FINANCIAL REPORT
June 30, 2012

Classical South Florida
(An Affiliated Organization of American Public Media Group)

CLASSICAL SOUTH FLORIDA®

Contents

McGladrey

Independent Auditor's Report

To the Board of Trustees
Classical South Florida

We have audited the accompanying statement of financial position of Classical South Florida (the Organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Classical South Florida's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior period's summarized comparative information was derived from the Organization's 2011 financial statements, and in our report dated October 24, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Classical South Florida as of June 30, 2012, and the results of its operations, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional Operating Fund and Property Fund information presented in the statement of activities for 2012 and the supplemental information on page 14 are presented for the purpose of additional analysis of the financial statements, rather than to present the results of operations of the individual funds, and are not a required part of the financial statements. This additional information is the responsibility of the Organization's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in our audit 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 taken as a whole.

As discussed in Notes 1 and 6 to the financial statements, Classical South Florida's parent company, American Public Media Group, has committed to continue to provide funds to support the operating activities of Classical South Florida throughout fiscal 2013.

McGladrey LLP

Minneapolis, Minnesota
October 16, 2012

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Activities
Year Ended June 30, 2012, with Comparative Totals for the Year Ended June 30, 2011
(In Thousands)

	2012						
	Unrestricted						
	Operating Fund	Property Fund	Eliminations	Total	Temporarily Restricted	**Total**	2011
Support from public:							
Individual gifts and membership	$ 1,350	$ -	$ -	$ 1,350	$ 14	**$ 1,364**	$ 1,233
Individual gifts and membership—released from restriction (rfr)	209	-	-	209	(209)	**-**	-
Underwriting	366	63	-	429	615	**1,044**	936
Underwriting—rfr	820	-	-	820	(820)	**-**	-
Business support	2	-	-	2	-	**2**	7
Foundation support	-	-	-	-	52	**52**	56
Foundation support—rfr	52	-	-	52	(52)	**-**	-
Intercompany grant (Note 11)	26	24	(24)	26	-	**26**	28
Total support from public	2,825	87	(24)	2,888	(400)	**2,488**	2,260
Support from governmental agencies:							
Corporation for Public Broadcasting (CPB)	-	-	-	-	494	**494**	253
CPB—rfr	512	-	-	512	(512)	**-**	-
Other governmental grants	-	-	-	-	9	**9**	40
Total support from governmental agencies	512	-	-	512	(9)	**503**	293
Earned revenue	50	2	-	52	-	**52**	7
Total support and earned revenue	3,387	89	(24)	3,452	(409)	**3,043**	2,560
Expenses:							
Operations	3,475	308	(24)	3,759	-	**3,759**	3,090
Administrative	884	18	-	902	-	**902**	587
Fundraising	1,306	44	-	1,350	-	**1,350**	1,001
Total expenses	5,665	370	(24)	6,011	-	**6,011**	4,678
Change in net assets (deficit)	(2,278)	(281)	-	(2,559)	(409)	**(2,968)**	(2,118)
Net assets (deficit), beginning of year	(8,339)	(286)	-	(8,625)	963	**(7,662)**	(5,544)
Net assets (deficit), end of year	$ (10,617)	$ (567)	$ -	$ (11,184)	$ 554	**$ (10,630)**	$ (7,662)

See Notes to Financial Statements.

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Functional Expenses
Year Ended June 30, 2012, with Comparative Totals for the Year Ended June 30, 2011
(In Thousands)

	2012				
	Operations	Administrative	Fundraising	**Total**	2011
Expenses:					
Personnel	$ 300	$ 386	$ 613	**$ 1,299**	$ 896
Fringe benefits of personnel	69	54	130	**253**	145
Programming and production	372	-	-	**372**	299
Space costs and equipment rent (Note 11)	1,961	-	-	**1,961**	1,892
Utilities	52	26	98	**176**	124
Repairs and maintenance	96	7	-	**103**	112
Promotion and development	527	39	384	**950**	708
Travel and training	88	22	19	**129**	67
Depreciation	155	18	44	**217**	122
Financial and general	139	350	62	**551**	313
Total	$ 3,759	$ 902	$ 1,350	**$ 6,011**	$ 4,678

See Notes to Financial Statements.

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Financial Position
June 30, 2012, with Comparative Totals for June 30, 2011
(In Thousands)

Assets	**2012**	2011
Current Assets		
Trade receivables, net (Note 4)	**$ 393**	$ 507
Grants receivable, net (Note 4)	**209**	160
Prepaid expenses	**22**	18
Other	**19**	5
Total current assets	**643**	690
Net Property and Equipment (Note 5)	**1,153**	594
Other Assets		
Grants receivable, net (Note 4)	**296**	543
Interest in investment pool (Note 3)	**7**	7
Intangibles not subject to amortization	**8,006**	3,810
Deferred tax asset	**122**	45
Other assets	**132**	18
Total assets	**$ 10,359**	$ 5,707
Liabilities and Net Assets		
Current Liabilities		
Trade payables	**$ 162**	$ 58
Accrued liabilities	**157**	131
Deferred revenue	**119**	59
Total current liabilities	**438**	248
Other Liabilities		
Deferred revenue, less current portion	**36**	118
Obligations to APMG (Note 6)	**15,270**	13,003
Long-term obligations (Note 7)	**5,245**	-
Total other liabilities	**20,551**	13,121
Total liabilities	**20,989**	13,369
Commitments and Contingencies (Notes 6, 8 and 9)		
Net Assets (Deficit)		
Unrestricted	**(11,184)**	(8,625)
Temporarily restricted	**554**	963
Total net assets (deficit)	**(10,630)**	(7,662)
Total liabilities and net assets (deficit)	**$ 10,359**	$ 5,707

See Notes to Financial Statements.

Classical South Florida (An Affiliated Organization of American Public Media Group)

Statement of Cash Flows
Year Ended June 30, 2012, with Comparative Totals for the Year Ended June 30, 2011
(In Thousands)

	2012	2011
Cash Flows From Operating Activities		
Change in net assets (deficit)	**$ (2,968)**	$ (2,118)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**220**	122
Revenue from station acquisition	**(63)**	(88)
Decrease (increase) in assets, net of acquisition:		
Trade receivable, net	**114**	(288)
Grants receivable, net	**198**	206
Prepaid expenses and other assets	**(21)**	24
Deferred tax asset	**(77)**	(45)
Increase (decrease) in liabilities:		
Trade payable and accrued liabilities	**123**	88
Deferred revenue	**41**	-
Total adjustments	**535**	19
Net cash used in operating activities	**(2,433)**	(2,099)
Cash Flows From Investing Activities		
Sale of investments	**-**	50
Change in interest in investment pool	**-**	(7)
Purchase of equipment	**(585)**	(20)
Purchase of broadcast license	**(30)**	-
Station acquisition (Note 12)	**(3,600)**	(3,824)
Net cash used in investing activities	**(4,215)**	(3,801)
Cash Flows From Financing Activities		
Borrowing on long-term obligations	**4,600**	-
Principal payments on long-term obligations	**(105)**	-
Debt issuance costs	**(114)**	-
Net borrowings on obligations to APMG	**2,267**	5,900
Net cash provided by financing activities	**6,648**	5,900
Net change in cash and cash equivalents	**-**	-
Cash and Cash Equivalents, beginning of year	**-**	-
Cash and Cash Equivalents, end of year	**$ -**	$ -
Supplemental Disclosures of Noncash Investing Activities		
Addition to net property and equipment funded through trade payable	**$ 14**	$ 7
Noncash consideration transferred in station acquisition (Note 12)	**750**	177
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	**$ 230**	$ 13

See Notes to Financial Statements.

Note 1. Nature of Business and Organization

Nature of business: Classical South Florida (the Organization or CSF) is a not-for-profit corporation located in Fort Lauderdale, Florida. CSF's mission is to strengthen the civic and cultural bonds that unite South Florida's diverse communities by providing the highest-quality classical music and news programming, and interactive media resources.

American Public Media Group (APMG) is the not-for-profit parent support organization of CSF, Southern California Public Radio (SCPR), and Minnesota Public Radio (MPR). APMG's primary purpose is to provide financial and management support services to CSF, SCPR, MPR and other affiliates. APMG has the ability to elect, or to approve the election of, the CSF Board of Trustees, the SCPR Board of Trustees and a majority of the MPR Board of Trustees.

On March 14, 2008, upon preliminary approval from the FCC, APMG acquired from Trinity International University (Trinity) WKCP (89.7 FM), serving South Florida's Miami-Dade and Broward counties, W270AD, an FM translator station in West Palm Beach, and other broadcasting equipment (together, the station) for $20,000,000. APMG created CSF to fulfill its programming, operational and financial responsibilities for the station. CSF entered into a public service operating agreement (PSOA) with APMG assuming responsibility for the day-to-day operations of the station, including maintaining APMG's good standing as the FCC licensee. Under the PSOA, APMG assigned certain broadcasting equipment for the station to CSF and retained certain other equipment to lease to CSF. Under the PSOA, CSF has the opportunity to solicit donations and underwriting for the station and agrees to pay for and utilize certain APMG shared services, such as management, human resources, finance, legal, fundraising, technical and programming services.

CSF is the licensee of the noncommercial radio station WPBI (90.7 FM) serving West Palm Beach, Florida, and the noncommercial radio station WNPS (88.7 FM) (formerly WAYJ), serving Fort Meyers and Naples, Florida (see Note 12). Together the noncommercial radio stations WKCP, WPBI and WNPS are the Network.

CSF operates an Internet website at www.csf.org, where it provides a live stream of its radio programming and other information.

As of June 30, 2012, CSF had accumulated a total net asset deficit of $10,630,000, due, in part, to one-time startup costs and operating deficits. In 2012 the Organization's Board of Trustees approved a new five-year plan that leverages the strengths of each community served in the network and economies of scale, during which the operating deficits will decrease and ultimately reverse. To the extent needed and at least through July 1, 2013, APMG has committed to provide funds to support the operations of CSF.

Note 2. Summary of Significant Accounting Policies

Net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted: This classification contains net assets that are not subject to donor-imposed restrictions and are available for support of the operations of the Organization. All property, plant and equipment, and debt are considered unrestricted. The Organization maintains the following unrestricted funds:

Operating Fund: The Operating Fund is maintained to account for unrestricted general-purpose contributions, grants, and other revenues and to account for expenses associated with the operations of the Organization.

Property Fund: The Property Fund is maintained to acquire and account for unrestricted property and equipment owned by the Organization.

Note 2. Summary of Significant Accounting Policies (Continued)

Temporarily restricted: This classification includes net assets subject to donor-imposed restrictions. The restrictions are satisfied either by the passage of time or by actions of the Organization. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For example, when a donor specifies their contribution is to support the Organization for a three-year period, the Organization recognizes all the future support as temporarily restricted in the year the contribution is first made; the Organization then releases (reclassifies from temporarily restricted net assets) the contribution as unrestricted support over each of the three years specified by the donor.

Temporarily restricted net assets at June 30, 2012, were restricted for program support and underwriting.

Basis of accounting: The financial statements of the Organization are prepared on the accrual basis of accounting.

Summarized financial information for the year ended June 30, 2011: The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived. The Organization's financial statements from prior years are available on its website.

Treasury management: The Organization is a member of a centralized treasury management system with its parent, APMG, in order to maximize economies of scale and investment returns on its treasury assets. At the end of each business day, the net cash activity recorded by the Organization's financial institution is transferred to APMG, and a reciprocal amount is recorded by the Organization as due to/from parent. The Organization also maintains funds identified for long-term uses in APMG's interest in investment pool. Portions of the interest in investment pool are used to meet the cyclical demands for working capital to the extent the amount due to parent results in an obligation to APMG.

Revenue recognition:

Support from public and governmental agencies: Contributions, which include unconditional promises to give cash and other assets, are reported at fair value at the date the asset or promise is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When the donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Underwriting: The Organization receives support from the underwriters of its programming, which are thanked with on-air and Web messages (spots). Underwriting is recognized as unrestricted support as the spots are run. The Organization changed its underwriting contracts beginning January 1, 2012. Contracts entered into prior to January 1, 2012, resulted in an unconditional promise to give underwriting support. Underwriting under those contracts had been recognized as temporarily restricted support at the onset of the underwriting contract and was released from restriction as the spots were run. Contracts entered into beginning January 1, 2012, result in support that is conditional upon running the underwriting spot. The Organization also receives goods and services from its underwriters. Barter expense is recorded when the goods or services are used or received. During the year ended June 30, 2012, barter support of $251,000 and expense of $246,000 are reflected in the statement of activities.

Note 2. Summary of Significant Accounting Policies (Continued)

Net property and equipment: Property and equipment are recorded at cost, and depreciation is computed on the straight-line method over the estimated useful lives of the related assets, as follows:

	Years
Leasehold improvements	Lease term
Equipment	3–11

Impairment of broadcast licenses not subject to amortization: Broadcast licenses are considered indefinite-lived intangibles and are recorded at cost and tested annually on June 30 for impairment, or more frequently if an event occurs or circumstances change that would suggest an impairment might exist. The unit of accounting used to test broadcast licenses represents all licenses owned and operated by Classical South Florida, as such licenses are used together, are complementary to each other and are representative of the best use of those assets. The Organization did not recognize any impairment charge for the year ended June 30, 2012. See also Note 12.

Impairment of other long-lived assets: Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related expected future net cash flows be less than the carrying value, an impairment loss would be recognized. No impairment was recorded.

Other assets: Other assets include barter assets and capitalized bond issuance costs. Barter assets are initially recorded at fair market value and expensed as goods and services are used or received. Bond issuance costs are recorded at historical cost and expensed over the life of the bonds using the straight-line method, which approximates the effective-interest method.

Income tax status: CSF is incorporated as a not-for-profit corporation under Florida Statutes, Chapter 617, and is exempt from state income tax under Florida Statutes, Section 220.13(2)(h). The Internal Revenue Service has determined that CSF is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation as it qualifies under Section 509(a)(1) as an organization defined under Section 170(b)(1)(A)(vi) of the Code.

The Organization is engaged in certain activities that result in unrelated business income. For the year ended June 30, 2012, CSF recorded an estimated deferred tax benefit included in administrative expenses of $77,000. The deferred tax benefit results from an unrelated business loss carryforward, which begins expiring in 2030.

The Organization has adopted certain provisions of ASC 740, Income Taxes. The provisions clarify the accounting for uncertainty in income taxes recognized in an organization’s financial statements and prescribe a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. Generally, the Organization is still subject to U.S. federal and state income tax examinations by tax authorities for years since its inception on September 24, 2007. The Organization has reviewed its tax position for all open tax years and has concluded that there are no uncertain tax positions that require recognition.

Note 2. Summary of Significant Accounting Policies (Continued)

Allocation of expenses: The Organization's costs of providing its various services have been classified on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between operations, administrative and fundraising functions. Expenses are charged directly to these functional areas where possible. Remaining expenses are allocated using the best available method, primarily headcount.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Subsequent events: The Organization has considered subsequent events through October 16, 2012, the date of issuance, in preparing the financial statements and notes; there were none to report.

Note 3. Fair Value Measurements

ASC 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell the asset or paid to transfer the liability (an exit price).

Input levels as defined by ASC 820 are as follows:

Level 1: Financial assets and liabilities are valued using inputs that are unadjusted quoted prices of identical financial assets and liabilities in active markets accessible at the measurement date. The inputs include those traded on an active exchange, such as the New York Stock Exchange.

Level 2: Financial assets and liabilities are valued using inputs such as quoted prices for similar assets, or inputs that are observable, either directly or indirectly.

Level 3: Financial assets and liabilities are valued using pricing inputs that are unobservable for the assets, or inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Any valuation technique used needs to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value of the interest in investment pool is equal to the Organization's allocated share of the fair value of securities within the pool. The Organization held $7,000 in the interest in investment pool, Level 2, at June 30, 2012.

Note 4. Receivables

Trade receivables: Trade receivables consist primarily of individual gifts and membership and underwriting support. The Organization estimates an allowance for doubtful accounts that is based on both a review of outstanding accounts and a consideration of historical experience. The allowance for doubtful accounts was $72,000 at June 30, 2012.

Note 4. Receivables (Continued)

Grants receivable: Grant contributions, which include unconditional promises to give, are recorded as support in the period received. Unconditional promises to give due in the next year are reflected as grants receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as noncurrent grants receivable and are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. Present value discounts of $3,000 at June 30, 2012, were recorded. Amortization of the discount is reported on the statement of activities within public support. Grants receivable at June 30, 2012, included $497,000 due from one donor.

Net trade and grants receivable at June 30, 2012, were due as follows:

In less than one year	$	602,000
In one to five years		296,000
Trade and grants receivable	$	898,000

Note 5. Net Property and Equipment

Net property and equipment at June 30, 2012, consisted of the following:

Equipment	$	1,373,000
Leasehold improvements		256,000
Construction in progress		35,000
Total		1,664,000
Less accumulated depreciation and amortization		(511,000)
Net property and equipment	$	1,153,000

Total depreciation expense recorded in the Property Fund was $217,000 for the year ended June 30, 2012.

Note 6. Obligations to APMG

APMG established a long-term obligation for CSF's general operating needs up to $13,000,000. This obligation bears interest at the one-month LIBOR rate plus 1.2 percent, which was 1.4 percent at June 30, 2012. Interest incurred was $157,000 for the year ended June 30, 2012. The amount of the obligation outstanding at June 30, 2012, was $11,670,000. CSF will begin to make payments on the obligation as soon as it is able, which is not expected to be before July 2013.

APMG provided bridge financing to CSF for the purchase of WNPS, while long-term financing is being secured. The amount of bridge financing outstanding at June 30, 2012, was $3,600,000. The interest rate on the obligation is the one-month LIBOR rate plus 1.2 percent, which was 1.4 percent at June 30, 2012. Interest expense was $30,000 for the year ended June 30, 2012.

Note 7. Long-Term Obligations

Long-term obligations consisted of the following at June 30, 2012:

$4,600,000 Palm Beach County, Florida variable-rate demand bonds, maturing December 1, 2031	$ 4,495,000
$750,000 promissory note with WAY Media, Inc relating to the purchase of WNPS	750,000
Total long-term obligations	$ 5,245,000

Palm Beach County, Florida (the Issuer), issued Industrial Development Revenue Bonds, Series 2011, in the amount of $4,600,000 (the Bonds). The proceeds of the Bonds were used to refinance the APMG bridge financing in connection with CSF's acquisition of WPBI (see Note 12).

The Bonds are structured as unrated and unenhanced variable-rate demand bonds purchased by U.S. Bank National Association (the Bank) directly from Palm Beach County. On December 2, 2011, CSF entered into a supplemental agreement, in which the Bank agreed to initially purchase the Bonds directly from the Issuer for a period of three years ending December 1, 2014. At the end of the initial purchase period, the Bank will have the option to tender the Bonds or renew for an additional purchase period. The Bonds are secured by a guaranty provided by APMG. The Bonds were issued on December 2, 2011, and will mature on December 1, 2031. Interest on the Bonds is payable monthly at a fixed rate of 1.8 percent until December 1, 2014. The Organization incurred $50,000 of interest expense during the year ended June 30, 2012.

In connection with its June 7, 2012,s purchase of WNPS from WAYJ Media, Inc (the Seller), CSF entered into a $750,000 promissory note with the Seller (the Note). Under the terms of the Note, CSF will pay interest of 4.0 percent for the first three years and 5.0 percent thereafter. Interest expense was $2,000 for the year ended June 30, 2012. Principal payments begin in 2017 and end on June 7, 2022. CSF has the option of prepaying the Note in whole or in part without any premium or penalty. If CSF sells WNPS to an unaffiliated third party in a brokered sale approved by the Seller within three years after the date of the Note, at a price less than or equal to $3,600,000, then the Note shall be canceled upon closing. Should the sale price exceed $3,600,000, then CSF will pay to the Seller the lessor of 50.0 percent of the difference of the sale price and $3,600,000 or $750,000.

The annual maturities of the long-term obligations are as follows:

Years Ending June 30,	
2013	$ -
2014	-
2015	4,495,000
2016	-
2017	3,000
Thereafter	747,000
	$ 5,245,000

Note 8. Leases

The Organization leases studio facilities, office space and equipment under noncancelable operating lease agreements that expire at varying dates. Total rent expense for all operating leases was $261,000 for the year ended June 30, 2012.

Minimum future payments required under noncancelable operating leases as of June 30, 2012, are as follows:

Years Ending June 30,	
2013	$ 186,000
2014	140,000
2015	137,000
2016	68,000
2017	67,000
Thereafter	64,000
	$ 662,000

Note 9. Contingencies

CSF is involved in various legal proceedings incidental to its business. Although it is difficult to predict the ultimate outcome of these proceedings, management believes that the resolution of such proceedings will not have a material adverse effect on the operations or the financial position of CSF.

Note 10. Retirement Plan

CSF employees participate in APMG's 403(b) tax-deferred retirement plan, which provides for qualified employees to make required and supplemental contributions to the plan through payroll deductions. For the year ended June 30, 2012, employee required contributions were matched 100 percent by the Organization up to 6.5 percent of qualified employees' base compensation. Employees may elect to make required contributions after one year of employment. Required contributions become mandatory after five years of employment or age 35, whichever is later. The Organization provided $64,000 of matched contributions for the year ended June 30, 2012.

Note 11. Affiliated and Related-Party Organizations

As part of the PSOA with APMG (see Note 1), CSF has access to the station and to programming owned by APMG, as well as to certain broadcasting equipment. For the year ended June 30, 2012, fees of $1,700,000 were expensed and are included in operations expenses in the statement of activities. CSF is also charged by APMG for its estimated share of various administrative services incurred on its behalf. These charges totaled $83,000 for the year ended June 30, 2012, and are included in administrative expenses in the statement of activities. The PSOA includes an automatic annual renewal provision, unless terminated by either party at least 90 days prior to the expiration of the then-current term, and a provision to negotiate the fee on an annual basis. Neither APMG nor CSF has expressed intent to terminate the agreement.

Note 11. Affiliated and Related-Party Organizations (Continued)

CSF reimbursed MPR $205,000 for personnel costs incurred on its behalf related to programming and operating costs for the Network during the year ended June 30, 2012. These personnel charges are reflected in operations, fundraising and administrative expenses in the statement of activities.

CSF received a grant of programming services from MPR in the amount of $26,000 for the year ended June 30, 2012, which is reflected as an intercompany grant and operations expense on the statement of activities.

Note 12. Business Acquisition

On June 7, 2012, the Organization closed on an agreement with WAY Media, Inc to acquire the noncommercial radio station WNPS (88.7 FM) (formerly WAYJ) licensed to Fort Meyers, Florida. The acquisition-date fair value consideration transferred for the purchase is as follows:

Cash paid	$	3,600,000
Promissory note from seller (Note 7)		750,000
Total consideration transferred	$	4,350,000

The Organization incurred transaction costs of $17,000 for the year ended June 30, 2012, that are reflected in operations expense on the statement of activities.

The fair value of assets acquired is as follows:

Equipment	$	184,000
Broadcast license		4,166,000
Total assets acquired	$	4,350,000

This acquisition will enhance and expand the service of the Organization, while creating a powerful presence for classical music in southern Florida.

The fair value of assets acquired and liabilities assumed represents management's estimate of fair values at the acquisition date. Management determines fair value through comparable sales.

This license is not subject to amortization. Broadcast licenses are considered indefinite-lived intangibles and are recorded at cost and tested annually for impairment, or more frequently if an event occurs or circumstances change that would indicate impairment.

Supplemental Information

Classical South Florida (An Affiliated Organization of American Public Media Group)

Schedule of Operating Fund and Long-Term Activities
Year Ended June 30, 2012, with Comparative Totals for the Year Ended June 30, 2011
(In Thousands)

	2012	2011
Operating Fund:		
Support from public:		
Individual gifts and membership	**$ 1,559**	$ 1,421
Regional underwriting	**1,186**	702
Business general support	**2**	7
Foundations	**52**	56
Intercompany grants	**26**	28
Total support from public	**2,825**	2,214
Support from governmental agencies:		
Corporation for Public Broadcasting	**512**	235
Grants from other governmental agencies	**-**	40
Total support from governmental agencies	**512**	275
Earned revenue	**50**	6
Total support and earned revenue	**3,387**	2,495
Expenses:		
Operations	**3,475**	2,911
Administrative	**884**	570
Fundraising	**1,306**	978
Total expenses	**5,665**	4,459
Support and revenues less than expenses before long-term activities	**(2,278)**	(1,964)
Long-term activities:		
Property Fund net change	**(281)**	(217)
Temporarily restricted net change	**(409)**	63
Change in net assets (deficit)	**(2,968)**	(2,118)
Net assets (deficit)—beginning of year	**(7,662)**	(5,544)
Net assets (deficit)—end of year	**$ (10,630)**	$ (7,662)

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