VERMONT PUBLIC RADIO
FINANCIAL STATEMENTS
Years ended September 30, 2016 and 2015

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GDP

GRIPPIN DONLAN PINKHAM

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND ADVISORS

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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, 2016, 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 financial statements referred to above present fairly, in all material respects, the financial position of Vermont Public Radio as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Vermont Public Radio's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grippin, Donlan + Pinkham, PLC

Registration number 553
February 24, 2017

"INNOVATIVE SOLUTIONS & PERSONAL SERVICE"

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VERMONT PUBLIC RADIO
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash & cash equivalents	$ 1,290,651	$ 1,615,626
Underwriting receivable, net	201,746	224,519
Other receivables	6,476	16,108
Pledges receivable, net	1,272,795	1,078,981
Prepaid expenses	36,545	48,746
Total Current Assets	2,808,213	2,983,980
Other Assets		
Property and equipment, net	12,207,091	6,362,535
Escrow	250,098	-
Investments	10,020,218	9,642,859
FCC licenses	3,252,606	3,220,223
Pledges receivable, net, less current portion	1,441,937	1,987,517
Beneficial interests in trusts	780,779	716,709
Total Other Assets	27,952,729	21,929,843
Total Assets	$ 30,760,942	$ 24,913,823
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term debt	$ 341,520	$ 13,879
Accounts payable	151,226	224,775
Accounts payable - construction	516,325	612,219
Accrued payroll	209,098	216,916
Deferred income	47,778	55,256
Total Current Liabilities	1,265,947	1,123,045
Long-term Liabilities		
Long-term debt, less current portion	4,000,000	-
Total Long-term Liabilities	4,000,000	-
Total Liabilities	5,265,947	1,123,045
Net Assets		
Unrestricted		
Undesignated	3,533,316	588,931
Unrestricted reserves	1,127,292	1,162,886
Net property and equipment and FCC licenses	11,118,177	9,568,879
Subtotal - unrestricted	15,778,785	11,320,696
Temporarily restricted	1,767,400	4,604,773
Permanently restricted	7,948,810	7,865,309
Total Net Assets	25,494,995	23,790,778
Total Liabilities and Net Assets	$ 30,760,942	$ 24,913,823

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENT OF ACTIVITIES
For the year ended September 30, 2016
(With comparative totals for 2015)

	Operating	Non-operating	Total Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
Support and Revenue							
Individual giving and membership	$ 4,539,161	$ -	$ 4,539,161	$ -	$ -	$ 4,539,161	$ 4,621,212
Bequests and contributions	23,328	335,832	359,160	1,745,019	19,431	2,123,610	3,611,916
Underwriting	2,046,279	-	2,046,279	-	-	2,046,279	2,040,435
Donated goods and services	898,328	-	898,328	-	-	898,328	838,882
Corporation for Public Broadcasting (CPB) Grants	768,364	-	768,364	-	-	768,364	603,025
Investment income (loss)	250,338	80,903	331,241	391,914	-	723,155	(286,647)
Strategic draw	168,247	(168,247)	-	-	-	-	-
Change in beneficial interests in trusts	-	-	-	-	64,070	64,070	(8,362)
Loss on disposal of property and equipment	-	(253,361)	(253,361)	-	-	(253,361)	(207,766)
Telecasting, production and other income	130,218	250,000	380,218	-	-	380,218	101,508
Subtotal	8,824,263	245,127	9,069,390	2,136,933	83,501	11,289,824	11,314,203
Net assets released from restriction	103,925	4,870,381	4,974,306	(4,974,306)	-	-	-
Total support and revenue	8,928,188	5,115,508	14,043,696	(2,837,373)	83,501	11,289,824	11,314,203
Expenses							
Program services	6,287,283	-	6,287,283	-	-	6,287,283	6,002,010
Management and general	1,353,472	-	1,353,472	-	-	1,353,472	1,023,053
Fundraising and membership	1,210,040	-	1,210,040	-	-	1,210,040	1,376,504
Capital campaign	-	181,259	181,259	-	-	181,259	236,316
Subtotal expenses	8,850,795	181,259	9,032,054	-	-	9,032,054	8,637,883
Change in net assets, before depreciation	77,393	4,934,249	5,011,642	(2,837,373)	83,501	2,257,770	2,676,320
Depreciation	-	553,553	553,553	-	-	553,553	562,657
Change in net assets, after depreciation	$ 77,393	$ 4,380,696	4,458,089	(2,837,373)	83,501	1,704,217	2,113,663
Beginning net assets			11,320,696	4,604,773	7,865,309	23,790,778	21,677,115
Ending net assets			$ 15,778,785	$ 1,767,400	$ 7,948,810	$ 25,494,995	$ 23,790,778

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2016
(With comparative totals for 2015)

	Program Services	Management and General	Fundraising and Membership Development	Capital Campaign	2016 Total	2015 Total
Salaries and wages	$ 2,566,487	$ 733,959	$ 573,453	$ 34,140	$ 3,908,039	$ 3,508,439
Payroll taxes	207,371	47,236	46,585	1,993	303,185	287,074
Pension expense	79,814	22,454	20,001	-	122,269	115,909
Employee benefits	441,038	96,579	109,500	4,439	651,556	674,234
Subtotal - Personnel	3,294,710	900,228	749,539	40,572	4,985,049	4,585,656
Program acquisitions and affiliations	1,058,347	-	-	-	1,058,347	1,025,644
Donated supplies and services	750,289	73,804	74,235	-	898,328	838,882
Occupancy	536,204	21,095	64,147	-	621,446	618,516
Professional fees	173,834	66,177	113,398	101,994	455,403	521,990
Office expenses	121,672	48,752	159,287	36,557	366,268	446,920
Information technology	205,276	23,367	17,741	-	246,384	260,745
Conferences and meetings	21,318	77,532	4,292	-	103,142	80,010
Travel	64,142	5,498	5,229	2,136	77,005	66,142
Insurance	27,097	32,041	2,153	-	61,291	57,783
Accounting fees	-	46,478	-	-	46,478	39,568
Legal fees	3,740	39,333	-	-	43,073	10,845
Advertising	30,654	2,669	3,396	-	36,719	38,777
Miscellaneous	-	16,498	2,050	-	18,548	13,795
Bad debt expense	-	-	14,478	-	14,478	28,257
Interest	-	-	95	-	95	4,353
Total expenses before depreciation	6,287,283	1,353,472	1,210,040	181,259	9,032,054	8,637,883
Depreciation	459,600	61,691	32,262	-	553,553	562,657
Total expenses	$ 6,746,883	$ 1,415,163	$ 1,242,302	$ 181,259	$ 9,585,607	$ 9,200,540

See notes to financial statements

VERMONT PUBLIC RADIO
STATEMENTS OF CASH FLOWS
Years ended September 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 1,704,217	$ 2,113,663
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	553,553	562,657
Loss on disposal of property and equipment	253,361	207,766
Gain on sale of translator licenses	(250,000)	-
Endowment campaign bad debt recovery	-	(4,367)
Gifts restricted for capital purposes	(1,745,019)	(3,499,270)
Gifts restricted for endowment	(19,431)	(50,000)
Non-operating capital campaign expenses	181,259	236,316
Non-operating investment (income) loss	(304,570)	479,617
Change in beneficial interest in trusts	(64,070)	8,362
Other non-operating income	(335,832)	(2,500)
(Increase) decrease in:		
Underwriting receivables	22,773	(7,296)
Pledges receivable	15,901	101,925
Other receivables	9,632	(15,496)
Prepaid expenses	12,201	27,047
Escrow	(250,098)	-
Increase (decrease) in:		
Accounts payable	(100,556)	2,545
Accrued payroll	(7,818)	(21,718)
Deferred income	(7,478)	(18,313)
Net Cash Provided (Used) by Operating Activities	(331,975)	120,938
Cash Flows from Investing Activities		
Proceeds from sale of fixed assets	-	112
Proceeds from sale of translator licenses	250,000	-
Purchases of property, equipment and intangibles	(6,772,298)	(1,993,500)
Change in other investments	(1,968)	-
Non-operating interest and dividend income	291,561	248,293
Investment and other fees	(101,908)	(124,822)
Proceeds from sales of investment securities	5,299,461	5,446,391
Purchases of investment securities	(5,239,405)	(5,066,784)
Income and gains deposited or retained in endowment funds, net	(320,531)	(265,436)
Net Cash Used by Investing Activities	(6,595,088)	(1,755,746)
Cash Flows from Financing Activities		
Endowment gifts received	19,431	55,309
Capital gifts and grants received	2,416,716	2,133,511
Capital campaign expenses paid	(161,700)	(229,977)
Proceeds from long-term debt	4,341,520	-
Principal payments on long-term debt	(13,879)	(52,433)
Decrease in line of credit	-	(127,979)
Net Cash Provided by Financing Activities	6,602,088	1,778,431
Increase (Decrease) in Cash and Cash Equivalents	(324,975)	143,623
Beginning Cash and Cash Equivalents	1,615,626	1,472,003
Ending Cash and Cash Equivalents	$ 1,290,651	$ 1,615,626
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 61,669	$ 4,353
Cash paid for income taxes	$ 16,496	$ 11,609

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 and WOXR-FM in Burlington, WVPR-FM in Windsor, WRVT-FM in Rutland, WVPA-FM in St. Johnsbury, WBTN-FM in Bennington, WNCH-FM in Norwich, WVTQ-FM in Sunderland/Manchester, WVTI-FM in Brighton, WVNK in Manchester, WOXM-FM and WVXM-FM in Middlebury, WVXR-FM in Randolph, WVBA in Brattleboro and WVTX-FM in Colchester. 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), or solicitations for capital support.

Financial statement presentation

VPR reports 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, 2015, 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. 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 estimated 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 $16,000 in 2016 and $11,000 in 2015. 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.

Allocated costs

The costs of providing VPR's 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)

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 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 $36,719 and $38,777 for the years ended September 30, 2016 and 2015, respectively. Additionally, VPR received donated advertising from trade agreements with area not-for-profit organizations. Total donated advertising was $626,491 and $579,830 for the years ended September 30, 2016 and 2015, 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 investment income (loss) in the Statement of Activities.

VPR maintains master investment accounts for its donor-restricted endowments and unrestricted 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)

Fair value measurement

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.

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. (See note 5)

Property and equipment

Property and equipment are stated at cost and are depreciated over their estimated useful 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. Management determined that there was no impairment of the carrying value of FCC licenses for the years ended September 30, 2016 and 2015.

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 unconditional promises to give and are due from individuals and foundations. Pledges receivable are due to be collected as follows at September 30:

	2016	2015
Promises to give are due in:		
Less than one year	$ 1,355,399	$ 1,175,200
One to five years	1,651,061	2,296,690
Greater than five years	3,100	5,500
	3,009,560	3,477,390
Discount to present value at 5% rate	(136,332)	(213,718)
Allowance for estimated uncollectible pledges	(158,496)	(197,174)
	$ 2,714,732	$ 3,066,498

Conditional promises are recognized as revenue when the conditions on which they depend have been substantially met. As of September 30, 2016, VPR has received conditional pledges for future support totaling approximately $3,170,000 for Creating a Sound Future Endowment and $1,000,000 for the VPR Next Campaign, for which conditions stipulated by the donors have not yet been met.

3) Underwriting Receivable

Underwriting receivable consists of the following at September 30:

	2016	2015
Due within one year	$ 221,746	$ 254,519
Less allowance for estimated uncollectible amounts	(20,000)	(30,000)
	$ 201,746	$ 224,519

4) Property and Equipment

Property and equipment consists of the following at September 30:

	2016	2015
Building	$ 8,580,724	$ 342,122
Towers	497,596	512,795
Transmitters, antennae and satellites	4,917,150	5,144,171
Building improvements	1,014,197	1,777,210
Studio equipment	797,530	1,012,385
Furniture and equipment	1,060,679	1,399,292
Transportation equipment	110,598	110,598
Assets not yet in service	200,540	2,655,672
	17,179,014	12,954,245
Less accumulated depreciation	(4,971,923)	(6,591,710)
	$ 12,207,091	$ 6,362,535

Depreciation expense was $553,553 and $562,657 for the years ended September 30, 2016 and 2015, respectively. Interest capitalized during the construction period was $61,574 and $0 for the years ended September 30, 2016 and 2015, respectively.

4) Property and Equipment (continued)

Assets not yet in service at September 30, 2016 consists of uninstalled equipment. In 2015 assets not yet in service 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 for unrestricted reserves. At year end, investments consist of the following:

	Fair Value	
	2016	**2015**
Cash and money funds	$ 319,786	$ 398,113
U.S. treasury note	30,036	-
Corporate bonds	1,549,631	1,638,459
Equity securities	4,148,617	4,267,639
Asset-backed securities	48,785	59,962
Mutual funds	1,275,476	873,179
Exchange traded funds	2,519,785	2,287,331
Alternative investment, FreshTracks II	128,102	118,176
	$ 10,020,218	$ 9,642,859

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

	2016	**2015**
Interest and dividend income	$ 292,583	$ 250,317
Net realized gain (loss) on investment	(34,748)	591,127
Net unrealized gain (loss) on investments	567,228	(1,003,269)
Amortization, investment fees and other fees	(101,908)	(124,822)
	$ 723,155	$ (286,647)

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, 2016 and 2015:

		Fair value measurements at September 30, 2016 using		
	Carrying value (fair value at Sept. 30, 2016	**Quoted prices in active markets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant un-observable inputs (Level 3)**
Investments:				
Cash and money funds	$ 319,786	$ 319,786	$ -	$ -
U.S. treasury note	30,036	30,036	-	-
Corporate bonds	1,549,631	1,549,631	-	-
Equity securities	4,148,617	4,148,617	-	-
Asset-backed securities	48,785	48,785	-	-
Mutual funds	1,275,476	1,275,476	-	-
Exchange traded funds	2,519,785	2,519,785	-	-
Alternative investment FreshTracks II	128,102	-	-	128,102
Total investments	$10,020,218	$ 9,892,116	$ -	$ 128,102
Fair value of beneficial interests in trusts	$ 780,779	$ -	$ 780,779	$ -

		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	1,638,459	1,638,459	-	-
Equity securities	4,267,639	4,267,639	-	-
Asset-backed securities	59,962	59,962	-	-
Mutual funds	873,179	873,179	-	-
Exchange traded funds	2,287,331	2,287,331	-	-
Alternative investment FreshTracks II	118,176	-	-	118,176
Total investments	$ 9,642,859	$ 9,524,683	$ -	$ 118,176
Fair value of beneficial interests in trusts	$ 716,709	$ -	$ 716,709	$ -

5) Investments (continued)

In 2008, VPR agreed to invest up to $350,000 with FreshTracks II, a venture capital fund. As of September 30, 2016 VPR had invested a total of $308,142. 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 $128,102 and $118,176 at September 30, 2016 and 2015, 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:

	2016	2015
Beginning Balance	$ 118,176	$ 159,161
Contributions	6,217	-
Included in investment income (loss):		
Fees and expenses	(3,858)	(4,872)
Interest income	2	3
Unrealized valuation change	41,414	(28,345)
Realized loss - included in realized gain (loss) on investments	(33,849)	(7,771)
Ending balance	$ 128,102	$ 118,176

6) Beneficial Interests in Trusts

Beneficial interests 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. The estimated fair value of beneficial interests in trusts as of September 30, 2016 and 2015 was $780,779 and $716,709, respectively.

7) Endowment Net Asset

The State of Vermont enacted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective May 5, 2009, the provisions of which apply to endowment funds existing or established after that date. VPR adopted UPMIFA for the year ended September 30, 2009. VPR has interpreted the law as requiring prudent management of its endowment funds with a view to supporting VPR and 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 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.

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 unrestricted reserve funds.

7) Endowment Net Asset (continued)

Changes in endowment net assets were as follows for the years ended September 30, 2015 and 2016:

	Unrestricted Reserves	Temporarily Restricted	Permanently Restricted	Total
Fair value October 1, 2014	$ 1,490,077	$ 1,776,750	$ 7,093,291	$10,360,118
Contributions	10,064	-	55,277	65,341
Unrealized losses	(122,172)	(878,900)	-	(1,001,072)
Net investment income	97,374	615,027	-	712,401
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
Contributions	182,963	-	19,431	202,394
Unrealized gains	59,907	507,094	-	567,001
Net investment income	20,996	132,649	-	153,645
Withdrawal for capital campaign expenses	(130,073)	-	-	(130,073)
Strategic draw	(168,247)	-	-	(168,247)
Appropriated for operations	-	(247,829)	-	(247,829)
Other	(1,140)	(359)	-	(1,499)
Fair value September 30, 2016	$ 1,127,292	$ 1,722,929	$ 7,168,030	$10,018,251

8) Line of Credit

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%.

During December 2016 VPR obtained a $450,000 line of credit from Merchant's Bank with interest at 0.5% below the Wall Street Journal prime rate, with a minimum rate of 3.25%, which matures in February 2018.

9) Long-Term Debt

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

	2016	2015
Merchants Bank:		
$5,000,000 construction loan dated September 2015, interest only monthly installments and annual principal payments, variable interest 0.5% below the Wall Street Journal Prime Rate with a floor of 2.75% (3% and 2.75% at September 30, 2016 and 2015, respectively). Matures December 2020. Secured by assignment of pledges receivable, non-restricted marketable securities and mortgage deed. Merchants held in escrow $250,098 and $0 at September 30, 2016 and 2015, respectively.	$ 4,341,520	$ -
$200,000 software acquisition note dated October 2012, payable in monthly installments of $4,511, including interest at 3.95% unsecured, matured in December 2015.	-	13,879
Total long-term debt	4,341,520	13,879
Less current portion	(341,520)	(13,879)
Long-term debt, less current portion	$ 4,000,000	$ -

Future maturities of long-term debt are as follows for the years ending September 30,

2017	$ 341,520
2018	1,500,000
2019	1,000,000
2020	1,000,000
2021	500,000
Total	$ 4,341,520

10) 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. VPR contributes a safe harbor match equal to 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, VPR, at its discretion, may make additional contributions for each employee based on a percentage of annual compensation. Total contributions to the plan were $122,269 and $115,909 for the years ended September 30, 2016 and 2015, respectively.

11) 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 $236,009 and $231,830 for the years ended September 30, 2016 and 2015, respectively.

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

2017	$ 208,000
2018	183,000
2019	151,000
2020	118,000
2021	73,000
Thereafter	198,000
Total	$ 931,000

12) 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.

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 intended to make up $8,000,000 of the $10,000,000 goal of the campaign. The fund was to provide the resources for VPR to expand its existing studios and renovate its historic building. The funds purpose included direct construction costs, permitting, professional services, as well as necessary furniture, fixtures, and equipment. The building expansion and renovation were substantially complete by September 30, 2016.

12) Temporarily Restricted Net Assets (continued)

VPR Next Campaign (continued)

VPR Next Innovation Fund

In 2014 the VPR Innovation Fund was established as part of the VPR Next campaign and was intended to make up 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.

As of September 30, 2016 VPR had received pledges and payments of approximately $7,800,000 for the VPR Next Campaign. VPR Next campaign expenditures surpassed the amount of pledges and payments received as of September 30, 2016. The VPR Next campaign temporarily restricted balance has been released from restriction and is $0 at September 30, 2016.

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

	2016	2015
Journalism fund	$ 44,471	$ 125,537
VPR Next campaign	-	3,147,862
Unappropriated endowment balance	1,722,929	1,331,374
	$ 1,767,400	$ 4,604,773

13) 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

13) Permanently Restricted Net Assets (continued)

Charles and Terry Phillips Classical Music Endowment (continued)

benefit such purposes as most closely approximates the original purpose. VPR continues to use the income from this endowment to support its broadcast of classical music.

Permanently restricted gifts are invested in accordance with VPR's investment policies. The income used in each year to support the initiatives is based on the spending rate determined by the Board of Directors, and is reported as unrestricted investment income.

Permanently restricted net assets as of September 30, 2016 and 2015 consist of the following donor-restricted funds to be held in perpetuity:

	2016	2015
Creating a Sound Future Endowment:		
Beneficial interest in trusts	$ 780,779	$ 716,709
Direct gifts, pledge payments and pledges receivable	6,164,509	6,145,103
Subtotal - Creating a Sound Future	6,945,288	6,861,812
Charles and Terry Philips Classical Music Endowment	1,003,522	1,003,497
	$ 7,948,810	$ 7,865,309

14) Unrestricted Reserves

The Board of Directors has designated as reserves unrestricted investments of $1,127,292 at September 30, 2016 and $1,162,886 at September 30, 2015, to be used only in certain circumstances with prior approval of the Board of Directors.

15) Concentrations

VPR maintains its cash balances at certain financial institutions located in Vermont. As of September 30, 2016 and 2015, 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.

As of September 30, 2016 and 2015, the investment balances held by National Financial Services (NFS) are insured by the Securities Investor Protection Corporation (SIPC) up to $500,000 and in addition to SIPC protection NFS has arranged for coverage above this limit. Within NFS's excess of SIPC coverage, there is no per-account dollar limit on coverage of securities, but there is a per-account limit of $1.9 million on coverage of cash.

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. Six individual donors accounted for 45 percent of the VPR Next campaign receivable balance at September 30, 2016. Three individual donors accounted for 36 percent of the VPR Next campaign receivable balance at September 30, 2015.

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) 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. Management deems this 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.

In connection with VPR's facility expansion, VPR obtained a landscaping bond from Merchants Bank for $111,866 for the benefit of the Town of Colchester. This irrevocable Letter of Credit ensured completion of all landscaping as required by the Town and expired on June 18, 2016.

18) Date of Management's Review

Subsequent events were evaluated through February 24, 2017, the date the financial statements were available to be issued.