NEW YORK PUBLIC RADIO

Financial Statements and Supplemental Schedule

June 30, 2018 and 2017

(With Independent Auditors’ Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
New York Public Radio:

We have audited the accompanying financial statements of New York Public Radio, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, 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 U.S. generally accepted accounting principles; 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 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 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 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 New York Public Radio as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG

Report on Supplementary Information

Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in the schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

October 23, 2018

NEW YORK PUBLIC RADIO

Statements of Financial Position

June 30, 2018 and 2017

Assets		**2018**	**2017**
Current assets:			
Cash and cash equivalents	$	19,278,861	18,902,524
Pledges and grants receivable		5,096,211	5,957,674
Accounts receivable, less allowance for doubtful accounts of $671,732 and $554,674 at December 31, 2018 and 2017, respectively		8,435,892	8,700,685
Due from partner in collaborative arrangements		380,632	328,769
Investments		635,000	600,000
Prepaid expenses and other current assets		934,143	1,199,167
Total current assets		34,760,739	35,688,819
Noncurrent assets:			
Pledges receivable, net of current portion		6,104,529	6,345,211
Investments		39,230,085	37,527,942
Cash equivalents limited as to use		—	225,562
Fixed assets, net of accumulated depreciation and amortization		15,988,521	17,370,309
FCC licenses		29,242,387	29,242,387
Other assets		3,672,909	494,131
Total noncurrent assets		94,238,431	91,205,542
Total assets	$	128,999,170	126,894,361
Liabilities and Net Assets			
Current liabilities:			
Accounts payable, accrued expenses, and deferred revenue	$	13,013,520	11,763,321
Current portion of bonds payable		—	900,000
Due to partner in collaborative arrangements		2,845,601	1,912,364
Total current liabilities		15,859,121	14,575,685
Noncurrent liabilities:			
Refundable advance		1,000,000	1,000,000
Fair value of interest rate swap agreement		—	1,011,508
Debt payable		9,729,203	8,575,820
Deferred rent		2,315,642	2,543,347
Other liabilities		1,089,565	1,915,376
Total noncurrent liabilities		14,134,410	15,046,051
Total liabilities		29,993,531	29,621,736
Commitments			
Net assets:			
Unrestricted:			
Undesignated		70,152,933	67,864,162
Board-designated		12,779,919	13,764,944
Total unrestricted		82,932,852	81,629,106
Temporarily restricted		15,242,883	15,309,414
Permanently restricted		829,904	334,105
Total net assets		99,005,639	97,272,625
Total liabilities and net assets	$	128,999,170	126,894,361

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statements of Activities

Years ended June 30, 2018 and 2017

	2018						2017					
	Undesignated	Board-designated	Total unrestricted	Temporarily restricted	Permanently restricted	Total	Undesignated	Board-designated	Total unrestricted	Temporarily restricted	Permanently restricted	Total
Operating activities:												
Operating support and revenue:												
Contributions	$ 72,788,474	1,689,273	74,477,747	9,297,201	500,000	84,274,948	69,226,719	(44,706)	69,182,013	12,092,733	—	81,274,746
Government grants	116,943	75,000	191,943	1,371,055	—	1,562,998	121,119	75,000	196,119	106,720	—	302,839
Donated services	2,643,821	—	2,643,821	—	—	2,643,821	1,823,981	—	1,823,981	—	—	1,823,981
Production and other income	5,353,359	—	5,353,359	—	—	5,353,359	5,628,226	—	5,628,226	—	—	5,628,226
Special events revenue, net of direct expenses of $459,014 and $409,084 in 2018 and 2017, respectively	1,185,776	—	1,185,776	19,000	—	1,204,776	973,300	—	973,300	85,420	—	1,058,720
Investment income, net	1,138,379	—	1,138,379	—	—	1,138,379	1,167,833	—	1,167,833	—	—	1,167,833
Revenues from collaborative arrangement	1,142,934	—	1,142,934	—	—	1,142,934	1,627,185	—	1,627,185	—	—	1,627,185
Net assets released from restrictions	9,800,340	953,447	10,753,787	(10,753,787)	—	—	11,201,940	991,000	12,192,940	(12,192,940)	—	—
Total operating support and revenue	94,170,026	2,717,720	96,887,746	(66,531)	500,000	97,321,215	91,770,303	1,021,294	92,791,597	91,933	—	92,883,530
Operating expenses:												
Program services:												
Programming	59,996,003	—	59,996,003	—	—	59,996,003	55,433,918	—	55,433,918	—	—	55,433,918
Technical operations	6,224,235	—	6,224,235	—	—	6,224,235	6,009,441	—	6,009,441	—	—	6,009,441
Marketing	5,002,062	—	5,002,062	—	—	5,002,062	4,201,569	—	4,201,569	—	—	4,201,569
Total program services	71,222,300	—	71,222,300	—	—	71,222,300	65,644,928	—	65,644,928	—	—	65,644,928
Supporting services:												
Fund-raising (noncampaign)	17,001,033	—	17,001,033	—	—	17,001,033	18,739,596	—	18,739,596	—	—	18,739,596
Management and general	9,422,563	—	9,422,563	—	—	9,422,563	6,169,975	—	6,169,975	—	—	6,169,975
Total supporting services	26,423,596	—	26,423,596	—	—	26,423,596	24,909,571	—	24,909,571	—	—	24,909,571
Total operating expenses	97,645,896	—	97,645,896	—	—	97,645,896	90,554,499	—	90,554,499	—	—	90,554,499
(Decrease) increase in operating activities	(3,475,870)	2,717,720	(758,150)	(66,531)	500,000	(324,681)	1,215,804	1,021,294	2,237,098	91,933	—	2,329,031
Nonoperating activities:												
Investment return, less amounts allocated for spending	1,797,888	—	1,797,888	—	(4,201)	1,793,687	2,991,749	—	2,991,749	—	(2,655)	2,989,094
Change in fair value of interest rate swap agreement	264,008	—	264,008	—	—	264,008	588,999	—	588,999	—	—	588,999
Transfers	3,702,745	(3,702,745)	—	—	—	—	2,227,617	(2,227,617)	—	—	—	—
Change in net assets	2,288,771	(985,025)	1,303,746	(66,531)	495,799	1,733,014	7,024,169	(1,206,323)	5,817,846	91,933	(2,655)	5,907,124
Net assets at beginning of year	67,864,162	13,764,944	81,629,106	15,309,414	334,105	97,272,625	60,839,993	14,971,267	75,811,260	15,217,481	336,760	91,365,501
Net assets at end of year	$ 70,152,933	12,779,919	82,932,852	15,242,883	829,904	99,005,639	67,864,162	13,764,944	81,629,106	15,309,414	334,105	97,272,625

See accompanying notes to financial statements.

NEW YORK PUBLIC RADIO

Statements of Cash Flows

Years ended June 30, 2018 and 2017

		2018	2017
Cash flows from operating activities:			
Change in net assets	$	1,733,014	5,907,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization of fixed assets		2,707,737	2,974,373
Amortization of deferred financing costs		19,847	21,635
Write-off of unamortized bond issuance costs		171,560	—
Bad debt expense, net of recoveries		237,254	117,177
Net expense from barter arrangements		229,743	(94,804)
Deferred rent		(227,705)	(120,223)
Lease incentive obligation (in other liabilities)		(27,069)	(27,069)
Loss on sale of investment		170,000	—
Change in fair value of interest rate swap agreement		(264,008)	(588,999)
Net appreciation in fair value of investments		(1,717,081)	(3,269,595)
Changes in operating assets and liabilities:			
Current pledges and grants receivable		861,463	2,574,026
Accounts receivable		27,539	(3,658,003)
Prepaid expenses and other current assets		265,024	(469,273)
Due to partner in collaborative arrangements, net		881,374	1,010,488
Long-term pledges receivable, net		240,682	(2,468,073)
Other assets		(129,661)	(90,194)
Accounts payable, accrued expenses, and deferred revenue		1,092,826	1,825,437
Other liabilities		(798,742)	201,488
Net cash provided by operating activities		5,473,797	3,845,515
Cash flows from investing activities:			
Net decrease (increase) in cash equivalents limited as to use		225,562	(11,649)
Purchase of fixed assets		(1,398,319)	(1,326,950)
Purchase of investments		(4,927,717)	(2,598,803)
Sale of investments		4,907,655	10,798,983
Purchase of other investments		(3,499,117)	—
Sale of other investments		280,000	—
Net cash (used in) provided by investing activities		(4,411,936)	6,861,581
Cash flows from financing activities:			
Repayment of bonds payable		(9,660,000)	(855,000)
Loan proceeds		9,982,150	—
Bond issuance costs incurred		(260,174)	—
Settlement of interest rate swap		(747,500)	—
Net cash used in financing activities		(685,524)	(855,000)
Net increase in cash and cash equivalents		376,337	9,852,096
Cash and cash equivalents at beginning of year		18,902,524	9,050,428
Cash and cash equivalents at end of year	$	19,278,861	18,902,524
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	385,426	369,766
Noncash investing and financing activity:			
Fixed assets purchased through accounts payable	$	55,306	127,676

See accompanying notes to financial statements.

(1) Nature of Business and Organization

New York Public Radio was incorporated in the State of New York in September 1979 as a not-for-profit corporation, primarily for the purpose of providing monetary and operational support for the City of New York Municipal Broadcasting System, later known as the New York Public Communications Group, through fund-raising activities and the rendering of services.

On January 7, 1997, the City of New York transferred the licenses and all the assets associated with WNYC-AM and WNYC-FM to New York Public Radio for $20 million payable over six years. The Federal Communications Commission (FCC) granted the transfer of the licenses in fiscal 1997.

On October 6, 2009, New York Public Radio purchased certain assets used in the operation of the radio station WQXR-FM from The New York Times Company. New York Public Radio paid a purchase price of approximately $11,626,000 in cash inclusive of direct expenses.

On July 1, 2011, New York Public Radio assumed operations under a managing program agreement of four New Jersey network radio stations, WNJT-FM, WNJP-FM, WNJY-FM, and WNJO-FM, owned by the State of New Jersey. On December 5, 2011, the FCC licenses and certain other assets were purchased from the State of New Jersey for approximately $1.0 million in cash and $1.8 million in in-kind services.

New York Public Radio is a Section 501(c)(3) organization, which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code). It is a publicly supported organization as described in Section 509(a)(1) of the Code. New York Public Radio is also exempt from state and local income taxes. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. New York Public Radio recognizes the effect of income tax positions only if these positions are more likely than not of being sustained.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

(b) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Estimates are used for, but not limited to, fair value of investments and allocation of functional expenses.

(Continued)

New York Public Radio allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be readily identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

(c) Net Assets

To ensure compliance with limitations and restrictions placed on the use of resources, New York Public Radio reports its financial resources in three net asset classes: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets: Unrestricted net assets include expendable resources over which New York Public Radio's Board of Trustees has discretionary control and are used to carry out New York Public Radio's operations in accordance with its Articles of Incorporation and the related bylaws.

In fiscal year 2006, New York Public Radio's Board of Trustees designated a portion of unrestricted net assets for the Campaign for New York Public Radio. Funds received in association with this campaign are to be allocated at the discretion of the Board of Trustees to the fit-out and construction of New York Public Radio's facility, debt service related to the March 2006 bond offering, lease and operating expenses associated with the facility, and programming initiatives.

In fiscal year 2013, all charitable gift annuities in excess of the related liabilities were classified as board designated by the Board of Trustees. Upon maturity of a gift annuity agreement, the revenue will be allocated at the discretion of the Board of Trustees.

In fiscal year 2015, the Board of Trustees designated unrestricted funds received in association with a future campaign and other unrestricted funds as it deems appropriate, as unrestricted funds to be allocated at its discretion in association with strategic initiatives.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions of New York Public Radio.

Permanently Restricted Net Assets: Permanently restricted net assets represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and that only the income be used.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law.

(d) Grants and Contributions

Grants and contributions (including unconditional promises to give) are recorded initially at fair value when received or pledged. Contributions received with donor stipulations that limit the use of donated assets are reported as either temporarily or permanently restricted support. Unconditional promises to give, with payments due in future years, are reported as temporarily restricted support, discounted to their present value. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

The details of unrestricted contributions for the years ended June 30, 2018 and 2017 are as follows:

		2018	2017
Membership	$	32,974,936	31,080,474
Sponsorship		29,740,040	30,620,221
Sponsorship trade		220,825	477,556
Major donors		2,254,883	2,959,628
Bequests and planned giving		5,710,188	991,775
Foundations and not-for-profit organizations		3,576,875	3,052,359
	$	74,477,747	69,182,013

Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. As of June 30, 2018, New York Public Radio has received conditional pledges and payments totaling approximately $863,000 for future support for which the conditions stipulated by the donors have not yet been met.

(e) Donated Services and Support

Volunteers have donated significant amounts of their time to New York Public Radio's program services and supporting services. No amounts have been reflected in the accompanying financial statements for these donated services because they do not meet the criteria for revenue recognition established by U.S. generally accepted accounting principles.

Contributed services, which New York Public Radio would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The details of donated services for the years ended June 30, 2018 and 2017 are as follows:

		2018	2017
Advertising grants program fees	$	774,385	879,292
Legal fees		509,436	194,689
Management consulting services		1,360,000	750,000
	$	2,643,821	1,823,981

(f) Cash Equivalents

New York Public Radio considers all highly liquid investments, consisting primarily of money market funds, with a maturity of three months or less when purchased, and other than those intended to be held as part of the investment portfolio or those restricted as to use, to be cash equivalents. All cash and cash equivalents are held at four financial institutions at June 30, 2018 and 2017. The amount of cash and cash equivalents at these banks may exceed federally insured limits.

(g) Accounts Receivable

Accounts receivable consist primarily of acknowledgments of corporate sponsorship. The allowance for doubtful accounts is determined based upon specific analysis of past-due accounts and historical collections experience.

(h) Investments

Investments are reported at estimated fair market value based upon quoted market prices or at estimated fair value using net asset value (NAV), as a practical expedient, provided by the general partners of limited partnerships or other external investment managers. These NAVs are reviewed and evaluated by New York Public Radio. Due to the inherent uncertainties of these estimates, these values may differ from the values that would have been used had a ready market existed for such investments. Short-term investments are investments with maturities less than one year, which are not held by long-term investment managers.

New York Public Radio maintains a spending policy on its long-term investment portfolio. The spending policy used for operations may be up to 4% of a 12-quarter rolling average market value as of June 30. In addition to the spending policy on the long-term investment portfolio, investment return used for operations includes investment income on working capital cash, short-term investments and any other long-term investments not maintained as part of the long-term investment portfolio.

(i) FCC Licenses

Identifiable intangible assets with indefinite lives consist of the FCC licenses for New York Public Radio. Such intangible assets are no longer amortized but instead are subject to annual impairment tests. There were no indications of impairment noted in the annual impairment test performed for the years ended June 30, 2018 and 2017.

(j) Depreciation and Amortization

Furniture, fixtures, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. New York Public Radio provides for depreciation of fixed assets on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 10 years. Amortization of leasehold improvements is provided on the straight-line basis over the lesser of the terms of the related leases or estimated useful lives of the improvements.

(k) Marketing and Public Relations

Marketing and public relations costs are expensed as incurred. For the years ended June 30, 2018 and 2017, total marketing and public relations costs amounted to approximately $2,694,000 and $2,242,000, respectively.

(l) Barter Transactions

Revenue from barter transactions (sponsorship acknowledgments provided in exchange for goods and services) is recognized when sponsorship is broadcast and is valued based on fair value (comparable cash revenue). Goods and services received are recorded as a capital asset or prepaid expense, depending on the nature of the goods or services received, and are charged to expense when rendered or used. Barter revenues were $220,825 and $477,556 and barter expenses were $450,568 and $382,752 for the years ended June 30, 2018 and 2017, respectively. A liability of $258,206 and $7,906 is included in accounts payable at June 30, 2018 and 2017, respectively, in the accompanying statements of financial position, representing the acknowledgements under barter arrangements to be broadcast in the future.

(m) Interest Rate Swap Agreement

New York Public Radio calculated and recorded the fair value of its interest rate swap agreement based on the differences between market interest rates at the date of the agreement and interest rates in effect at June 30, 2017 (note 7).

(n) Collaborative Arrangements

New York Public Radio accounts for its collaborative arrangements in accordance with *Accounting for Collaborative Arrangements* (note 11), which prescribes that for costs incurred and revenue generated from third parties, the participant in a collaborative arrangement that is deemed to be the principal participant for a given transaction should record that transaction on a gross basis in the financial statements. Payments from New York Public Radio’s partners in the collaborative arrangements are recorded as revenues from collaborative arrangement in the period in which such payments are due to cover expenditures of the arrangement.

(o) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

(p) Operating Measure

New York Public Radio includes in operations all revenue and expenses that are an integral part of its program and supporting activities. Investment return, including net realized and unrealized gains and losses, in excess of or less than the authorized spending policy, the change in fair value of interest rate swap agreement, and transfers, are recognized as nonoperating activities.

(q) New Authoritative Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,* which among other things, changes how not-for-profit entities report net asset classes, expenses, and liquidity in their financial statements. The significant requirements of the ASU include the reduction of the number of net asset classes from three to two: with donor restrictions and without donor restrictions; the presentation of expenses by their function and their natural classification in one location; quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the Statement of Financial Position; and retaining the option to present operating cash flows in the Statements of Cash Flows using either the direct or indirect method. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. Early adoption is permitted. New York Public Radio is in the process of evaluating the impact of the ASU on its financial statements. New York Public Radio plans to adopt ASU 2016-14 for the year ending June 30, 2019.

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, *Not-for-Profit Entities that clarifies the accounting for contributions received and made.* ASU 2018-08 helps an entity evaluate whether it should account for a grant (or similar transaction) as a contribution or as an exchange transaction. The ASU also clarifies and expands the criteria for determining whether a contribution is conditional, which may delay recognition of contribution revenue (recipient) or expense (resource provided). The provisions in this ASU are effective for annual periods beginning after December 15, 2018. New York Public Radio is in the process of evaluating the impact of the ASU. New York Public Radio will implement the provisions of ASU 2018-08 as of July 1, 2019.

(Continued)

(3) Investments

New York Public Radio held the following investments at June 30:

		Fair value	
		2018	2017
Investments:			
U.S. equity	$	12,538,967	10,241,699
Global equity		10,118,823	9,210,813
Emerging markets		1,651,613	3,160,010
Hedge funds		9,243,399	8,825,891
Inflation hedging		1,555,461	1,251,896
Fixed income		4,316,552	5,082,691
Cash and equivalents		440,270	354,942
	$	39,865,085	38,127,942

Valuation Hierarchy

The following tables provide the assets and liabilities carried at fair value measured on a recurring basis as of June 30, 2018 and 2017:

			Fair value measurements at June 30, 2018 using	
		Carrying value (fair value at June 30, 2018)	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Investments:				
U.S. equity	$	10,056,914	10,056,914	—
Global equity		5,632,747	5,632,747	—
Emerging markets		422,374	422,374	—
Inflation hedging		1,001,356	1,001,356	—
Fixed income		4,316,551	4,316,551	—
Cash and equivalents		440,270	440,270	—
Investments measured at NAV (or its equivalent)		17,994,873		
Total investments	$	39,865,085	21,870,212	—

	Carrying value (fair value at June 30, 2017)	Fair value measurements at June 30, 2017 using: Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)
Investments:			
U.S. equity	$ 7,745,012	7,745,012	—
Global equity	4,990,385	4,990,385	—
Emerging markets	1,848,566	1,848,566	—
Inflation hedging	757,621	757,621	—
Fixed income	5,082,691	5,082,691	—
Cash and equivalents	354,942	354,942	—
Investments measured at NAV (or its equivalent)	17,348,725		
Total investments	$ 38,127,942	20,779,217	—
Fair value of interest rate swap agreement	$ (1,011,508)	—	(1,011,508)

Valuation Techniques

New York Public Radio's derivative instrument consisted of an over-the-counter interest rate swap agreement, which was not publicly traded on a public exchange. The fair value of New York Public Radio's interest rate swap agreement was determined based on inputs to a model that can be corroborated with observable market data. As such, New York Public Radio categorized its interest rate swap agreement as Level 2.

Investments measured at NAV by major category, at June 30 are as follows:

Strategy	2018	2017	Redemption frequency (if currently eligible)	Redemption notice period
U.S. equity	$ 2,482,054	2,496,687	Calendar Quarter	30 days
Global equity	4,486,076	4,220,428	Semi-Monthly/Monthly	3–10 days
Emerging markets	1,229,239	1,311,443	Monthly	30 days
Hedge funds	9,243,399	8,825,891	Quarterly/Annually/ Bi-Annually	60–90 days
Inflation hedging	554,105	494,276	Monthly	5 days
	$ 17,994,873	17,348,725		

Investment income consists of the following in fiscal 2018 and 2017:

		2018	2017
Interest, dividend, and realized gains	$	1,214,985	887,332
Net appreciation in fair value of investments		1,717,081	3,269,595
	$	2,932,066	4,156,927

(4) Pledges and Grants Receivable

Pledges and grants receivable consist substantially of promises to give and are due from individuals and foundations. Pledges and grants receivable, net of allowance for uncollectible pledges, are due to be collected as follows at June 30:

		2018	2017
Pledges and grants receivable:			
Less than one year	$	5,096,211	5,957,674
One to five years		6,724,943	7,085,222
		11,821,154	13,042,896
Less:			
Discount (1.01%–2.73%) and credit rate adjustments		(620,414)	(740,011)
Pledges and grants receivable, net	$	11,200,740	12,302,885

One donor accounted for 27% and 28% of gross pledges and grants receivable at June 30, 2018 and 2017, respectively.

(5) Fixed Assets

Fixed assets consist of the following at June 30:

		2018	2017
Computer hardware	$	3,428,126	3,436,596
Leasehold improvement		24,780,130	24,531,250
Furniture and fixtures		2,621,719	2,501,263
Equipment		16,969,325	16,004,242
Vehicles		29,456	29,456
		47,828,756	46,502,807
Less accumulated depreciation and amortization		(31,840,235)	(29,132,498)
	$	15,988,521	17,370,309

New York Public Radio received capital appropriations from the City of New York, which obligated the recipient organization to operate the facility and/or maintain equipment for the respective bonding term as a nonprofit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational, or artistic uses, and/or related purposes approved by the City.

At June 30, 2018, the City of New York and a government entity held a security interest in leasehold improvements of $862,500.

(6) Debt Payable

In March 2006, New York Public Radio issued tax-exempt Series 2006 revenue bonds (Series 2006 Revenue Bonds) through the Trust for Cultural Resources of the City of New York in the amount of $23,000,000. Proceeds from the Series 2006 Revenue Bonds, as well as any interest income earned on the proceeds, were used to finance issuance costs, a portion of interest costs, and a portion of the cost of the renovation, construction, studio technical fit-out, and furnishing of approximately 76,000 square feet of leased space in a building that is used as New York Public Radio's principal office and broadcast studios.

On January 29, 2018, New York Public Radio entered into a $35,000,000 15-year 4.56% interest rate loan and security agreement with Boston Private Bank & Trust Company for the purpose of financing business initiatives and expansions. The outstanding Series 2006 Revenue Bonds of $9,660,000 were redeemed with a loan advancement from Boston Private Bank & Trust Company.

The agreement allows New York Public Radio to initiate term advancements from the closing date through the third anniversary of the closing date at which point the term advancements will automatically convert to a term loan. During this period, New York Public Radio is required to make monthly interest only payments on the initiated advancements. Interest is payable on the first business day of each calendar month. Beginning on February 1, 2021 through January 1, 2033, New York Public Radio will not be allowed to initiate any additional advancements and is required to make principal and interest payments. As of June 30, 2018, New York Public Radio executed loan advancements for approximately $10,000,000 which was used to settle their interest rate swap agreement and to redeem their outstanding Series 2006 Revenue Bonds. The loan agreement requires compliance with certain financial ratio covenants. At June 30, 2018, New York Public Radio was in compliance with the financial covenants contained in the agreement.

New York Public Radio recognized approximately $385,000 and $370,000 in interest expense attributable to the debt for the years ended June 30, 2018 and 2017, respectively.

(7) Interest Rate Swap Agreement

In March 2006, New York Public Radio entered into an interest rate swap agreement to manage the interest cost and risk associated with the Series 2006 bond issuance. The interest rate swap agreement was scheduled to expire April 1, 2026, but on January 29, 2018 New York Public Radio terminated the agreement for a fair market value amount of $747,500 and settled the debt with a loan advancement from Boston Private Bank & Trust Company.

(8) Refundable Advance

In November 2013, New York Public Radio entered into an agreement with an outside foundation under which the foundation advanced $1,000,000 for the support of New York Public Radio's programs for a period of 15 years through November 11, 2028. After November 11, 2028, New York Public Radio will be required, at the direction of the foundation, to contribute the funds to one or more not-for-profit organizations that are not affiliated with New York Public Radio. Any income that New York Public Radio earns on the $1,000,000 can be used to fund operations. The advance is reflected in investments and as a refundable advance in the accompanying statements of financial position.

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

		2018	2017
Temporarily restricted:			
Programming	$	8,218,389	10,516,689
Time restrictions		7,024,494	4,792,725
	$	15,242,883	15,309,414

$6,170,445 and $7,032,347 restricted for programming at June 30, 2018 and 2017, respectively, are also time restricted.

(10) Endowment Fund

In 2010, New York State adopted New York Prudent Management of Institutional Funds Act (NYPMIFA). The Board of Trustees of New York Public Radio has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, New York Public Radio classifies as permanently restricted net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with the accounting guidance associated with the adoption of NYPMIFA, the remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by New York Public Radio in a manner consistent with the standard of prudence prescribed by NYPMIFA.

New York Public Radio's endowment consists of a permanently restricted endowment fund, the principal of which must be maintained intact in perpetuity, and income earned is restricted for the development of news, information, and other programming services. New York Public Radio's permanently restricted donor endowment fund balance was $829,904 and $334,105 at June 30, 2018 and 2017, respectively.

New York Public Radio has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment fund.

(Continued)

Changes in endowment net assets for the year ended June 30, 2018 consisted of the following:

		Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	—	334,105	334,105
Contributions		—	500,000	500,000
Investment return		13,415	(4,201)	9,214
Appropriated for spending		(13,415)	—	(13,415)
Endowment net assets, ending of year	$	—	829,904	829,904

Changes in endowment net assets for the year ended June 30, 2017 consisted of the following:

		Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$	—	336,760	336,760
Investment return		12,496	(2,655)	9,841
Appropriated for spending		(12,496)	—	(12,496)
Endowment net assets, ending of year	$	—	334,105	334,105

(11) Collaborative Arrangements

New York Public Radio entered into co-production agreements (the Agreements) with Partners to develop, produce, and distribute noncommercial public radio programming and digital content. Under the terms of the Agreements, New York Public Radio is responsible for the day-to-day editorial and creative control of the content.

New York Public Radio acts as the principal for certain revenue and expense transactions with third parties and, therefore, recognized these transactions on a gross basis in the accompanying financial statements.

New York Public Radio recognized the following for the years ended June 30:

		2018	2017
Unrestricted contributions	$	8,355,547	7,219,744
Production and other income		1,171,971	730,220
Various expenses		9,446,120	8,517,651

In addition to these amounts, revenues from this collaborative arrangement of $1,142,934 and $1,627,185 are also recognized in the accompanying statements of activities for the years ended June 30, 2018 and

2017, respectively, related to the portion of certain Agreements expenses for which New York Public Radio's partner is obligated to reimburse New York Public Radio.

(12) Commitments

New York Public Radio has agreements to license capacity on transmitters and lease space at the transmission facilities with third parties in New York and New Jersey. These agreements expire between December 2021 and December 2031. Total license and rent expense was approximately $1,112,000 and $1,199,000 for the years ended June 30, 2018 and 2017, respectively.

In March 2006, New York Public Radio entered into a noncancelable lease agreement for office space and broadcast studios in New York City for a term of 20 years. The lease calls for escalation charges through the lease term and includes a rent-free period of approximately 11 months. The lease also provides New York Public Radio with the option to renew for an additional 10 years provided that New York Public Radio is not in default of any of the terms of the lease agreement. The lease agreement is secured by a standby letter of credit in the amount of approximately $837,000 that expires in March 2019 and may be renewed at the option of New York Public Radio.

The aggregate minimum lease payments under the lease agreement for office space and broadcast studios are being recognized over the term of the lease on the straight-line basis. The cumulative difference between rent expense so calculated and amounts paid in accordance with terms of the lease amounted to $2,315,642 and $2,543,347 as of June 30, 2018 and 2017, respectively, and has been reflected as deferred rent, a liability in the accompanying statements of financial position. Under the terms of the lease agreement, New York Public Radio is reimbursed by the landlord for certain costs incurred. The costs incurred are included in fixed assets and are amortized over the lesser of the lease term or the estimated useful lives of the assets. The amount of costs reimbursed by the landlord is recorded as a lease incentive obligation, which is amortized as a reduction of rent expense on a straight-line basis over the term of the lease. A lease incentive obligation of approximately $223,000 and $250,000 is included in other liabilities in the accompanying statements of financial position as of June 30, 2018 and 2017, respectively. Total rent expense recorded under this lease agreement was approximately $1,966,000 for the years ended June 30, 2018 and 2017.

Future minimum payments under these agreements as of June 30, 2018 were as follows:

	License agreements	Leases
Year ending June 30:		
2019	$ 890,827	2,231,534
2020	908,799	2,242,136
2021	927,277	2,253,057
2022	927,304	2,267,105
2023	953,032	2,279,251
Thereafter	8,502,769	7,492,255
	$ 13,110,008	18,765,338

(13) Subsequent Events

New York Public Radio has evaluated events and transactions occurring after the statement of financial position date of June 30, 2018 through October 23, 2018, which is the date that the financial statements were issued, for disclosure and recognition in the financial statements.

Schedule

NEW YORK PUBLIC RADIO

Schedule of Functional Expenses

Year ended June 30, 2018
(with comparative summarized totals for the year ended June 30, 2017)

	Program services				Supporting services				
	Programming	**Technical operations**	**Marketing**	**Total**	**Fund-raising (noncampaign)**	**Management and general**	**Total**	**2018**	**2017**
Salaries and benefits	$ 39,079,166	3,037,561	2,121,424	44,238,151	9,920,370	3,261,989	13,182,359	57,420,510	56,103,338
Consultants' fees	1,568,813	234,952	154,830	1,958,595	460,582	2,510,914	2,971,496	4,930,091	2,786,864
Marketing and public relations	501,133	53	1,899,045	2,400,231	248,404	45,419	293,823	2,694,054	2,242,481
Program acquisition and production	11,679,699	16,748	231,068	11,927,515	4,575	14,604	19,179	11,946,694	10,179,981
Membership services	2,187	268	218	2,673	3,973,257	1,693	3,974,950	3,977,623	3,927,244
Professional services	657,928	45,279	260,639	963,846	311,247	1,933,764	2,245,011	3,208,857	1,878,099
Travel, entertainment, and meetings	728,368	54,966	33,987	817,321	399,759	231,331	631,090	1,448,411	1,647,662
Equipment rental, repairs, maintenance, and supplies	693,122	708,966	70,068	1,472,156	397,402	225,878	623,280	2,095,436	2,041,252
Office expenses	160,616	14,074	25,491	200,181	54,256	66,195	120,451	320,632	276,149
Bad debt expense, net of recoveries	—	—	—	—	169,725	67,529	237,254	237,254	117,177
Postage and mailing	21,097	8,265	1,442	30,804	23,658	4,338	27,996	58,800	64,547
Insurance	209,486	18,937	10,100	238,523	42,293	21,462	63,755	302,278	310,264
Rent, utilities, and custodial	2,834,463	1,911,143	101,471	4,847,077	609,087	223,590	832,677	5,679,754	5,516,205
Financing costs and other costs	—	—	—	—	—	617,765	617,765	617,765	488,863
Total expenses before depreciation and amortization	58,136,078	6,051,212	4,909,783	69,097,073	16,614,615	9,226,471	25,841,086	94,938,159	87,580,126
Depreciation and amortization	1,859,925	173,023	92,279	2,125,227	386,418	196,092	582,510	2,707,737	2,974,373
Total expenses	$ 59,996,003	6,224,235	5,002,062	71,222,300	17,001,033	9,422,563	26,423,596	97,645,896	90,554,499

See accompanying independent auditors' report.