 1,472,003
Underwriting receivable, net	224,519	217,223
Other receivables	16,108	612
Pledges receivable, net	1,078,981	894,067
Prepaid expenses	48,746	75,793
Total Current Assets	2,983,980	2,659,698
Other Assets		
Property and equipment, net	6,362,535	4,527,351
Investments	9,642,859	10,360,118
FCC licenses	3,220,223	3,220,223
Pledges receivable, net	1,987,517	907,039
Beneficial interest in trusts	716,709	725,071
Total Other Assets	21,929,843	19,739,802
Total Assets	$ 24,913,823	$ 22,399,500

LIABILITIES AND NET ASSETS

	2015	2014
Current Liabilities		
Line of credit	$ -	$ 127,979
Current portion of long-term debt	13,879	52,460
Accounts payable	224,775	215,891
Accounts payable - construction	612,219	-
Accrued payroll	216,916	238,634
Deferred income	55,256	73,569
Total Current Liabilities	1,123,045	708,533
Long-term Liabilities		
Long-term debt, less current portion	-	13,852
Total Long-term Liabilities	-	13,852
Total Liabilities	1,123,045	722,385
Net Assets		
Unrestricted		
Undesignated	588,931	648,250
Board-designated reserves	1,162,886	1,490,077
Net property and equipment and FCC licenses	9,568,879	7,553,283
Subtotal - unrestricted	11,320,696	9,691,610
Temporarily restricted	4,604,773	4,166,201
Permanently restricted	7,865,309	7,819,304
Total Net Assets	23,790,778	21,677,115
Total Liabilities and Net Assets	$ 24,913,823	$ 22,399,500

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENTS OF ACTIVITES
For the year ended September 30, 2015
(With comparative totals for 2014)

Change in Net Assets from Operations	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**2015 Total**	**2014 Total**
Support and Revenue					
Memberships	$ 4,621,212	$ -	$ -	$ 4,621,212	$ 4,475,763
Contributions	17,646	-	-	17,646	49,755
Underwriting	2,040,435	-	-	2,040,435	2,031,973
Donated goods and services	838,882	-	-	838,882	918,900
Grants	603,025	-	-	603,025	543,362
Special events and projects	-	-	-	-	36,419
Telecasting, production and other income	97,141	-	-	97,141	101,982
Operational interest and dividend income	2,024	-	-	2,024	1,030
Strategic investment draw	56,000	-	-	56,000	90,000
Investment return designated for current operations	134,946	-	-	134,946	351,130
Subtotal	8,411,311	-	-	8,411,311	8,600,973
Net assets released from restrictions for operating purposes	164,895	(164,895)	-	-	-
Total Support and Revenue	8,576,206	(164,895)	-	8,411,311	8,600,973
Expenses					
Program services	6,466,436	-	-	6,466,436	6,175,732
Management and general	1,088,929	-	-	1,088,929	1,092,668
Fundraising and membership development	1,408,859	-	-	1,408,859	1,644,769
Total Expenses	8,964,224	-	-	8,964,224	8,913,169
Change in Net Assets from Operations	$ (388,018)	$ (164,895)	$ -	$ (552,913)	$ (312,196)

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENTS OF ACTIVITES (CONTINUED)
For the year ended September 30, 2015
(With comparative totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Change in Net Assets from from Operations (forwarded)	$ (388,018)	$ (164,895)	$ -	$ (552,913)	$ (312,196)
Non-Operating Income (Expense)					
Bequests and contributions	1,000	42,500	-	43,500	66,029
Change in beneficial interest in trusts	-	-	(8,362)	(8,362)	25,670
Endowment contributions	-	-	50,000	50,000	2,000
Endowment campaign bad debt recovery	-	-	4,367	4,367	-
Investment income (loss)	(24,798)	(263,873)	-	(288,671)	992,150
Investment return designated for current operations	-	(134,946)	-	(134,946)	(351,130)
Strategic investment draw	(56,000)	-	-	(56,000)	(90,000)
Gain (loss) on disposal of property and equipment	(207,766)	-	-	(207,766)	659
VPR Next campaign contributions	-	3,499,270	-	3,499,270	2,291,191
Net assets released for VPR Next campaign expenditures	2,539,484	(2,539,484)	-	-	-
Capital campaign expenses	(236,316)	-	-	(236,316)	(123,027)
Other	1,500	-	-	1,500	(4,150)
Total Non-Operating Income (Expense)	2,017,104	603,467	46,005	2,666,576	2,808,733
Total Change in Net Assets	1,629,086	438,572	46,005	2,113,663	2,496,537
Beginning Net Assets	9,691,610	4,166,201	7,819,304	21,677,115	19,180,578
Ending Net Assets	$ 11,320,696	$ 4,604,773	$ 7,865,309	$ 23,790,778	$ 21,677,115

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended September 30, 2015
(With comparative totals for 2014)

	Program Services	Management and General	Fundraising and Membership Development	Endowment Campaign	Capital Campaign	2015 Total	2014 Total
Salaries and wages	$ 2,320,777	$ 546,353	$ 611,741	$ -	$ 29,568	$ 3,508,439	$ 3,343,366
Payroll taxes	194,259	40,475	49,735	-	2,605	287,074	282,010
Pension expense	75,670	20,042	20,197	-	-	115,909	109,255
Employee benefits	432,407	105,969	130,824	-	5,034	674,234	629,258
Subtotal - Personnel	3,023,113	712,839	812,497	-	37,207	4,585,656	4,363,889
Program acquisitions and affiliations	1,025,644	-	-	-	-	1,025,644	972,658
Donated supplies and services	693,979	41,960	102,943	-	-	838,882	918,900
Occupancy	537,395	20,624	60,497	-	-	618,516	600,886
Depreciation	464,426	65,876	32,355	-	-	562,657	566,888
Professional fees	186,234	67,581	103,995	-	164,180	521,990	492,147
Office expenses	184,464	29,657	204,163	-	28,636	446,920	437,373
Information technology	207,111	14,718	38,916	-	-	260,745	271,924
Conferences and meetings	31,874	37,248	10,888	-	-	80,010	54,818
Travel	48,624	4,085	7,140	-	6,293	66,142	77,767
Insurance	25,268	30,224	2,291	-	-	57,783	49,673
Accounting fees	-	39,568	-	-	-	39,568	34,136
Advertising	35,655	2,099	1,023	-	-	38,777	34,157
Bad debt expense (recovery)	-	-	28,257	(4,367)	-	23,890	107,877
Miscellaneous	-	11,605	2,190	-	-	13,795	23,872
Legal fees	-	10,845	-	-	-	10,845	23,073
Interest	2,649	-	1,704	-	-	4,353	6,158
Total expenses (income)	$ 6,466,436	$ 1,088,929	$ 1,408,859	$ (4,367)	$ 236,316	$ 9,196,173	$ 9,036,196

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENTS OF CASH FLOWS
Years ended September 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	$ 2,113,663	$ 2,496,537
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	562,657	566,888
(Gain) loss on disposal of property and equipment	207,766	(659)
Endowment campaign bad debt recovery	(4,367)	-
Gifts restricted for capital purposes	(3,499,270)	(2,291,191)
Gifts restricted for endowment	(50,000)	(2,000)
Non-operating capital campaign expenses	236,316	123,027
Non-operating investment (income) loss	479,617	(551,020)
Change in beneficial interest in trusts	8,362	(25,670)
Other non-operating income	(2,500)	(61,879)
(Increase) decrease in:		
Underwriting receivables	(7,296)	(35,350)
Pledges receivable	101,925	14,930
Other receivables	(15,496)	7,809
Prepaid expenses	27,047	66,822
Increase (decrease) in:		
Accounts payable	2,545	89,926
Accrued payroll	(21,718)	(55,564)
Deferred income	(18,313)	41,670
Net Cash Provided by Operating Activities	120,938	384,276
Cash Flows from Investing Activities		
Proceeds from sale of fixed assets	112	659
Purchases of property, equipment and intangibles	(1,993,500)	(440,356)
Proceeds from endowment fund for capital expenditures	-	70,210
Non-operating interest and dividend income, net	248,293	285,183
Investment and other fees	(124,822)	(100,261)
Proceeds from sales of investment securities	5,446,391	5,203,509
Purchases of investment securities	(5,066,784)	(4,765,109)
Income and gains deposited or retained in endowment funds, net	(265,436)	(659,006)
Net Cash Used by Investing Activities	(1,755,746)	(405,171)
Cash Flows from Financing Activities		
Endowment gifts received	55,309	15,920
Capital gifts and grants received	2,133,511	849,031
Capital campaign expenses paid	(229,977)	(123,027)
Principal payments on long-term debt	(52,433)	(96,688)
Increase (decrease) in line of credit	(127,979)	127,979
Net Cash Provided by Financing Activities	1,778,431	773,215
Increase in Cash and Cash Equivalents	143,623	752,320
Beginning Cash and Cash Equivalents	1,472,003	719,683
Ending Cash and Cash Equivalents	$ 1,615,626	$ 1,472,003
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 4,353	$ 6,158
Cash paid for income taxes	$ 11,609	$ 21,683

See notes to financial statements

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 interest in trusts, investment returns not designated for current operations (net of fees), revenues related to bequests, or solicitations for capital support.

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 the 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, 2014, from which the summarized information was derived.

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 net assets or change in net assets.

1) Summary of Operations and Significant Accounting Policies (continued)

Contributions

VPR reports 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 same 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.

Cash & cash equivalents

Cash & 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 using a discount rate of 5%. 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 estimated uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

Underwriting receivable

VPR recognizes underwriting revenue when the advertising spots are aired. VPR uses the allowance method to record the uncollectible amounts.

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 $11,000 in 2015 and $21,000 in 2014. 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.

1) Summary of Operations and Significant Accounting Policies (continued)

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.

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.

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 are reported as restricted support. Absent donor stipulations regarding how long donated assets must be maintained, VPR reclassifies temporarily restricted net assets to unrestricted net assets when the donated assets are placed in service as instructed by the donor.

Advertising

VPR expenses advertising costs to operations when incurred. The amount paid for advertising was $38,777 and $34,157 for the years ended September 30, 2015 and 2014, respectively. Additionally, VPR received donated advertising from trade agreements with area not-for-profit organizations. Total donated advertising was $579,830 and $636,487 for the years ended September 30, 2015 and 2014, respectively.

Investments

VPR reports investments in the Statement of Financial Position at fair value in accordance with FASB ASC 820. Realized and unrealized gains and losses are included in net investment income (loss) in the Statement of Activities.

VPR maintains master investment accounts for its donor-restricted endowments and Board-designated reserves. 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)

<u>Fair value measurement</u>

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 trusts 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.

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 must maximize the use of observable inputs and minimize the use of unobservable inputs.

<u>Property and equipment</u>

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.

<u>FCC licenses</u>

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. Management determined that there was no impairment of the carrying value of FCC licenses for the years ended September 30, 2015 and 2014.

1) Summary of Operations and Significant Accounting Policies (continued)

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.

2) Pledges Receivable

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

	2015	2014
Unrestricted promises to give:		
Membership	$ 230,700	$ 308,425
Bequest	-	9,000
Capital purchases	4,000	14,200
	234,700	331,625
Less allowance for uncollectible pledges	(45,500)	(45,500)
Subtotal - net unrestricted promises to give	189,200	286,125
Restricted promises to give:		
Journalism fund	5,000	10,000
Creating A Sound Future endowment	-	5,942
VPR Next campaign	3,237,190	1,606,423
Subtotal - restricted promises to give	3,242,190	1,622,365
Less allowance for uncollectible pledges	(151,174)	(5,000)
Less discount on campaign pledges receivable	(213,718)	(102,384)
Subtotal - net restricted promises to give	2,877,298	1,514,981
	$ 3,066,498	$ 1,801,106
Promises to give are due in:		
Less than one year	$ 1,078,981	$ 894,067
One to five years	1,987,517	907,039
	$ 3,066,498	$ 1,801,106

Pledges receivable more than one year in the future are discounted at 5 percent.

3) Underwriting Receivable

Underwriting receivable consists of the following at September 30:

	2015	2014
Due within one year	$ 254,519	$ 247,223
Less allowance for uncollectible	(30,000)	(30,000)
	$ 224,519	$ 217,223

4) Property and Equipment

Property and equipment consists of the following at September 30:

	2015	2014
Building	$ 342,122	$ 563,438
Towers	512,795	512,795
Transmitters, antennae and satellites	5,144,171	4,975,367
Building improvements	1,777,210	1,827,610
Studio equipment	1,012,385	974,252
Furniture and equipment	1,399,292	1,379,385
Transportation equipment	110,598	110,598
Assets not yet in service	2,655,672	276,798
	12,954,245	10,620,243
Less accumulated depreciation	(6,591,710)	(6,092,892)
	$ 6,362,535	$ 4,527,351

Depreciation expense was $562,657 and $566,888 for the years ended September 30, 2015 and 2014, respectively.

Assets not yet in service at September 30, 2015 and 2014 consisted of construction in progress for the expansion of the Organization's office building in Colchester and uninstalled equipment.

5) Investments

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

	Fair Value	
	2015	2014
Cash and money funds	$ 398,113	$ 282,937
Corporate bonds	1,939,696	2,433,880
Equity securities	6,588,301	7,080,801
Asset-backed securities	59,962	16,070
Mutual funds	538,611	387,269
Alternative investment, FreshTracks II	118,176	159,161
	$ 9,642,859	$ 10,360,118

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

	2015	2014
Interest and dividend income	$ 248,293	$ 284,153
Operational interest and dividend income	2,024	1,030
Net realized gain on investments	591,127	818,269
Net unrealized loss on investments	(1,003,269)	(10,011)
Amortization, investment fees and other fees	(124,822)	(100,261)
	$ (286,647)	$ 993,180

5) Investments (continued)

Valuation Hierarchy

The following tables provide the assets carried at fair value measured on a recurring basis under the fair value hierarchy of FASB ASC 820 as of September 30, 2015 and 2014:

		Fair value measurements at September 30, 2015 using		
	Carrying value (fair value at Sept. 30, 2015	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant un-observable inputs (Level 3)**
Investments:				
Cash and money funds	$ 398,113	$ 398,113	$ -	$ -
Corporate bonds	1,939,696	1,939,696	-	-
Equity securities	6,588,301	6,588,301	-	-
Asset-backed securities	59,962	59,962	-	-
Mutual funds	538,611	538,611	-	-
Alternative investment FreshTracks II	118,176	-	-	118,176
Total investments	$ 9,642,859	$ 9,524,683	$ -	$ 118,176
Fair value of beneficial interest in trusts	$ 716,709	$ -	$ 716,709	$ -

		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 trusts	$ 725,071	$ -	$ 725,071	$ -

5) Investments (continued)

In 2008, VPR agreed to invest $350,000 with FreshTracks II, a venture capital fund. As of September 30, 2015 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 $118,176 and $159,161 at September 30, 2015 and 2014, respectively. A VPR Board member, joining the Board in 2010, is a co-founder and Senior Advisor to FreshTracks Capital, which manages the fund.

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

	2015	2014
Beginning Balance	$ 159,161	$ 163,179
Contributions	-	16,163
Included in non-operating investment income, net:		
Fees and expenses	(4,872)	(4,551)
Interest income	3	16
Unrealized valuation change	(28,345)	(15,655)
Realized gain (loss) - included in net realized gain on investments	(7,771)	9
Ending balance	$ 118,176	$ 159,161

6) Endowment Net Asset

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, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in

6) Endowment Net Asset (continued)

Interpretation of relevant law (continued)

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:

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.

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 December 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.

6) Endowment Net Asset (continued)

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, 2015 and 2014.

Changes in endowment net assets were as follows for the years ended September 30, 2014 and 2015:

	Board-Designated Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Fair value October 1, 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
Withdrawal for capital campaign expenses	(123,027)	-	-	(123,027)
Appropriated for capital	(70,210)	-	-	(70,210)
Strategic draw	(90,000)	-	-	(90,000)
Appropriated for operations	(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
Contributions	10,064	-	55,277	65,341
Net investment loss	(24,798)	(263,873)	-	(288,671)
Withdrawal for capital campaign expenses	(231,644)	-	-	(231,644)
Appropriated for VPR Next campaign	-	(71,470)	-	(71,470)
Strategic draw	(56,000)	-	-	(56,000)
Appropriated for operations	-	(134,946)	-	(134,946)
Other	(24,813)	24,913	31	131
Fair value September 30, 2015	$ 1,162,886	$ 1,331,374	$ 7,148,599	$ 9,642,859

7) Long-Term Debt

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

	2015	**2014**
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	$ 13,879	$ 66,312
	13,879	66,312
Less Current Portion	(13,879)	(52,460)
	$ -	$ 13,852

8) Line of Credit and Construction Financing

VPR had 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%, which matured in August 2015. The effective interest rate was 3.5%. Amounts outstanding under the line of credit as of September 30, 2015 and 2014 were $0 and $127,979, respectively.

On September 28, 2015 VPR secured a $5,000,000 construction line of credit with Merchants Bank with a variable interest rate equal to the Wall Street Journal Prime Rate minus 0.5% with a floor of 2.75%. The effective rate at September 30, 2015 was 2.75%. Monthly interest only payments on amounts outstanding are required during the construction period. Following construction the outstanding principal amount drawn on the line will convert to a 60-month note with a variable rate equal to the Wall Street Journal Prime Rate minus 0.5% with a floor of 2.75%. Throughout the 60-month term monthly interest only payments will be made. In addition, the face amount of the principal will be reduced annually. There were no borrowings on this construction line as of September 30, 2015.

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 $115,909 and $109,255 for the years ended September 30, 2015 and 2014, 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 $231,830 and $203,517 for the years ended September 30, 2015 and 2014, respectively.

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

2016	$	218,000
2017		146,000
2018		115,000
2019		84,000
2020		52,000
Thereafter		227,000
	$	842,000

11) Temporarily Restricted Net Assets

Journalism Fund

Vermont Public Radio established the Journalism Fund in 2010 to provide financial resources that support VPR's vision of becoming the most relevant media institution in Vermont by increasing the organization's journalistic capability and capacity.

The Fund is designed to support a range of initiatives, including but not limited to, the following:

- Projects that strengthen regional news coverage.
- Expansion of in-depth, enterprise and investigative reporting.
- Professional development and training programs that heighten the quality of reporting.
- Opportunities to create multi-platform content delivery, including on-air, online and mobile.
- Partnerships with other media organizations.
- Technology that advances reporting capacity and/or depth.
- Construction of a 21st Century Newsroom to create a modern and efficient working environment conducive to collaboration.

VPR Next Campaign

VPR Building Expansion & Renovation Fund

In 2014 the VPR Building Expansion & Renovation Fund was established as a primary component of the VPR Next campaign and is intended to be $8,000,000 of the $10,000,000 goal of the campaign. The fund will provide the necessary resources for VPR to expand its existing studios and renovate its historical building. The funds purpose includes direct construction costs, permitting, professional services, as well as necessary furniture, fixtures, and equipment.

VPR Next Innovation Fund

In 2014 the VPR Innovation Fund was also established as part of the VPR Next campaign and is intended to be the remaining $2,000,000 of the $10,000,000 goal of the campaign. The fund will allow VPR to be nimble in a dynamic media landscape, remain competitive in light of changing technology and demographics, and seize opportunities which strengthen its public service mission, particularly in the areas of new programming, journalism, music, and digital initiatives. The Fund was created as as a flexible innovation fund that will allow the organization to take advantage of opportunities as they arise.

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

	2015	2014
Journalism fund	$ 125,537	$ 262,823
VPR Next campaign	3,147,862	2,126,628
Unappropriated endowment balance	1,331,374	1,776,750
	$ 4,604,773	$ 4,166,201

12) Permanently Restricted Net Assets

Creating a Sound Future Endowment

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.

Charles and Terry Phillips Classical Music Endowment

The Charles and Terry Phillips Classical Music Endowment 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 fund 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.

Permanently restricted net assets as of September 30, 2015 and 2014 consist of the following donor-restricted funds to be held in perpetuity:

	2015	2014
Creating a Sound Future Endowment:		
Beneficial interest in trusts	$ 716,709	$ 725,071
Direct gifts, pledge payments and pledges receivable	6,136,741	6,090,736
Subtotal - Creating a Sound Future	6,853,450	6,815,807
Charles and Terry Philips Classical Music Endowment	1,003,497	1,003,497
	$ 7,865,309	$ 7,819,304

13) Board-Designated Reserves

The Board of Directors has designated as reserves the entire unrestricted amount of investments, $1,162,886 at September 30, 2015 and $1,490,077 at September 30, 2014, to be used only in certain circumstances with prior approval of the Board of Directors.

14) Concentrations

VPR maintains its cash balances at certain financial institutions located in Vermont. As of September 30, 2015 and 2014, 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 of loss in these accounts.

Receivable balances that may subject the Company to concentrations of credit risk consist of pledge and underwriting receivables from individuals and businesses located primarily in Vermont. Three individual donors account for 36 percent of the VPR Next campaign receivables.

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 rentals. 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.

17) Date of Management's Review

Subsequent events were evaluated through May 6, 2016, the date the financial statements were available to be issued.