



National Public Radio, Inc.

Consolidated Financial Statements, Supplemental Schedules, and Independent Auditors' Report

Years Ended September 30, 2018 and 2017

National Public Radio, Inc.

Consolidated Financial Statements, Supplemental Schedules, and Independent Auditors' Report

Years Ended September 30, 2018 and 2017

National Public Radio, Inc.

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Independent Auditors' Report

To the Board of Directors
National Public Radio, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **National Public Radio, Inc.**, which comprise the consolidated balance sheets as of September 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **National Public Radio, Inc.** as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedules of financial position, activities and cash flows for National Public Radio, Inc. (Parent Company Only) and NPR Foundation are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

BDO USA, LLP

December 20, 2018

Financial Statements and Footnotes

National Public Radio, Inc.

Consolidated Balance Sheets

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 17,533,322	\$ 16,068,301
Restricted cash and cash equivalents	4,037,336	4,091,624
Accounts receivable, net	41,075,598	36,807,234
Contributions receivable, net	14,642,604	15,482,984
Investments	420,205,695	412,451,723
Property and equipment, net	211,024,330	215,854,402
Prepaid expenses and other assets	3,228,449	2,295,614
Investment in subsidiary	483,333	—
Goodwill	1,822,832	1,822,832
Total assets	\$ 714,053,499	\$ 704,874,714
Liabilities and Net Assets		
Liabilities		
Accounts payable and other liabilities	\$ 34,634,701	\$ 33,599,411
Deferred revenue	22,168,479	23,264,772
Accrued interest payable	3,589,470	3,630,859
Bonds payable	171,257,959	174,388,424
Total liabilities	231,650,609	234,883,466
Commitments and contingencies		
Net assets		
Unrestricted:		
Unrestricted net assets	141,469,693	135,705,185
Noncontrolling interest	1,652,209	1,343,410
Total unrestricted	143,121,902	137,048,595
Temporarily restricted	125,269,822	119,053,756
Permanently restricted	214,011,166	213,888,897
Total net assets	482,402,890	469,991,248
Total liabilities and net assets	\$ 714,053,499	\$ 704,874,714

See accompanying notes to consolidated financial statements.

National Public Radio, Inc.
Consolidated Statements of Activities

<i>For the years ended September 30,</i>	2018	2017
Unrestricted Net Assets		
Operating revenues		
Membership dues	\$ 3,559,180	\$ 3,521,063
Station programming fees	76,523,207	75,078,767
Corporate sponsorships	97,071,058	80,531,905
Grants and contributions	18,708,499	17,168,572
Distribution and satellite interconnection	15,271,560	12,709,557
Commissions	6,009,382	4,728,641
Digital	5,392,415	5,401,867
Return on long-term investments designated for current operations	1,011,345	1,630,268
Use of prior year return on long-term investments for operations	594,910	—
Return on working capital investments, net	288,634	191,955
Donated goods and services	2,765,658	3,181,206
Other	9,331,707	9,211,202
Net assets released from restriction:		
Distribution from endowment to support operations	12,460,261	12,283,099
Grants and contributions—Distribution and satellite interconnection	353,266	—
Grants and contributions—Other	8,776,162	11,869,299
Total operating revenues	258,117,244	237,507,401
Operating expenses		
Program services:		
Content	128,372,604	120,581,123
Digital	23,430,024	23,052,062
Distribution and satellite interconnection	17,430,553	13,647,875
Other	2,967,391	2,454,434
Total program services expenses	172,200,572	159,735,494
Support services:		
General and administrative	67,434,537	58,696,259
Fundraising	7,088,708	5,879,595
Total support services expenses	74,523,245	64,575,854
Total operating expenses	246,723,817	224,311,348
Operating surplus	11,393,427	13,196,053
Nonoperating activities:		
Return on long-term investments, net	1,508,073	4,411,135
Use of prior year return on long-term investments for operations	(594,910)	—
Change in noncontrolling interest	(343,799)	(293,503)
Interest expense	(5,901,409)	(5,935,406)
Other, net	(296,874)	(1,319,610)
Total nonoperating activities	(5,628,919)	(3,137,384)
Change in unrestricted net assets before underwater endowment transfer	5,764,508	10,058,669
Underwater endowments transfer	—	140,671
Change in unrestricted net assets	\$ 5,764,508	\$ 10,199,340

Continued on the next page

National Public Radio, Inc.

Consolidated Statements of Activities

<i>For the years ended September 30,</i>	2018	2017
Temporarily restricted net assets		
Grants and contributions	\$ 11,116,034	\$ 6,305,557
Other	—	(13,577)
Return on long-term investments, net	16,689,721	33,401,780
Net assets released from restrictions:		
Distribution from endowment to support operations	(12,460,261)	(12,283,099)
Grants and contributions—Distribution and satellite interconnection	(353,266)	—
Grants and contributions—Other	(8,776,162)	(11,869,299)
Change in temporarily restricted net assets before underwater endowment transfer	6,216,066	15,541,362
Underwater endowments transfer	—	(140,671)
Change in temporarily restricted net assets	6,216,066	15,400,691
Permanently restricted net assets		
Grants and contributions	105,201	6,044
Return on long-term investments, net	17,068	15,975
Change in permanently restricted net assets	122,269	22,019
Change in total net assets	12,102,843	25,622,050
Net assets at beginning of the year, without noncontrolling interest	468,647,838	443,025,788
Noncontrolling interest	1,652,209	1,343,410
Net assets at end of the year	\$ 482,402,890	\$ 469,991,248
Certain amounts disaggregated by net asset class above are presented below in the aggregate		
Grants and contributions	\$ 29,929,734	\$ 23,480,173
Return on long-term investments, net	\$ 19,226,207	\$ 39,459,158

See accompanying notes to consolidated financial statements.

National Public Radio, Inc.

Consolidated Statements of Cash Flows

<i>For the years ended September 30,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 12,102,843	\$ 25,622,050
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Permanently restricted contributions	(105,201)	(6,044)
Net realized gains on investments	(12,199,820)	(12,555,541)
Net unrealized gains on investments	(3,058,938)	(22,728,884)
Amortization of deferred financing costs	203,615	361,087
Amortization of discount on note payable	—	(299)
Amortization of premium on bonds payable	(1,344,080)	(1,326,239)
Depreciation	10,115,558	10,381,377
Change in allowance for doubtful accounts	717,905	278,278
Increase (decrease) in discount to present value on multi-year contributions receivable	158,100	(86,519)
Loss on disposal of property and equipment	116,270	77,904
Investment return restricted for investment in endowment corpus	(17,068)	(15,975)
(Gain) loss on lease due to office closure	(124,150)	884,797
Change in investment in subsidiary	(483,333)	—
Change in noncontrolling interest	343,799	293,503
Decrease (increase) in assets:		
Accounts receivable	(5,007,939)	(12,316,526)
Contributions receivable	703,950	2,297,135
Prepaid expenses and other assets	(932,835)	415,609
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	1,159,440	4,400,933
Deferred revenue	(1,096,293)	2,117,335
Accrued interest payable	(41,389)	355,857
Total adjustments	(10,892,409)	(27,172,212)
Net cash provided by (used in) operating activities	1,210,434	(1,550,162)
Cash flows from investing activities		
Purchases of investments	(229,762,707)	(177,369,428)
Sales and maturities of investments	237,267,493	183,902,661
Purchases of property and equipment	(5,401,756)	(6,980,670)
Net cash provided by (used in) investing activities	2,103,030	(447,437)

Continued on the next page

National Public Radio, Inc.

Consolidated Statements of Cash Flows

<i>For the years ended September 30,</i>	2018	2017
Cash flows from financing activities		
Draws from line of credit	\$ 5,000,000	\$ —
Repayments to line of credit	(5,000,000)	—
Repayment under bonds payable	(1,990,000)	(85,000)
Repayment under note payable	—	(250,000)
Distribution to members	(35,000)	—
Change in restricted cash and cash equivalents:		
For interest payable	44,793	(362,783)
Cash pledged as collateral	—	(200,000)
For insurance proceeds and other funds held on behalf of third parties	9,495	(100,054)
Permanently restricted contributions	105,201	6,044
Investment return restricted for investment in endowment corpus	17,068	15,975
Net cash used in financing activities	(1,848,443)	(975,818)
Net change in cash and cash equivalents	1,465,021	(2,973,417)
Cash and cash equivalents, beginning of year	16,068,301	19,041,718
Cash and cash equivalents, end of year	\$ 17,533,322	\$ 16,068,301
Supplemental data		
Donated securities	\$ 1,403,899	\$ 244,372
Cash paid for interest	\$ 7,286,877	\$ 6,898,267
Cash paid for income taxes	\$ 13,586	\$ 10,259

See accompanying notes to consolidated financial statements.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

1. Organization and Background

National Public Radio, Inc. (NPR Inc.) was incorporated as a nonprofit membership corporation in 1970 following passage of the Public Broadcasting Act of 1967 (see 47 U.S.C. §396). NPR Inc. works in partnership with its member public radio station licensees to create a more informed public, one that is challenged and invigorated by a deeper understanding and appreciation of events, ideas, and cultures. To accomplish its mission, NPR Inc. (i) produces, acquires, and distributes noncommercial programming that meets the highest standards of public service in journalism and cultural expression; (ii) represents its member stations in matters of their mutual interest; and (iii) provides satellite interconnection for the entire public radio system.

A 23-member Board of Directors (NPR Inc. Board) governs NPR Inc. The NPR Inc. Board consists of 12 individual member station managers who are elected by their fellow NPR members and 11 directors which include NPR Inc.'s President, the Chairperson of the NPR Foundation (Foundation) Board of Trustees (Foundation Board), and nine prominent members of the public elected by the NPR Inc. Board and confirmed by member stations. As of the end of 2018, one of the positions typically held by a prominent member of the public was vacant.

The consolidated financial statements do not include the activities of NPR's members because those entities are legally and operationally distinct from NPR. However, the financial positions and activities of the following entities for which NPR Inc. maintains control are included in the consolidated financial statements (NPR Inc. and the following organizations are collectively referred to as "NPR" hereinafter):

- **American Coalition for Public Radio (ACPR)**—Incorporated in 2017, ACPR supports the educational mission of publicly-funded, noncommercial educational radio stations, networks, and systems (collectively, Public Radio). ACPR's principal activities focus on soliciting and disseminating information by way of the Protect My Public Media website and related social media channels. The Protect My Public Media website and other social media channels disseminate information about Public Radio along with selected examples of Public Radio content, as well as encourage the public to share their views about Public Radio publicly and with their elected representatives. The ProtectMyPublicMedia.org website and related social media channels are co-owned and co-managed by ACPR and APTS Action, an organization affiliated with America's Public Television Stations (APTS). ACPR is not affiliated with either APTS or APTS Action.

ACPR also operates and disseminates information through the noncomMUSIC Alliance website at noncommusic.org and related social media channels. The noncomMUSIC Alliance is a group of Public Radio music stations, musicians, and other organizations dedicated to providing information about the work of Public Radio as an essential component of music discovery, curation, preservation, performance, and community and helping Public Radio music stations serve their communities.

The ACPR Board of Directors has three members, one of whom is appointed by the Chairperson of the NPR Inc. Board. In 2018 and 2017, NPR Inc. provided all financial support to ACPR.

- **Foundation**—Incorporated in 1992 as a "supporting organization," the Foundation is organized and operated exclusively for the benefit of NPR Inc. and no other charitable organization. The Foundation supports NPR Inc. through several activities such as soliciting charitable contributions, conducting fundraising events, and managing an endowment fund for the benefit of NPR Inc. The Foundation disburses funds it raises and earns on the endowment to NPR Inc. for the operation, promotion, development, capital expansion, and other valid purposes of NPR Inc.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

1. Organization and Background (Continued)

Foundation (Continued)—The Foundation Board is comprised of up to 60 elected Trustees. In addition, NPR Inc.'s President, the NPR Inc. Board Chairperson, and the Chairperson of the NPR Inc. Board's Development Committee are ex officio Trustees of the Foundation. NPR Inc.'s President and the NPR Inc. Board Chairperson are also NPR Inc.'s official voting representatives (NPR Inc. Representatives) on the Foundation Board. Foundation Trustees (other than the ex officio Trustees) are elected by the Foundation Board (Elected Trustees) and ratified by NPR Inc., except that no ratification is required if the two NPR Inc. Representatives, acting in their capacity as ex officio Trustees, have cast affirmative votes for the election of an elected Trustee. Furthermore, certain provisions of the Foundation's Bylaws may only be amended or repealed by an affirmative vote of NPR Inc., provided such action is authorized, in advance, by a two-thirds vote cast at a meeting, duly called, and at which a quorum was present, of the NPR Inc. Board. NPR Inc. is the sole member of the Foundation and separate Foundation financial statements are presented in the supplemental schedules.

- **NPR Asset Holding Company, Inc. (NPAHC Inc.)**—Incorporated in late 2018, NPAHC Inc. is a wholly owned, taxable corporation established to hold interests in certain for-profit entities on behalf of NPR Inc. NPAHC Inc. had no activity during 2018. Subsequent to the end of 2018, NPR Inc. assigned its interests in National Public Media, LLC (NPM) and Podcast Media LLC to NPAHC Inc.
- **NPR Media Berlin gGmbH (NPR Media Berlin)**—NPR Inc. formed NPR Media Berlin, a German nonprofit limited liability company, in 2006 to broadcast NPR Inc.'s English-language noncommercial educational radio programming in Berlin, Germany. NPR Media Berlin held an FM radio station license from April 1, 2006, until October 1, 2017, when the FM radio station license transferred to Brilliant 2663 GmbH, known as KCRW Berlin. In November 2017, the NPR Inc. Board voted to dissolve NPR Media Berlin as of December 31, 2017. NPR Inc. continues to license certain NPR Inc. produced and distributed programming to KCRW Berlin for broadcast.

Under German law, NPR Inc. must hold the cash remaining in NPR Media Berlin's accounts after dissolution, which totaled approximately \$68,000, for one year from the date when NPR Media Berlin's dissolution was published in the German Federal Gazette. This occurred on May 9, 2018. NPR Inc. is permitted to reduce the remaining cash balance for any accounting and legal fees it pays associated with the dissolution of NPR Media Berlin and any other expenses incurred prior to or after NPR Media Berlin's dissolution. As of the end of 2018, the balance of remaining cash totaled approximately \$51,000 and is included in "Accounts payable and other liabilities" in the consolidated balance sheets. NPR Inc. must transfer the remaining funds, if any, to a similar German nonprofit after May 9, 2019.

- **NPM**—NPM, which was formed in 2007, secures public broadcasting and digital sponsorship for public radio stations and television entities, and other like-minded entities, including NPR Inc. and certain of NPR's members.

NPM is governed by three members: NPR Inc., WGBH Educational Foundation (WGBH), and Public Broadcasting Service (PBS). Each member elects a manager, and the three managers collectively comprise the NPM Board of Managers (NPM Board). Member capital percentages are 72%, 18% and 10%, for NPR Inc., WGBH, and PBS, respectively. While NPR Inc. has majority control, the limited liability company formation agreement, as amended, includes significant minority rights protections for WGBH and PBS.

All significant intercompany balances and transactions were eliminated in consolidation.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies

A. Basis of presentation—NPR prepared the consolidated financial statements on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Based on the existence or absence of donor-imposed restrictions, NPR classifies resources into the following categories:

- **Unrestricted net assets** are free from donor-imposed restrictions. All revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this category. All expenses, excluding investment-related expenses, are reported as decreases in unrestricted net assets and are recognized during the period incurred. Investment expenses are netted against “Return on long-term investments” in the consolidated statements of activities in the appropriate classification of net assets.
- **Temporarily restricted net assets** are subject to donor-imposed restrictions that will be satisfied by the actions of NPR Inc., the Foundation or ACPR, the passage of time, or both. These net assets include unconditional gifts and accumulated appreciation on donor-restricted endowments which have not yet been approved for distribution by the NPR Inc. Board.
- **Permanently restricted net assets** are subject to donor-imposed restrictions that require the net assets be maintained permanently by the Foundation. Generally, the donors’ imposed restrictions permit the Foundation to use all or some of the investment returns earned on related investments for certain general or specific purposes. These net assets include unconditional gifts and donor-restricted endowments (at historical value).

In the consolidated statements of activities, revenues from:

- **Contributions**, including unconditional promises to give, are recognized as revenue in the period received. Contributions for the acquisition or construction of property and equipment are released from restrictions in the period in which the assets are placed into service. Contributions of assets other than cash are recorded at their estimated fair value on the date of gift. Contributions that impose restrictions that are met in the same fiscal year the contributions are received are reported as increases in unrestricted net assets. Expirations of temporary restrictions on contributed net assets are reported as “Net assets released from restriction” between the applicable classifications of net assets in the consolidated statements of activities. In contrast to unconditional promises to give, conditional promises to give are not recorded until donor conditions are substantially met.
- **Corporate sponsorships** are considered exchange transactions and are recognized as revenue when credits either are aired or delivered digitally (e.g., online, mobile devices, podcasts). Corporate sponsorships paid in advance of crediting are reflected as deferred revenue until the credits either are aired or delivered digitally.
- **Commissions** represent amounts charged by NPM to customers other than NPR Inc. for securing corporate sponsorships. Commissions from (a) television and radio sponsorships are earned and recognized when the sponsorships run; (b) sponsorships placed on public broadcasting internet sites are earned and recognized as impressions (the number of times the sponsorship appears in viewed internet pages) are delivered; and, (c) the sponsorships of podcasting are earned and recognized based on the number of unique downloads.
- **Membership dues, station programming fees, distribution and satellite interconnection revenue, and digital** are recognized either ratably over the membership or service period, both of which generally coincide with NPR Inc.’s fiscal year, or as services are provided.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

B. Fair value measurements—Fair value measurements reflected in the consolidated financial statements represent the price that would be received either to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. GAAP uses a three-tiered hierarchy to categorize assets and liabilities based on the valuation methodologies employed. In addition, classification of certain investments within the fair value hierarchy is based on NPR's ability to redeem timely its interest rather than the valuation inputs. The hierarchy is defined as follows:

- **Level 1** valuation is based on unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- **Level 2** valuation is based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, and also includes investments redeemable on or near the measurement date.
- **Level 3** valuation is based on unobservable inputs for situations in which little or no market data is available and also includes alternative investments not redeemable near the measurement date.

The fair value hierarchy gives the highest priority to observable inputs that reflect verifiable information obtained from an independent source (i.e., Level 1 inputs) and the lowest priority to unobservable inputs that would reflect NPR's assumptions about how market participants would value an asset or liability based on the best information available (i.e., Level 3 inputs). NPR utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The categorization of fair value measurements by level of hierarchy is based upon the lowest level input that is significant to the overall fair value measurement for a given asset or liability.

Transfers between categories occur when there is an event that changes the inputs used to measure the fair value of an asset or liability, or when alternative investments become redeemable due to the term or other changes. Transfers between fair value categories are recognized at the end of the reporting period.

C. Cash and cash equivalents—Cash and cash equivalents consist of cash on hand in bank accounts, in temporary overnight investments, in interest and non-interest bearing liquid investment accounts, and in money market accounts with maturities of ninety days or less at the date of acquisition. Cash and cash equivalents are carried at cost.

As of September 30, 2018 and 2017, NPR had \$9,276,323 and \$4,964,724 of cash deposits in excess of the federal deposit insurance limit, respectively. Although these funds exceeded the federal deposit insurance limit, NPR believes there is minimum risk to the account balance.

Cash and cash equivalents that are part of NPR's investment portfolio are included in "Investments" (see Note 4) and are not used for operating needs.

D. Restricted cash and cash equivalents—Restricted cash and cash equivalents consist of amounts deposited to satisfy interest obligations on NPR Inc.'s bonds payable (see Note 7(B)), an insurance settlement and other funds held by NPR on behalf of a third party, a deposit held as collateral for a standby letter of credit on NPM's New York office lease agreement, and amounts set aside by NPM management to collateralize a line of credit should NPM make a draw (see Note 7(C)).

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

E. Accounts receivable—Accounts receivable primarily include amounts due from (i) corporate sponsors, (ii) public radio stations for use of NPR’s programming, (iii) third parties licensing NPR material, and (iv) third parties for commissions, digital, and other services provided by NPR. NPR records an allowance for doubtful accounts based on its determination of the likelihood of collection for each receivable balance considering the age of the receivable and other factors impacting collection. These inputs represent Level 3 inputs in the fair value hierarchy. Accounts receivable are shown in the consolidated balance sheets net of an allowance for doubtful accounts in the amount of \$3,178,027 and \$2,416,782 as of September 30, 2018 and 2017, respectively. Uncollectible amounts are written off when all efforts to collect these receivables have been exhausted.

F. Contributions receivable—Pledges that represent unconditional promises to give are recognized at fair value as unrestricted, temporarily, or permanently restricted contribution revenue in the period the donor makes the promise. Contributions to be received after one year are discounted to present value using discount rates that approximate U.S. Treasury borrowing rates at the end of the fiscal year in which the gift was received for the respective duration of the donor’s payment plan. Amortization of the discount is recorded as additional contribution revenue. NPR records an allowance for uncollectible contributions receivable based on its determination of the likelihood of collection for each contributions receivable balance considering the age of the receivable and other factors impacting collection. These inputs represent Level 3 inputs on the fair value hierarchy.

Changes in conditional pledges received were as follows:

<i>For the years ended September 30,</i>	2018	2017
Beginning balance	\$ 500,000	\$ —
Additions	1,500,000	1,000,000
Receipts recognized as revenue during the year	(858,333)	(500,000)
Ending balance	\$ 1,141,667	\$ 500,000

G. Property and equipment—Property and equipment includes land, construction-in-progress, technical equipment and software, building and improvements, office furniture, and vehicles. NPR capitalizes property and equipment that costs \$1,000 or more. Land, technical equipment, building and improvements, office furniture, and vehicles are stated at cost on the dates of acquisition or if donated, at fair value on the dates of donation.

NPR Inc. capitalizes software intended to be sold, leased or otherwise marketed with costs aggregating more than \$500,000. The amount of costs capitalized within any fiscal year depends upon the nature of software development activities and projects in the respective year. Capitalized software costs are amortized using a straight-line method (NPR Inc. uses a mid-month convention) over the greater of five years or the percentage of the product’s current year revenues to its anticipated future revenues for software. Software development costs below the \$500,000 threshold are expensed as incurred.

Depreciation is computed using the straight-line method (NPR Inc. uses a mid-month convention; NPM uses a full-month convention) over the assets’ estimated useful lives. Useful lives range from (i) three to fifteen years for technical equipment, (ii) the greater of five years or the percentage of the product’s current year revenues to its anticipated future revenues for software, (iii) ten to fifty years for buildings and building components, (iv) the shorter of the remaining useful life of the building or the life of the improvement for improvements, (v) five to eight years for office furniture, and (vi) five years for vehicles. Depreciation is not calculated on land and construction-in-progress.

H. Deferred financing costs—Costs related to the issuance of certain tax-exempt bonds were deferred and are being amortized over the remaining terms of the bonds. NPR Inc. presents the unamortized deferred financing costs as a direct deduction from the carrying amount of bonds payable, which is consistent with the presentation of discounts and premiums.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

H. Deferred financing costs (Continued)—The following table provides a summary of the tax-exempt bond issues and remaining terms as of September 30, 2018:

	Remaining term
District of Columbia Revenue Bonds (National Public Radio, Inc. Issue) Series 2010 (Series 2010 Bonds)	2 years
District of Columbia Refunding Revenue Bonds (National Public Radio, Inc. Issue) Series 2013 (Series 2013 Bonds)	24 years
District of Columbia Refunding Revenues Bonds (National Public Radio, Inc. Issue) Series 2016 (Series 2016 Bonds)	17 years

I. Inventory—Inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Item costs are determined using the first-in, first-out method. Inventory, which is reported in “Prepaid expenses and other assets” in the consolidated balance sheets, consists of the following:

September 30,	2018	2017
Equipment purchased for resale to participants in the Public Radio Satellite System (see Note 9(H))	\$ 159,147	\$ 289,641
Merchandise held for sale	727,426	676,703
Total inventory	\$ 886,573	\$ 966,344

J. Charitable gift annuity split-interest agreements—NPR Inc.’s split-interest agreements with donors consist of charitable gift annuities for which NPR Inc. holds the assets. Assets held for the annuitants totaling \$237,035 and \$253,974 as of September 30, 2018 and 2017, respectively, are included in “Prepaid expenses and other assets” in the consolidated balance sheets. Contribution revenue is recognized on the date NPR Inc. establishes the donor accounts, after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Where required by states, NPR Inc. maintains separate annuitant asset accounts, reserves, and specific investment allocations. As of September 30, 2018 and 2017, NPR Inc. satisfied all state reserve requirements. NPR Inc. records the associated charitable gift annuity split-interest agreements liabilities at fair value using (i) a single life actuarial rate, adjusted by an annuity adjustment factor, provided in Section 7520 of the Internal Revenue Code of 1986, as amended (Code) and (ii) the applicable mortality table. Each year, NPR Inc. adjusts the estimated liability to reflect changes in the life expectancy of the donor (or other beneficiary) and amortization of the discount in subsequent periods. This change is recorded in “Other” in the nonoperating section of the consolidated statements of activities. At September 30, 2018 and 2017, NPR Inc.’s charitable gift annuity split-interest agreement liabilities totaled \$98,599 and \$103,932, respectively. These liabilities are reported in “Accounts payable and other liabilities” in the consolidated balance sheets.

K. Commissions—NPM’s commissions revenue was:

For the years ended September 30,	2018	2017
Gross sponsorship fees	\$ 29,170,355	\$ 23,724,959
Less: Third-party agency commissions	(3,934,577)	(3,105,397)
Less: Amounts distributed to NPM’s clients	(19,226,396)	(15,890,921)
Total commissions	\$ 6,009,382	\$ 4,728,641

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

L. Federal awards and contracts—In 2018 and 2017, NPR Inc. recorded unrestricted revenue, which is reflected in “Grants and contributions” revenue in the consolidated statements of activities, as follows:

<i>For the years ended September 30,</i>	2018	2017
National Endowment for the Humanities	\$ —	\$ 26,647
National Endowment for the Arts	110,000	130,000
Total federal awards and contract revenue	\$ 110,000	\$ 156,647

M. Tax status and uncertain tax positions—NPR Inc. and the Foundation are exempt from federal income taxes to the extent provided in Section 501(c)(3) of the Code. ACPR is exempt from federal income taxes to the extent provided in Section 501(c)(4) of the Code. Each organization is liable for income tax on unrelated business activities as described in Section 512 of the Code. Any potential tax liability resulting from the activities of NPR Inc. and the Foundation will be offset by existing net operating loss (NOL) carry-forwards, so no provision for income taxes has been recorded in either 2018 or 2017. Because NPR Inc. and the Foundation file their respective informational returns nearly one year in arrears, the NOL carry-forwards reported below are as of the end of the preceding fiscal years (e.g., in 2018, the NOL carry-forward represents the amount as of September 30, 2017). NOL carry-forwards for NPR Inc. and the Foundation (ACPR has no NOL carry-forwards) are:

<i>September 30,</i>	2018	2017
NPR Inc.	\$ 16,329,852	\$ 16,463,927
Foundation	\$ 576,104	\$ 588,430

The latest NOL carry-forwards will expire in fiscal year 2037. Because the realization of the NOL carry-forwards is uncertain, neither NPR Inc. nor the Foundation recorded a deferred tax asset as of September 30, 2018 and 2017.

NPRAHC, Inc. is a taxable corporation and records current taxes payable or receivable in the period that income becomes taxable using the asset-and-liability method of accounting for deferred income taxes. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amount of existing assets and liabilities and their tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using tax rates expected to be applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax asset and liabilities of a change in tax rates is recognized in nonoperating income in the period that includes the enactment date. As NPRAHC, Inc. had no activity in 2018 due to the timing of its incorporation, NPRAHC, Inc. had no tax expense and deferred tax asset or liability as of and for the year ended September 30, 2018.

NPM is treated as a partnership for federal income tax purposes. Each member is, therefore, separately liable for any related taxes thereon. Accordingly, no provision for federal income tax has been made. NPM is, however, liable for income taxes in certain states and local jurisdictions where NPM operates. For the years ended September 30, 2018 and 2017, NPM accrued state and local income taxes totaling \$9,800 and \$8,000, respectively, which is included in “Accounts payable and other liabilities” in the consolidated balance sheets.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

M. Tax status and uncertain tax positions (Continued)—NPR Media Berlin is registered as a nonprofit limited liability company under German law (denoted by “gGmbH”). As such, NPR Media Berlin is exempt from corporate income and trade taxes on all operations except those that do not serve the nonprofit purpose of the entity (i.e., unrelated business activities). Similar to NPR Inc., the Foundation and ACPR, returns are filed one year in arrears. The NOL carry-forward for NPR Media Berlin was \$1,058,435 as of September 30, 2017. Because of the dissolution of NPR Media Berlin in December 2017 (see Note 1), the tax return for the period ending September 30, 2017 has not yet been filed. This return will be filed with the final tax return that covers the period October 1, 2017, through December 31, 2017. Because the realization of the NOL carry-forward will not occur, NPR Media Berlin has not recorded a deferred tax asset as of September 30, 2018.

There were no material interest or penalties recorded in either fiscal year 2018 or 2017.

The effects of a tax position cannot be recognized in the consolidated financial statements unless it is “more-likely-than-not” to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold represents a positive assertion by management that NPR is entitled to the economic benefits of a tax position. If a tax position is not considered more-likely-than-not to be sustained based solely on its technical merits, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of September 30, 2018, there were no uncertain tax positions for which a liability should be recorded.

As a result of the enactment of The Tax Cuts and Jobs Act (see Tax Cuts and Jobs Act, Pub. L. No. 115-97 (2107); the “Act”) on December 22, 2017, the US Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin 118 (SAB 118) to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. SAB 118 provides that the measurement period is complete when a company’s accounting is complete, but should not extend beyond one year from the enactment date. While not an SEC registrant, NPR is following the above guidance as it pertains to tax reform.

N. Use of estimates—The preparation of the consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period as well as the disclosure of contingent assets and liabilities. Actual results ultimately could differ from management’s estimates and assumptions.

Significant items in NPR’s consolidated financial statements subject to such estimates and assumptions include (i) valuations for certain investments without readily determinable fair values, (ii) fair value considerations, (iii) allowances for uncollectible accounts and contributions receivables, (iv) discount rates related to long-term contribution receivables, (v) the valuation of goodwill, and (vi) useful lives of depreciable and amortizable assets.

O. Concentration of credit risk—Credit risk with respect to accounts and contributions receivable is partially mitigated by NPR through the creation of allowances for uncollectible receivables and the discounting of long-term contributions to present value. As of September 30, 2018, 20% of donors (13 donors) comprise approximately 67% of the contributions receivable balance. Comparatively, as of September 30, 2017, 20% of donors (12 donors) comprised approximately 69% of the contributions receivable balance. NPR believes that it has limited credit risk with respect to these donors given their relationship with and support of NPR and its activities. NPR believes that it has limited credit risk associated with the remaining balance of accounts and contributions receivable due to the diversity of its customer and donor base and the size of the amounts owed. For credit risk associated with NPR’s investments, see discussion in Note 4.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

P. Impairment of long-lived assets—NPR reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, through a nonoperating charge in the consolidated statements of activities, to its current fair value.

Q. Functional allocation of expenses—The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefited, based on direct salaries and fringe benefits.

The “Content” line item represents expenses incurred by NPR’s News and information, Programming, Engineering, and NPR Music divisions. The “Other” program services line item represents expenses incurred by NPR’s Member partnership and Consumer products divisions.

R. Accounting pronouncements adopted and recent accounting pronouncements—In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This update, along with ASU 2016-08, *Revenue from Contracts with Customers (Topic 606)*, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*, ASU 2016-10, *Revenue from Contracts with Customers (Topic 606)*, *Identifying Performance Obligations and Licensing*, and ASU 2016-12, *Revenue from Contracts with Customers (Topic 606)*, *Narrow-Scope Improvements and Practical Expedients*, establishes a comprehensive revenue recognition standard. The updates require that revenue should be recognized to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additional disclosure is also required to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for NPR’s fiscal year 2019. Management continues to evaluate the potential impact of these updates on the consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The update requires an organization to measure inventory at the lower of cost and net realizable value. NPR Inc. adopted this guidance in fiscal year 2018. The adoption of this update did not have a material effect on the consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10), Recognition and Measurement of Financial Assets and Financial Liabilities*. This update, along with ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, that clarifies the guidance in ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10)*, affects the accounting for equity investments and financial liabilities under the fair value option, as well as the presentation and disclosure requirements for financial instruments. The guidance is effective for NPR Inc.’s fiscal year 2020. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This update, along with ASU 2018-10, *Codification Improvements to Topic 842: Leases* and ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, establishes a comprehensive leasing standard. The updates require a lessee to recognize a right-of use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures as well as provides entities with an additional (and optional) transition method to adopt the new standard. The guidance is effective for NPR’s fiscal year 2020. Management continues to evaluate the potential impact of this update on the consolidated financial statements.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

R. Accounting pronouncements adopted and recent accounting pronouncements (Continued)— In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented financial statements and notes about a nonprofit organization's liquidity, financial performance, and cash flows. The guidance is effective for NPR's fiscal year 2019. Although management continues to evaluate the potential impact of this update on the consolidated financial statements, management believes the impact of this update will be significant.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*. The update standardizes how certain transactions should be classified in the statement of cash flows. The guidance is effective for NPR's fiscal year 2020. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (A Consensus of the FASB Emerging Issues Task Force)*. The update requires organizations to classify transfers between cash and restricted cash as operating, investing, or financing activities, or as a combination of those activities, in the statement of cash flows. The update also clarifies how organizations should present the flow of cash into and out of a bank account that holds restricted cash. The guidance is effective for NPR Inc.'s and NPM's fiscal year 2020. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

In January 2017, the FASB issued ASU 2017-02, *Not-for-Profit Entities—Consolidation (Subtopic 958-810): Clarifying When a Not-for-Profit Entity That Is a General Partner or a Limited Partner Should Consolidate a For-Profit Limited Partnership or Similar Entity*. The update clarifies situations in which a nonprofit entity considers whether to consolidate a for-profit limited partnership or similar legal entity. The update also maintains how nonprofit general partners currently apply the consolidation guidance in Subtopic 810-20 by including that guidance in Subtopic 958-810 and adds the general guidance in Subtopic 810-10 on when not-for-profit limited partners should consolidate a limited partnership to Subtopic 958-810. NPR Inc. and the Foundation adopted this guidance in fiscal year 2018. The adoption of this update did not have a material effect on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. The update simplifies how an entity is required to test goodwill for impairment by eliminating a step in the measurement process. The guidance is effective for NPR's fiscal year 2023. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves current guidance by providing criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. The update also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The guidance is effective for NPR's fiscal year 2019. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The update modifies certain disclosure requirements in Topic 820, *Fair Value Measurement*. The guidance is effective for NPR's fiscal year 2021. Presently, management does not anticipate that the adoption of this update will have a material effect on the consolidated financial statements.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies (Continued)

S. Reclassification—In order to conform to the 2018 presentation, NPR (a) reclassified the 2017 balance of insurance settlement funds held by NPR on behalf of a third party from “Cash and cash equivalents” to “Restricted cash and cash equivalents” in the consolidated balance sheets, and (b) reclassified 2017 expenses associated with NPR’s Research, Archive and Data team from the “Management and general” line item to the “Digital” line item in the consolidated statements of activities.

T. Subsequent events—NPR evaluated subsequent events from the date of the consolidated balance sheets through December 20, 2018, the date on which NPR’s consolidated financial statements were issued. No material subsequent events were identified for either recognition of disclosure other than the following: the assignment of NPR Inc.’s interests in NPM and Podcast Media LLC to NPRAHC, Inc. (see Note 1); the ratification of a new office lease (see Note 9(B)); the execution of a new letter of credit as a result of the aforementioned new office lease (see Note 9(G)); and, the decision by NPM to make a member distribution in 2019 (see Note 12).

3. Contributions Receivable

Contributions receivable are summarized below:

<i>September 30,</i>	2018	2017
Amounts due in:		
Less than one year	\$ 9,977,123	\$ 9,424,052
One to five years	5,048,000	6,355,021
More than five years	50,000	—
Subtotal	15,075,123	15,779,073
Less:		
Allowance for uncollectible contributions receivable	(90,906)	(112,576)
Discount to present value (with rates ranging from 0.40% to 4.56%)	(341,613)	(183,513)
Net contributions receivable	\$ 14,642,604	\$ 15,482,984

4. Investments

The fair value of investments consists of the following:

<i>September 30,</i>	2018	2017
Cash and money market funds	\$ 15,793,028	\$ 3,280,913
Private equity	18,278,059	18,326,874
Real assets	26,288,031	24,698,905
Fixed income	99,393,771	103,725,536
Equity	118,808,784	125,955,029
Diversifiers	140,214,510	134,355,564
Privately held stock	298,800	298,800
Other	1,130,712	1,810,102
Total investments	\$ 420,205,695	\$ 412,451,723

Investments consist almost entirely of the Foundation’s investment portfolio. A smaller portion of the investment assets relates to a quasi-endowment, long-term reserves, operating reserves, working capital, and other funds.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

4. Investments (Continued)

NPR's investment classes, which are described in further detail below, include direct holdings that are generally traditional marketable securities such as fixed income securities, equities, mutual funds, and exchange traded funds (ETFs). Some of these investments are subject to market, credit, currency, and interest rate risks. Because of potential fluctuations in domestic and international markets subsequent to year end, future fair values may differ significantly from the values reported herein. NPR also holds shares or units in either institutional funds or partnerships which, where applicable, are stated at net asset value (NAV) as a practical expedient.

- **Cash and money market funds** include cash, cash equivalent securities, overnight sweep funds, and money market funds.
- **Private equity** includes investments in funds which employ buyout and venture capital strategies and may focus on investments in turnaround situations.
- **Real assets** include investments in funds which generally hold interests in public real estate investment trusts, private real estate or investments, commercial properties or commodities, infrastructure or oil and gas, normally through commingled funds.
- **Fixed income** includes investments in U.S. government debt and credit securities, and funds holding similar securities.
- **Equity** includes investments in funds which invest in U.S. and non-U.S. equity securities, equity-based derivatives, and interests in funds that invest predominantly in long but also short stocks.
- **Diversifiers** include investments in funds whose managers utilize hedged strategies and have the authority to invest globally in various asset classes at their discretion, including the ability to invest long and short. Funds with hedged strategies generally hold securities or other financial instruments for which a ready market exists and may include equity securities, bonds, put or call options, swaps, currency hedges, and other instruments, and are valued accordingly.
- **Privately held stock** includes shares in a privately held company.
- **Other** includes investments in funds whose managers invest in and sell short securities and instruments, including but not limited to: (a) merger arbitrage and other forms of arbitrage involving corporate takeovers; (b) investments in companies experiencing financial distress; (c) investments in restructuring companies; (d) direct investments in operating and services businesses; and (e) other investments in securities or instruments that the fund manager believes are either undervalued or overvalued or likely to appreciate or depreciate.

Diversifiers, private equity, real assets, some equity, and other investment strategies frequently require the estimation of fair values by fund managers due to the absence of readily determinable market values.

A. Investment policy—The Investment Committee and management implement the *Statement of Investment Policy, Objectives and Guidelines* (Investment Policies) as approved by the NPR Inc. Board and Foundation Board. The Investment Committee is comprised of individuals from both boards and it acts as the controlling body relative to each investment under management. The Investment Committee employs an investment advisor to monitor investment managers, as well as to benchmark and evaluate each fund's performance, including investments in Level 3. Monthly evaluations are prepared for management's review and the results are communicated to the Investment Committee when the Investment Committee meets during the year. Each year, where available and applicable, management reviews the report on internal controls for fund managers and compares each fund's per share NAV to the fund's audited financial statements. There were no changes in valuation techniques noted for these funds during either 2018 or 2017.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

4. Investments (Continued)

B. Basis of reporting—Investments are recorded at estimated fair value. If an investment is held directly by NPR and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Fair values for shares in registered mutual funds are based on published share prices. NPR's interests in alternative investment funds are generally reported at either NAV or its equivalent (e.g., partnership interest) reported by the fund managers and assessed as reasonable by NPR. NPR uses the NAV as a practical expedient to estimate the fair value of NPR's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different than NAV.

As of September 30, 2018 and 2017, NPR had no plans or intentions to sell investments at amounts different from NAV. Because of the inherent uncertainties of valuation, estimated fair values may differ significantly from the values that would have been used had a ready market existed, and the differences could be material. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held.

The following table, which excludes cash and money market funds of \$15,793,028, summarizes NPR's remaining investments within the fair value hierarchy as of September 30, 2018:

	Level 1	Level 2	Level 3	Investments reported at NAV ¹	Total
Private equity	\$ —	\$ —	\$ 18,278,059	\$ —	\$ 18,278,059
Real assets	—	—	26,288,031	—	26,288,031
Fixed income	99,393,771	—	—	—	99,393,771
Equity	35,434,015	12,421,932	19,250,704	51,702,133	118,808,784
Diversifiers	—	—	111,522,809	28,691,701	140,214,510
Privately held stock	—	—	298,800	—	298,800
Other	—	—	1,119,065	11,647	1,130,712
Totals	\$ 134,827,786	\$ 12,421,932	\$ 176,757,468	\$ 80,405,481	\$ 404,412,667

The following table, which excludes cash and money market funds of \$3,280,913, summarizes NPR's remaining investments within the fair value hierarchy as of September 30, 2017:

	Level 1	Level 2	Level 3	Investments reported at NAV ¹	Total
Private equity	\$ —	\$ —	\$ 18,326,874	\$ —	\$ 18,326,874
Real assets	—	—	24,698,905	—	24,698,905
Fixed income	103,725,536	—	—	—	103,725,536
Equity	56,068,833	12,131,210	—	57,754,986	125,955,029
Diversifiers	—	—	102,059,827	32,295,737	134,355,564
Privately held stock	—	—	298,800	—	298,800
Other	—	—	1,734,171	75,931	1,810,102
Totals	\$ 159,794,369	\$ 12,131,210	\$ 147,118,577	\$ 90,126,654	\$ 409,170,810

¹: Investments that are measured at fair value using the NAV practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the "Investments reported at NAV" column are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

4. Investments (Continued)

B. Basis of reporting (Continued)—Registered mutual funds, ETFs, and directly held fixed income securities are classified in Level 1 of the fair value hierarchy. Most investments classified in Levels 2 and 3 consist of shares or units in non-registered investment funds as opposed to direct interests in the funds' underlying securities, which may be readily marketable or not difficult to value. The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity or degree of difficulty in estimating the fair value of each fund's underlying assets and liabilities. Although no investments currently contain rolling lockup provisions, certain investments previously contained rolling lockup provisions. Under such provisions, tranches of the investment are available for redemption after a specified period of time, if NPR makes a redemption request prior to the next available withdrawal date in accordance with the notification terms of the agreement.

The following table presents the activities for NPR's investments classified in Level 3:

<i>For the years ended September 30,</i>	2018	2017
Beginning balance	\$ 147,118,577	\$ 152,444,066
Net realized gains	6,639,726	10,719,094
Net unrealized gains	5,887,035	4,929,716
Purchases	28,175,323	5,371,011
Sales	(11,063,193)	(26,345,310)
Level 3 investments ending balance	\$ 176,757,468	\$ 147,118,577

The net realized and unrealized gains on Level 3 assets measured at fair value is reported in "Return on long-term investments, net" in the nonoperating section of the consolidated statements of activities.

C. Quantitative information—Quantitative information with respect to assets measured and carried at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

Description	Fair value as of September 30,		Principal Valuation Technique	Unobservable Inputs	Weighted Average
	2018	2017			
Private equity	\$ 18,278,059	\$ 18,326,874	Market approach	Values assigned to underlying funds less liabilities	N/A
Real assets	\$ 26,288,031	\$ 24,698,905	Market approach	Values assigned to underlying funds less liabilities	N/A
Equity	\$ 19,250,704	\$ —	Market approach	Values assigned to underlying funds less liabilities	N/A
Diversifiers	\$ 111,522,809	\$ 102,059,827	Market approach	Values assigned to underlying funds less liabilities	N/A
Privately held stock and other	\$ 1,417,865	\$ 2,032,971	Market approach	Values assigned to underlying funds less liabilities	N/A

National Public Radio, Inc.

Notes to Consolidated Financial Statements

4. Investments (Continued)

D. Investment income—The components of investment income are summarized below:

<i>For the years ended September 30,</i>	2018	2017
Interest and dividends	\$ 5,420,780	\$ 5,590,324
Net realized gain	12,199,820	12,555,541
Net unrealized gain	3,058,938	22,728,884
Investment expenses	(1,164,697)	(1,223,636)
Net investment income	\$ 19,514,841	\$ 39,651,113

Investment income reported in the consolidated statements of activities was as follows:

<i>For the years ended September 30,</i>	2018	2017
Operating activities:		
Return on working capital investments—unrestricted	\$ 288,634	\$ 191,955
Return on long-term investments designated for current operations—unrestricted	1,011,345	1,630,268
Nonoperating activities:		
Return on long-term investments, net:		
Unrestricted	1,508,073	4,411,135
Temporarily restricted	16,689,721	33,401,780
Permanently restricted	17,068	15,975
Total investment income	\$ 19,514,841	\$ 39,651,113

E. Liquidity—Investment liquidity as of September 30, 2018, is aggregated below based on redemption or sale period:

	Total
Daily (consists of cash and money market funds, fixed income investments, and a portion of equity investments)	\$ 150,620,814
Weekly (consists of equity investments)	9,234,737
Monthly (consists of portions of diversifiers and equity investments)	59,208,295
Quarterly (consists of portions of diversifiers, equity, and other investments)	109,035,875
Semi-annual (consists of portions of diversifiers and other investments)	11,236,193
Annually (consists of a portion of diversifiers)	23,090,084
Other (e.g., every second anniversary of investment; consists of portions of diversifiers and other investments)	1,879,787
Amount considered to be illiquid (consists of privately held stock, private equity and real asset investments, and a portion of diversifiers)	55,899,910
Total investments	\$ 420,205,695

Investments with daily liquidity generally do not require advance notice prior to withdrawal. Investments with monthly, quarterly, annual, and other similar extended redemption frequencies typically require notice periods ranging from ten to ninety days.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

4. Investments (Continued)

F. Commitments—Certain private equity, diversifiers, and real asset investments are made through limited partnerships. Under the terms of these agreements, the Foundation is obligated to remit additional funding periodically as capital calls are exercised by the manager. These partnerships have a limited existence, and such agreements may provide for annual extensions for the purpose of disposing of portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. As a result, the timing and amount of future capital liquidity calls expected to be exercised in any particular future year is uncertain. Unfunded commitments will be funded either by cash available in the investment portfolio or by liquidating other investments based on management's assessment. As of September 30, 2018, the aggregate amount of unfunded commitments associated with private equity, diversifiers, and real asset investments, was \$11,841,809, \$5,045,000, and \$13,329,918, respectively.

5. Property and Equipment

Property and equipment is summarized below:

<i>September 30,</i>	2018	2017
Land	\$ 55,753,066	\$ 55,753,066
Construction-in-progress	333,731	2,141,439
Technical equipment and software	57,557,887	58,084,799
Building and improvements	148,961,428	148,075,872
Office furniture	8,069,617	7,776,322
Vehicles	32,060	32,060
Total property and equipment	270,707,789	271,863,558
Less: Accumulated depreciation	(59,683,459)	(56,009,156)
Net property and equipment	\$ 211,024,330	\$ 215,854,402

In April 2013, NPR Inc. completed construction of and occupied its new headquarters building. During the construction of the headquarters building, NPR Inc. capitalized interest totaling \$25,146,322. NPR Inc. is amortizing this interest over the remaining life of the building. In both 2018 and 2017, amortization of capitalized interest was \$502,926 and is included in depreciation expense. The unamortized balance of capitalized interest is \$22,401,182 as of September 30, 2018, and \$22,904,108 as of September 30, 2017.

The following tables presents NPR's activities related to capitalized software intended to be sold, leased or otherwise marketed for the years ended:

<i>September 30, 2018</i>	Capitalized Software	Accumulated Amortization	Net
October 1, 2017, balance	\$ 4,058,532	\$ (3,445,589)	\$ 612,943
Additions	4,467	(254,272)	(249,805)
September 30, 2018, balance	\$ 4,062,999	\$ (3,699,861)	\$ 363,138

<i>September 30, 2017</i>	Capitalized Software	Accumulated Amortization	Net
October 1, 2016, balance	\$ 3,877,783	\$ (3,055,605)	\$ 822,178
Additions	180,749	(389,984)	(209,235)
September 30, 2017, balance	\$ 4,058,532	\$ (3,445,589)	\$ 612,943

National Public Radio, Inc.

Notes to Consolidated Financial Statements

6. Goodwill

Goodwill represents the excess of the purchase price over the net amount assigned to identifiable assets acquired and liabilities assumed in the purchase of National Public Broadcasting, Inc. and formation of NPM in 2007. NPM performed a qualitative assessment test to determine if indicators of impairment existed and concluded that no goodwill impairment had occurred as of September 30, 2018. NPM has elected the accounting alternative for the subsequent measurement of goodwill and is amortizing the goodwill on a straight-line basis over a period of 10 years. Amortization expense in 2018 and 2017 totaled \$182,280 and \$182,283, respectively. However, under guidance developed by the American Institute of Certified Public Accountants Not-for-Profit Entities Expert Panel, if the reporting consolidated entity is a nonprofit organization, the nonprofit is not permitted to adopt the accounting alternative. Accordingly, NPR reversed the amortization expense in consolidation.

7. Debt

A. Note payable—In 2008, NPR Inc. assumed a \$2 million term note with The Ford Foundation as a result of its acquisition of the nonprofit Public Interactive. The note matured on February 6, 2017. Because the note bore interest at the below-market fixed annual rate of one percent, NPR Inc. recorded the fair value of the note using the imputed interest rate of 3.09%. Each year, NPR Inc. accreted the carrying amount of the note using the effective interest method and recorded a corresponding release of temporarily restricted net assets. In 2017, the accretion of the note carrying value totaled (\$299) which was included in “Interest expense” in the consolidated statements of activities. NPR Inc. recognized \$577 in total interest expense, net of the accretion of the note carrying value, related to this note in the consolidated statements of activities for the year ended September 30, 2017.

B. Bonds payable—NPR Inc. financed the construction of its current headquarters building using the Series 2010 Bonds. Originally, the Series 2010 Bonds totaled \$162,125,000.

Early Extinguishment of Debt—In 2013, NPR Inc. completed an advance refunding of \$87,430,000 of the Series 2010 Bonds when the District of Columbia issued the Series 2013 Bonds. The proceeds of the Series 2013 Bonds were deposited into an irrevocable defeasance account to provide for all future debt service on the refunded portion of the Series 2010 Bonds.

In 2016, NPR Inc. completed a second advance refunding of \$70,075,000 of the Series 2010 Bonds when the District of Columbia issued the Series 2016 Bonds. Similar to the Series 2013 Bonds, the proceeds of the Series 2016 Bonds were deposited into an irrevocable defeasance account to provide for all future debt service on the refunded portion of the Series 2010 Bonds.

Series 2010 Bonds—The unrefunded Series 2010 Bonds bear interest at fixed rates ranging from approximately three percent to five percent. Interest, which is payable semi-annually, is due each October 1st and April 1st. Interest expense on the Series 2010 Bonds totaled \$255,261 in 2018 and \$290,559 in 2017. The unrefunded Series 2010 Bonds mature on April 1, 2019, and April 1, 2020.

Series 2013 Bonds—The Series 2013 Bonds bear interest at fixed rates ranging from three to five percent. Similar to the Series 2010 Bonds, interest is payable semi-annually and due each October 1st and April 1st. Interest expense on the Series 2013 Bonds totaled \$3,539,259 in 2018 and \$3,544,860 in 2017. As of September 30, 2018, the serial portion of the Series 2013 Bonds has maturities ranging from April 1, 2019, through April 1, 2026, and the term portion has maturities ranging April 1, 2027, through April 1, 2042.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

7. Debt (Continued)

B. Bonds payable (Continued)—

Series 2013 Bonds (Continued)—Subject to the discretion of the issuer, the portions of the Series 2013 Bonds that have maturities either on or after April 1, 2024, and which have principal amounts totaling \$86.76 million through the final maturity date, are subject to an optional redemption either in whole or in part beginning on April 1, 2023. Individual tranches of Series 2013 Bonds that have maturities either on or after April 1, 2034, are subject to mandatory sinking fund redemption prior to the April 1st maturities. The redemption price of these bonds equals 100% of the principal amount being redeemed, plus interest accrued through the redemption date.

Series 2016 Bonds—The Series 2016 Bonds bear interest at fixed rates ranging from three to five percent. Similar to the Series 2010 Bonds, interest is payable semi-annually and due each October 1st and April 1st. Interest expense on the Series 2016 Bonds totaled \$2,075,832 in 2018 and \$2,099,410 in 2017. As of September 30, 2018, the Series 2016 Bonds have maturities ranging from April 1, 2019, through April 1, 2035.

The Series 2016 Bonds maturing on or after April 1, 2027, and which have principal amounts totaling \$45.31 million through the final maturity date, are subject to an optional redemption either in whole or in part beginning on April 1, 2026. The redemption price of these bonds equals 100% of the principal amount being redeemed, plus interest accrued through the redemption date.

Deferred financing costs—Net deferred financing costs included in bonds payable in the consolidated balance sheets were as follows:

<i>September 30, 2018</i>	Series 2010 Bonds	Series 2013 Bonds	Series 2016 Bonds	Total
Deferred financing costs	\$ 3,446,496	\$ 1,771,068	\$ 1,212,485	\$ 6,430,049
Refunding write-offs	(2,778,366)	—	—	(2,778,366)
Accumulated amortization	(655,316)	(429,766)	(247,022)	(1,332,104)
Net deferred financing costs	\$ 12,814	\$ 1,341,302	\$ 965,463	\$ 2,319,579

<i>September 30, 2017</i>	Series 2010 Bonds	Series 2013 Bonds	Series 2016 Bonds	Total
Deferred financing costs	\$ 3,446,496	\$ 1,771,068	\$ 1,212,485	\$ 6,430,049
Refunding write-offs	(2,778,366)	—	—	(2,778,366)
Accumulated amortization	(616,471)	(371,065)	(140,953)	(1,128,489)
Net deferred financing costs	\$ 51,659	\$ 1,400,003	\$ 1,071,532	\$ 2,523,194

In 2018 and 2017, bond issuance cost amortization expense was \$203,615 and \$361,087, respectively, and is reported in “Other” in the nonoperating section of the consolidated statements of activities.

Outstanding Principal, Unamortized Premium, and Unamortized Deferred Financing Cost Balances—As of September 30, 2018, the outstanding principal, unamortized premium, and deferred financing cost balances on each bond series were:

	Series 2010 Bonds	Series 2013 Bonds	Series 2016 Bonds	Total
Outstanding principal	\$ 6,375,000	\$ 87,255,000	\$ 70,075,000	\$ 163,705,000
Unamortized premium	94,467	908,936	8,869,135	9,872,538
Deferred financing costs	(12,814)	(1,341,302)	(965,463)	(2,319,579)
Totals	\$ 6,456,653	\$ 86,822,634	\$ 77,978,672	\$ 171,257,959

National Public Radio, Inc.

Notes to Consolidated Financial Statements

7. Debt (Continued)

B. Bonds payable (Continued)—

Outstanding Principal, Unamortized Premium, and Unamortized Deferred Financing Cost Balances (Continued)—As of September 30, 2017, the outstanding principal, unamortized premium, and deferred financing cost balances on each bond series were:

	Series 2010 Bonds	Series 2013 Bonds	Series 2016 Bonds	Total
Outstanding principal	\$ 8,275,000	\$ 87,345,000	\$ 70,075,000	\$165,695,000
Unamortized premium	200,037	1,026,728	9,989,853	11,216,618
Deferred financing costs	(51,659)	(1,400,003)	(1,071,532)	(2,523,194)
Totals	\$ 8,423,378	\$ 86,971,725	\$ 78,993,321	\$174,388,424

Schedule of Maturities—Maturities of bonds payable were as follows as of September 30, 2018:

	Series 2010 Bonds	Series 2013 Bonds	Series 2016 Bonds	Total
2019	\$ 3,110,000	\$ 90,000	\$ 155,000	\$ 3,355,000
2020	3,265,000	95,000	160,000	3,520,000
2021	—	100,000	3,595,000	3,695,000
2022	—	105,000	3,775,000	3,880,000
2023	—	105,000	3,965,000	4,070,000
Thereafter	—	86,760,000	58,425,000	145,185,000
Total bonds payable	\$ 6,375,000	\$ 87,255,000	\$ 70,075,000	\$163,705,000

Total Interest Expense on Bonds Payable—NPR Inc. recognized \$5,870,352 and \$5,934,829 of interest expense related to the bonds payable in the consolidated statements of activities during the years ended September 30, 2018 and 2017, respectively.

C. Lines of Credit—In November 2012, NPR Inc. established an unsecured revolving line of credit with SunTrust Bank to support either working capital or general corporate uses. The maximum loan amount is \$25 million, and any amounts borrowed are payable on March 31, 2019. The line of credit accrues interest at a rate equal to LIBOR plus 0.99%. The line of credit contains nonfinancial covenants with which NPR Inc. complied in 2018 and 2017. During fiscal year 2018, NPR Inc. made draws under the line of credit and, as a result, had interest expense of \$31,057. During 2017, NPR Inc. did not make any draws under the line of credit and, as a result, had no interest expense. There was no balance outstanding on this credit facility on September 30, 2018 and 2017.

On May 8, 2017, NPM established a revolving line of credit with Bank of America to support working capital uses. The maximum loan amount is \$200,000, and any amounts borrowed are payable each May. The line of credit accrues interest at a rate equal to LIBOR plus 2.5%. The line of credit is secured by time deposits with Bank of America in an amount not less than \$200,000. This amount is included in restricted cash and cash equivalents. The line of credit contains nonfinancial covenants with which NPM complied in 2018 and 2017. During 2018 and 2017, NPM did not make any draws under the line of credit and, as a result, had no interest expense for either year. There was no balance outstanding on this credit facility on September 30, 2018 and 2017.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

7. Debt (Continued)

D. Aggregate interest expense—The aggregate interest expense on NPR's debt obligations included in the consolidated statements of activities was:

<i>For the years ended September 30,</i>	2018	2017
Note payable	\$ —	\$ 577
Series 2010 Bonds	255,261	290,559
Series 2013 Bonds	3,539,259	3,544,860
Series 2016 Bonds	2,075,832	2,099,410
Lines of credit	31,057	—
Total interest expense	\$ 5,901,409	\$ 5,935,406

8. Retirement Plan

NPR Inc. offers a defined contribution plan under Section 403(b) of the Code for its administrative and union employees (NPR Plan). Under the NPR Plan, NPR Inc. contributes a percentage of the base compensation of each properly enrolled employee who has completed two years of qualified service with NPR Inc. For the years ended September 30, 2018 and 2017, NPR Inc. made contributions to the NPR Plan of \$5,928,509 and \$5,581,638, respectively.

NPR Inc. maintained a deferred compensation plan under Section 457(b) of the Code for a former highly compensated employee. The assets of the deferred compensation plan were held by NPR Inc. until disbursed to the participating employee. The deferred compensation plan balance, including interest, was \$50,406 as of September 30, 2017. In 2018, NPR Inc. distributed all remaining assets to the former employee.

NPM offers a savings plan under Section 401(k) of the Code for its employees (NPM Plan). Participants may, voluntarily, contribute and defer a portion of their wages up to the maximum amount allowable. NPM, at the discretion of the NPM Board, may make contributions on behalf of the employees. For the years ended September 30, 2018 and 2017, NPM made contributions to the NPM Plan of \$672,424 and \$631,041, respectively.

9. Commitments and Contingencies

A. Concentration of Employees Covered by Collective Bargaining Agreements—At the end of 2018 and 2017, approximately 48% and 47%, respectively, of NPR Inc.'s active employees were members of either the National Association of Broadcast Employees and Technicians union (NABET) or the Screen Actors Guild—American Federation of Television and Radio Artists, Washington-Baltimore union (SAG—AFTRA). The NABET collective bargaining agreement expires March 31, 2019. While not assured, NPR Inc. believes that it will successfully renegotiate and renew the NABET collective bargaining agreement in 2019. The SAG—AFTRA collective bargaining agreement expires on July 30, 2020.

B. Leases and space licenses—NPR has operating leases for equipment and office space. Rental expense for equipment, office space, and program requirements included in the consolidated statements of activities for the years ended September 30, 2018 and 2017, was \$3,006,970 and \$2,942,713, respectively.

NPR Inc. licenses excess office space to organizations. The space license agreements expire at various times through fiscal year 2022. Income from space license agreements included in the consolidated statements of activities was \$588,143 and \$537,589 for fiscal years 2018 and 2017, respectively.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

9. Commitments and Contingencies (Continued)

B. Leases and space licenses (Continued)—The future minimum lease payments (FMLP), net of space license income, associated with NPR’s equipment and space rental leases and office space licenses are as follows as of September 30, 2018:

	Office space rental FMLP	Less: Office space license Income	Total FMLP, net
2019	\$ 1,239,250	\$ (629,021)	\$ 610,229
2020	1,254,654	(591,585)	663,069
2021	1,256,868	(347,049)	909,819
2022	672,850	—	672,850
2023	259,064	—	259,064
Totals	\$ 4,682,686	\$ (1,567,655)	\$ 3,115,031

In 2017, NPR consolidated its Digital Services and Digital Media divisions resulting in the closure of the Digital Services’ Boston office as of September 30, 2017 (the “cease-use” date). As the Boston office no longer has economic benefit to NPR as of the cease-use date, NPR recorded a liability and associated loss of \$884,797 for costs that will continue to be incurred by NPR through the termination of the lease. The liability is reported in “Accounts payable and other liabilities” in the consolidated balance sheets and the loss is reported in “Other, net” in the nonoperating section of the consolidated statements of activities.

In 2018, NPR and the Boston office landlord entered into an agreement under which NPR is obligated to pay 80% of its remaining lease obligation to terminate the lease. This obligation, which totaled \$496,602 as of September 30, 2018, is reported in “Accounts payable and other liabilities” in the consolidated balance sheets. NPR recorded a gain of \$124,150 because the payoff amount is less than the liability originally anticipated. The gain is reported in “Other, net” in the nonoperating section of the consolidated statements of activities.

Subsequent to the end of the year, NPR Inc. entered into a new 10-year office space lease for its Chicago Bureau. The FMLP associated with this lease total \$1,463,266.

C. Audits of costs incurred under select foundation and all government grants—Costs incurred under select foundation and all government grants are subject to audit. No audits occurred in 2018. The ultimate liability, if any, from future audits is not expected to have a material adverse effect on NPR’s financial position.

D. Litigation—NPR Inc. is subject to various legal claims and contingencies arising in the ordinary course of NPR Inc.’s business. NPR Inc.’s exposure is generally limited through insurance coverage. While the outcomes of such matters are uncertain, management believes that their ultimate resolution will not have a material adverse effect on the NPR Inc.’s financial position.

E. Personal services contracts, contributor and employment agreements—Personal services contracts, contributor and employment agreements (collectively, “Contract and Employment Agreements”) exist between NPR Inc. and news analysts, hosts, freelancers, and story contributors. Contract and Employment Agreements with fixed termination dates expire at various times through fiscal year 2021. NPR Inc. has 61 Contract and Employment Agreements which continue in perpetuity until terminated.

F. Indemnification—From time to time, NPR Inc. enters into agreements for the acquisition or sale (including licensing) of goods or services in which NPR Inc. agrees to indemnify the other party. During 2018 and 2017, NPR Inc. had no losses as a result of its indemnification obligations. Additionally, NPR Inc. is not aware of any material liability arising from its indemnification obligations as of September 30, 2018.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

9. Commitments and Contingencies (Continued)

G. Letter of credit— In 2006, and to comply with the requirements of the lease of its New York Bureau office space, NPR Inc. entered into an irrevocable transferable standby letter of credit agreement with SunTrust Bank totaling \$149,804. From the inception of the letter of credit through September 30, 2018, there has been no activity.

In 2018, NPR Inc. entered into an additional irrevocable transferable standby letter of credit agreement with SunTrust Bank related to its New York Bureau due to the expansion of leased space. The new letter of credit totals \$64,766. From the inception of the letter of credit through September 30, 2018, there has been no activity.

In 2019, NPR Inc. entered into an irrevocable transferable standby letter of credit agreement with SunTrust Bank related to its Chicago Bureau due to the new lease agreement discussed in Note 9(B). The letter of credit totals \$100,000.

H. Public Radio Satellite System—NPR Inc. manages and operates the public radio interconnection system, referred to as the Public Radio Satellite System (PRSS), through which public radio programming is distributed to interconnected public radio stations. The PRSS consists of a lease of satellite transponder capacity and ground equipment. The leasehold rights for the satellite transponders and the ground equipment not owned by individual interconnected stations are owned by The Public Radio Satellite Interconnection System Charitable Trust (Trust) which was created on July 16, 1990. The original Trust agreement, which was entered into on July 16, 1990, was amended and restated on October 27, 2000, and again amended on May 13, 2014.

The Trust is a qualified tax-exempt charitable trust that holds title to the leased satellite transponder capacity and purchased satellite equipment in trust for the benefit of interconnected public radio stations. The power and duties to administer the Trust are vested in three trustees duly elected by qualified interconnected stations. Certain actions contemplated by the Trust agreement, however, require a majority vote of the qualified interconnected stations.

Since inception, the Trust has executed various agreements with NPR Inc. to either lease or sublease its assets to NPR Inc. These agreements, under which NPR Inc. operates the PRSS, include leases for satellite transponder capacity and the ground equipment not owned by individual interconnected stations. While the various agreements do not require NPR Inc. to make lease payments to the Trust, NPR Inc. is responsible for the cost of maintaining and repairing the ground equipment not owned by individual interconnected stations.

The Trust lease covering the ground equipment automatically renews each year. The leases may be terminated, without cause, by a majority vote of the qualified interconnected stations at any time with 24 months' notice. In the event of default by NPR Inc., the leases may be terminated after conclusion of the specified cure period provided in the Trust lease by a majority vote of the Trust trustees.

On October 27, 2000, the Trust and NPR Inc. executed a new transponder sublease agreement for satellite transponder capacity on the Galaxy IVR satellite (since replaced by the Galaxy XVI satellite). The term of the transponder sublease parallels the terms of the transponder lease with the satellite's owner, Intelsat. In October 2008, a fourth C-band transponder was secured from Intelsat, after which the lease contract with Intelsat was extended to June 25, 2018. NPR Inc. made the final lease payment in December 2013. This payment, which totaled approximately \$13 million, covers the period from the end of fiscal year 2014 through June 25, 2018. In April 2016, NPR Inc. made a \$1.8 million payment to extend the lease of one satellite transponder from 2018 to 2020.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

9. Commitments and Contingencies (Continued)

H. Public Radio Satellite System (Continued)—Beginning in 1988, Congress has, periodically, authorized funds to replace, refurbish, and upgrade the public radio and television satellite interconnection systems. Typically, the authorizing legislation established a special fund administered by the Corporation for Public Broadcasting (CPB) which, in turn, contracted with NPR Inc. to carry out the project. In 2008, Congress authorized and appropriated \$72.9 million for a new interconnection system. In May 2008, NPR Inc. and CPB entered into an agreement to utilize those funds not only for the satellite lease agreement, but also for the upgrade of the ContentDepot® Distribution System (which is utilized by the stations and producers within the PRSS), replacement of ground equipment, and business continuity planning and testing. As of September 30, 2016, CPB had disbursed the entire grant. NPR continues to perform program operations using the accumulated earned interest so that contract has not yet closed as of September 30, 2018.

CPB and NPR Inc. have entered into an Agreement for the Funding of the Public Radio Interconnection System effective as of October 1, 2017 (Agreement). Under the Agreement, CPB committed funds totaling \$25,845,852 for the period October 1, 2017, through September 30, 2021. During the term of the Agreement, NPR Inc. will plan, design, procure, construct, and maintain the PRSS for the interconnection of the public telecommunications entities participating in the public radio interconnection system, including those public telecommunications entities that in the future may qualify and participate in the PRSS. NPR Inc. may apply funds received through the Agreement to the costs of replacing, refurbishing, upgrading, and maintaining the PRSS, such as leases (whether for satellite or terrestrial capacity), equipment and facilities, maintenance arrangements, insurance, planning, engineering evaluation, design and labor. During 2018, CPB disbursed \$9,201,988 to NPR Inc. pursuant to the Agreement, \$2,000,000 of which represents an advance that NPR Inc. applies to such operating costs.

10. Net Assets

A. Temporarily restricted net assets—Temporarily restricted net assets consisted of the following:

September 30,	2018	2017
Earnings on donor-restricted endowment available for distribution (see Note 10(C))	\$ 102,704,734	\$ 98,541,714
Purpose (e.g., international reporting, education reporting, NPR Music)	14,392,545	13,655,021
Charitable gift annuities	99,074	99,074
Distributed endowment earnings not yet available for use	3,099,160	3,099,160
Time restricted for periods after fiscal year end	4,974,309	3,658,787
Total temporarily restricted net assets	\$ 125,269,822	\$ 119,053,756

Net assets released from donor-imposed restrictions are summarized below:

For the years ended September 30,	2018	2017
Grants and contributions:		
Purpose restriction fulfilled	\$ 6,763,806	\$ 10,761,057
Time restrictions expired	2,012,356	1,108,242
Distribution from endowment to support operations	12,460,261	12,283,099
Total contributions released from restrictions	\$ 21,236,423	\$ 24,152,398

National Public Radio, Inc.

Notes to Consolidated Financial Statements

10. Net Assets (Continued)

B. Permanently restricted net assets—Permanently restricted net assets consisted of the following:

<i>September 30,</i>	2018	2017
NPR's general mission and operations	\$ 198,741,384	\$ 198,738,407
Journalistic excellence	11,059,612	11,056,061
Digital innovations/new technologies	1,500,000	1,500,000
Cultural journalism	1,259,172	1,242,103
Jazz journalism and programming	1,000,000	1,000,000
Operation of NPR facilities	250,000	250,000
Science journalism	100,000	100,000
Endowment contributions not yet received	100,000	—
Endowment contributions not yet deposited into the investment account	998	2,326
Total permanently restricted net assets	\$ 214,011,166	\$ 213,888,897

C. Endowment net assets—NPR's endowment consists of 56 funds established by donors for a variety of purposes as outlined in Note 10(B). The endowment balance also includes a quasi-endowment account that was established by the NPR Inc. Board in 1998 with the operating cash reserves of NPR Inc.'s Distribution division. The NPR Inc. Board directed that the quasi-endowment be maintained to provide long-term support of the PRSS. Because the NPR Inc. Board retains the authority to alter or eliminate the quasi-endowment fund, it is classified as a component of unrestricted net assets. Endowment net assets consisted of the following:

<i>September 30, 2018</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment accounts	\$ —	\$ 102,704,734	\$ 214,011,166	\$ 316,715,900
Quasi-endowment account	8,305,094	—	—	8,305,094
Total endowment net assets	\$ 8,305,094	\$ 102,704,734	\$ 214,011,166	\$ 325,020,994

<i>September 30, 2017</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment accounts	\$ —	\$ 98,541,714	\$ 213,888,897	\$ 312,430,611
Quasi-endowment account	8,496,590	—	—	8,496,590
Total endowment net assets	\$ 8,496,590	\$ 98,541,714	\$ 213,888,897	\$ 320,927,201

Interpretation of Relevant Law—The NPR Inc. Board requires the preservation of the corpus (historic dollar value) of donor-restricted endowment funds absent explicit donor stipulations to the contrary. NPR therefore classifies as permanently restricted net assets (i) the original value of gifts donated to the permanent endowment, (ii) the original value of subsequent gifts to the permanent endowment, and (iii) 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. Appreciation on donor-restricted endowment funds is classified in temporarily restricted net assets until those amounts are approved for distribution by the Foundation Board in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act incorporated into NPR's Investment Policies. The amounts appropriated for expenditure are based on the endowment distribution policy.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

10. Net Assets (Continued)

C. Endowment net assets (Continued)—

Distribution Policy—NPR utilizes the total return concept (income yield and appreciation) in the management of its endowment. NPR's distribution policy is designed to stabilize the annual spending levels and preserve the real value of the endowment over time. In accordance with NPR's policy, a predetermined endowment-distribution rate consistent with NPR's total return objective has been established and approved by the NPR Inc. Board. The distribution rate is calculated as 4% of the average March 31st fair value of investments for the preceding twelve fiscal quarters. This amount is reported as "Distribution from endowment to support operations" in the consolidated statements of activities.

Return Objectives and Risk Parameters—Under NPR's Investment Policies, NPR invests its endowment assets in a manner that is intended to produce an average real rate of return that exceeds the 4% distribution rate over the long term and provides a predictable stream of funding to programs and operations supported by the endowment assets. Actual returns in any given year may vary from this amount.

Funds with Deficiencies—From time to time, the fair value of the investment assets associated with a permanently restricted fund may fall below the fund's corpus. Deficiencies of this nature are reported in unrestricted net assets. Subsequent gains that restore the fair value of such fund to the corpus will be reported as an increase in unrestricted net assets within the consolidated statements of activities. At September 30, 2018 and 2017, NPR had no deficiencies.

Changes in endowment net assets—Changes in endowment net assets for the year ended September 30, 2018, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
October 1, 2017, balance	\$ 8,496,590	\$ 98,541,714	\$ 213,888,897	\$ 320,927,201
Investment income:				
Interest and dividends	228,085	4,067,294	—	4,295,379
Net realized and unrealized gain	134,523	13,626,568	—	13,761,091
Investment expenses	(37,068)	(1,053,513)	—	(1,090,581)
Total investment income	325,540	16,640,349	—	16,965,889
Distribution	(517,036)	(12,460,261)	—	(12,977,297)
Contributions	—	—	105,201	105,201
Purchasing power addition	—	(17,068)	17,068	—
September 30, 2018, balance	\$ 8,305,094	\$ 102,704,734	\$ 214,011,166	\$ 325,020,994

National Public Radio, Inc.

Notes to Consolidated Financial Statements

10. Net Assets (Continued)

C. Endowment net assets (Continued)—

Changes in endowment net assets (Continued)—Changes in endowment net assets for the year ended September 30, 2017, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
October 1, 2016, balance	\$ 7,768,807	\$ 79,938,215	\$ 213,866,878	\$ 301,573,900
Investment income:				
Interest and dividends	160,203	4,406,017	—	4,566,220
Net realized and unrealized gain	983,650	29,673,353	—	30,657,003
Investment management expenses	(31,976)	(1,036,126)	—	(1,068,102)
Total investment income	1,111,877	33,043,244	—	34,155,121
Distribution	(524,765)	(14,283,099)	—	(14,807,864)
Contributions	—	—	6,044	6,044
Reclassification for underwater endowments	140,671	(140,671)	—	—
Purchasing power addition	—	(15,975)	15,975	—
September 30, 2017, balance	\$ 8,496,590	\$ 98,541,714	\$ 213,888,897	\$ 320,927,201

The "Distribution" presented above represents the amount approved by the NPR Inc. Board that was withdrawn from the endowment. The amount does not agree to the amount reported in the consolidated statements of activities because the Foundation retained \$2,000,000 of the approved amount for distribution to NPR Inc. in 2017.

11. Donated Services and Materials

From time to time, NPR Inc. receives contributed professional services from third parties. While such services primarily support NPR's programmatic activities, some services also support NPR's general and administrative and fundraising activities. Donated services and materials received during the years ended September 30, 2018 and 2017, were measured at their estimated fair value based on similar value of like goods and services and have been included as operating revenue and operating expense in the consolidated statements of activities.

NPR Inc. receives other donated services from volunteers in connection with its operations. These services do not require specialized skills and, therefore, do not meet the requirement to be recognized in the consolidated financial statements.

NPR Inc. periodically receives contributed long-lived assets from donors. NPR Inc. does not imply a time restriction that expires over the useful life of a contributed long-lived asset unless otherwise stipulated by the donor. Generally, the value for contributed long-lived assets is recognized when the contributed long-lived asset is acquired and placed into service. For the years ended September 30, 2018 and 2017, NPR Inc. did not receive any material contributed long-lived assets.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

12. Noncontrolling Interest

Noncontrolling interest on the consolidated balance sheets consists of capital contributed by WGBH and PBS adjusted by net income (loss) and after reductions for distributed capital. Net income (loss) is allocated as defined in the NPM limited liability company agreement, as amended. Future liquidations, if any, are proportionate to the extent of either WGBH's or PBS' positive capital balances. As of the end of fiscal years 2018 and 2017, noncontrolling interest is as follows:

<i>September 30,</i>	2018		2017	
WGBH	\$	910,719	\$	712,208
PBS		741,490		631,202
Total noncontrolling interest	\$	1,652,209	\$	1,343,410

During 2018, NPM distributed \$22,500 and \$12,500 to WGBH and PBS, respectively. During 2017, NPM made no distributions to either WGBH or PBS.

In 2019, the NPM Board voted to distribute \$99,000 to WGBH and \$55,000 to PBS.

13. Related Party Transactions

NPM conducts activities on behalf of and with WGBH and PBS. The following table provides information regarding NPM's gross billings and accounts payable:

<i>As of and for the years ended September 30,</i>	WGBH		PBS	
	2018	2017	2018	2017
Percentage of NPM's gross billings placed with	4%	3%	1%	7%
Percentage of NPM's accounts payable owed to	5%	1%	—	1%

During fiscal year 2009, NPM launched the Public Media Interactive (PMI) network, of which WGBH is a member. The PMI network is a digital offering that monetizes unsold digital inventory on member stations' websites. The PMI network provides incremental digital revenues to participating stations. In fiscal years 2018 and 2017, 93 radio stations and producers participated in the PMI network. Income generated by NPM from the PMI network, which is shown as "Other" in the operating section of the consolidated statements of activities, totaled \$191,555 and \$147,409 for the years ended September 30, 2018 and 2017, respectively.

14. Nonrecurring Fair Value Measurements

NPR's financial instruments that are not measured at fair value on a recurring basis as of September 30, 2018 and 2017, consisted of (i) accounts and contributions receivable, (ii) prepaid expenses and other assets, (iii) investment in subsidiary, (iv) accounts payable and other liabilities, (v) deferred revenue, and (v) bonds payable.

The fair value of (i) accounts receivable, (ii) prepaid expenses and other assets, (iii) accounts payable and other liabilities, and (iv) deferred revenue approximates the carrying amount due to the standard terms and relatively short maturity of the financial instruments. The carrying amount represents the amount at which the financial instrument is recorded on NPR's books. The fair value is the estimated amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

National Public Radio, Inc.

Notes to Consolidated Financial Statements

14. Nonrecurring Fair Value Measurements (Continued)

The fair value of NPR Inc.'s investment in subsidiary approximates the carrying amount due to the relatively short period between the subsidiary creation date and the fiscal year end date. The carrying amount represents the amount at which the financial instrument is recorded on NPR Inc.'s books. The fair value is the estimated amount at which NPR Inc. could liquidate its member interest in a current transaction between willing parties, other than in a forced or liquidation sale.

The following tables present the carrying amounts and the estimated fair values of NPR's remaining financial instruments:

September 30, 2018	Level in fair value hierarchy	Carrying Amount	Fair value
Contributions receivable ²	2	\$ 14,733,510	\$ 14,651,047
Bonds payable, excluding deferred financing costs	2	\$ 173,577,538	\$ 171,291,403

September 30, 2017	Level in fair value hierarchy	Carrying amount	Fair value
Contributions receivable ²	2	\$ 15,595,560	\$ 15,543,801
Bonds payable, excluding deferred financing costs	2	\$ 176,911,618	\$ 178,832,446

²: The carrying amount of contributions receivable represents gross contributions receivable less the discount to present value.

NPR's fair value estimation methodology is detailed below.

- **Contributions receivable**—Fair value of contributions to be received within one year approximates the carrying amount due to the relatively short maturity of these financial instruments. Receivables for contributions to be received after one year are initially recorded using the present value of future cash flows, discounted using risk-free rates that approximate U.S. Treasury borrowing rates at the time of the gift for the respective periods of contribution. The estimated fair value of the contributions to be received after one year reflects the present value of the future cash flows using risk-free rates that approximate U.S. Treasury borrowing rates at the end of fiscal years 2018 and 2017, for the respective remaining period of contribution.
- **Bonds payable**—NPR Inc. utilized a third-party financial advisory company to determine the fair value of the bonds payable (see Note 7(B)). The estimated fair value reflects current market values for bonds with similar maturities, credit quality, coupons, and call features. Management has analyzed the various estimates, assumed credit quality, call features, and cash flow data provided by the third party and concluded these estimates appropriately present the fair value of the bonds payable.

Supplemental Schedules

National Public Radio, Inc. (Parent Company Only)

Supplemental Balance Sheets

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 9,192,727	\$ 11,365,450
Restricted cash and cash equivalents	3,675,659	3,729,947
Accounts receivable, net	36,109,560	32,449,171
Contributions receivable, net	12,598,310	11,574,972
Investments	78,934,819	76,656,942
Property and equipment, net	210,400,696	215,494,131
Prepaid expenses and other assets	3,173,871	2,189,819
Investment in subsidiary	3,601,234	2,455,083
Total assets	\$ 357,686,876	\$ 355,915,515
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 25,292,769	\$ 27,479,322
Due to NPR Foundation	2,510,247	1,323,732
Deferred revenue	22,104,148	23,019,442
Accrued interest payable	3,589,470	3,630,859
Bonds payable	171,257,959	174,388,424
Total liabilities	224,754,593	229,841,779
Net assets		
Unrestricted	114,945,844	110,672,141
Temporarily restricted	17,986,439	15,401,595
Total net assets	132,932,283	126,073,736
Total liabilities and net assets	\$ 357,686,876	\$ 355,915,515

National Public Radio, Inc. (Parent Company Only)

Supplemental Statements of Activities

<i>For the years ended September 30,</i>	2018	2017
Unrestricted Net Assets		
Operating revenues		
Membership dues	\$ 3,559,180	\$ 3,521,063
Station programming fees	76,523,207	75,078,767
Corporate sponsorships	97,071,058	80,531,905
Grants and contributions	19,018,634	18,104,423
Distribution and satellite interconnection	15,271,560	12,709,557
Distribution from endowment to support operations	12,117,556	11,862,855
Digital	5,392,415	5,401,867
Return on long-term investments designated for current operations	1,011,345	1,630,268
Use of prior year return on long-term investments for operations	594,910	—
Return on working capital investments, net	268,722	185,126
Donated goods and services	2,765,658	3,181,206
Other	9,892,971	9,662,912
Net assets released from restriction:		
Grants and contributions—Distribution and satellite interconnection	353,266	—
Grants and contributions—Other	8,242,848	10,883,184
Total operating revenues	252,083,330	232,753,133
Operating expenses		
Program services:		
Content	128,372,604	120,581,123
Digital	23,430,024	23,052,062
Distribution and satellite interconnection	17,430,553	13,647,875
Other	2,967,391	2,454,434
Total program services expenses	172,200,572	159,735,494
Support services:		
General and administrative	62,421,177	54,848,502
Fundraising	6,746,030	5,461,928
Total support services expenses	69,167,207	60,310,430
Total operating expenses	241,367,779	220,045,924
Operating surplus	10,715,551	12,707,209
Nonoperating activities:		
Return on long-term investments, net	218,652	1,902,126
Use of prior year return on long-term investments for operations	(594,910)	—
Interest expense	(5,901,409)	(5,935,406)
Other, net	(164,181)	(1,308,283)
Total nonoperating activities	(6,441,848)	(5,341,563)
Change in unrestricted net assets	\$ 4,273,703	\$ 7,365,646

Continued on the next page

National Public Radio, Inc. (Parent Company Only)

Supplemental Statements of Activities

<i>For the years ended September 30,</i>	2018	2017
Temporarily restricted net assets		
Grants and contributions	\$ 11,114,517	\$ 5,535,557
Other	—	(13,577)
Return on long-term investments, net	66,441	374,511
Net assets released from restrictions:		
Grants and contributions—Distribution and satellite interconnection	(353,266)	—
Grants and contributions—Other	(8,242,848)	(10,883,184)
Change in temporarily restricted net assets	2,584,844	(4,986,693)
Change in total net assets	6,858,547	2,378,953
Net assets at beginning of the year	126,073,736	123,694,783
Net assets at end of the year	\$ 132,932,283	\$ 126,073,736
Certain amounts disaggregated by net asset class above are presented below in the aggregate		
Grants and contributions	\$ 30,133,151	\$ 23,639,980
Return on long-term investments, net	\$ 1,296,438	\$ 3,906,905

National Public Radio, Inc. (Parent Company Only)

Supplemental Statements of Cash Flows

<i>For the years ended September 30,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 6,858,547	\$ 2,378,953
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized gains on investments	(1,405,331)	(35,994)
Net unrealized losses (gains) on investments	829,928	(3,318,671)
Amortization of deferred financing costs	203,615	361,087
Amortization of discount on note payable	—	(299)
Amortization of premium on bonds payable	(1,344,080)	(1,326,239)
Depreciation	9,952,489	10,334,822
Change in allowance for doubtful accounts	769,922	268,170
Increase (decrease) in discount to present value on multi-year contributions receivable	214,438	(36,238)
(Gain) loss on disposal of property and equipment	(2,628)	77,904
(Gain) loss on lease due to office closure	(124,150)	884,797
Change in investment in subsidiary	(1,236,151)	(623,478)
Decrease (increase) in assets:		
Accounts receivable	(4,430,311)	(10,428,122)
Due from NPR Foundation	—	3,297,782
Contributions receivable	(1,237,776)	2,581,401
Prepaid expenses and other assets	(984,052)	469,934
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	(2,062,403)	3,130,193
Due to NPR Foundation	1,186,515	1,323,732
Deferred revenue	(915,294)	2,063,578
Accrued interest payable	(41,389)	355,857
Total adjustments	(626,658)	9,380,216
Net cash provided by operating activities	6,231,889	11,759,169
Cash flows from investing activities		
Purchases of investments	(100,515,956)	(61,482,744)
Sales and maturities of investments	98,813,482	57,322,488
Purchases of property and equipment	(4,856,426)	(6,787,581)
Net cash used in investing activities	(6,558,900)	(10,947,837)
Cash flows from financing activities		
Draws from line of credit	5,000,000	—
Repayments to line of credit	(5,000,000)	—
Repayment under note payable	—	(250,000)
Repayment under bonds payable	(1,990,000)	(85,000)
Distribution from subsidiary	90,000	—
Change in restricted cash and cash equivalents:		
For interest payable	44,793	(362,783)
For insurance proceeds and other funds held on behalf of third parties	9,495	(100,054)
Net cash used in financing activities	(1,845,712)	(797,837)
Net change in cash and cash equivalents	(2,172,723)	13,495
Cash and cash equivalents, beginning of year	11,365,450	11,351,955
Cash and cash equivalents, end of year	\$ 9,192,727	\$ 11,365,450
Supplemental data		
Donated securities	\$ 1,403,899	\$ —
Cash paid for interest	\$ 7,286,877	\$ 6,898,267
Cash paid for income taxes	\$ 1,000	\$ 500

NPR Foundation
Supplemental Balance Sheets

September 30,	2018	2017
Assets		
Cash and cash equivalents	\$ 1,468,008	\$ 1,153,843
Contributions receivable, net	2,044,294	3,908,012
Investments	341,270,876	335,794,781
Due from NPR Inc.	2,510,247	1,323,732
Total assets	\$ 347,293,425	\$ 342,180,368
Liabilities and Net Assets		
Liabilities	\$ —	\$ —
Net assets		
Unrestricted	25,998,876	24,639,310
Temporarily restricted	107,283,383	103,652,161
Permanently restricted	214,011,166	213,888,897
Total net assets	347,293,425	342,180,368
Total liabilities and net assets	\$ 347,293,425	\$ 342,180,368

NPR Foundation

Supplemental Statements of Activities

<i>For the years ended September 30,</i>	2018	2017
Unrestricted Net Assets		
Operating revenues		
Grants and contributions	\$ 3,961,157	\$ 4,705,058
Return on working capital investments, net	13,789	2,491
Net assets released from restriction:		
Distribution from endowment to support operations	12,460,261	12,283,099
Grants and contributions—Other	533,314	986,115
Total operating revenues	16,968,521	17,976,763
Operating expenses		
Contributions to NPR Inc.:		
Annual support	4,438,133	5,640,892
Endowment support for operations	12,117,556	11,862,855
Total contributions to NPR Inc.	16,555,689	17,503,747
Support services: Fundraising	342,678	417,684
Total operating expenses	16,898,367	17,921,431
Operating surplus	70,154	55,332
Nonoperating activities:		
Return on long-term investments, net	1,289,421	2,509,009
Other, net	(9)	(2,563)
Total nonoperating activities	1,289,412	2,506,446
Change in unrestricted net assets before underwater endowment transfer	1,359,566	2,561,778
Underwater endowments transfer	—	140,671
Change in unrestricted net assets	1,359,566	2,702,449
Temporarily restricted net assets		
Grants and contributions	1,517	770,000
Return on long-term investments, net	16,623,280	33,027,269
Net assets released from restrictions:		
Distribution from endowment to support operations	(12,460,261)	(12,283,099)
Grants and contributions—Other	(533,314)	(986,115)
Change in temporarily restricted net assets before underwater endowment transfer	3,631,222	20,528,055
Underwater endowments transfer	—	(140,671)
Change in temporarily restricted net assets	3,631,222	20,387,384
Permanently restricted net assets		
Grants and contributions	105,201	6,044
Return on long-term investments, net	17,068	15,975
Change in permanently restricted net assets	122,269	22,019
Change in total net assets	5,113,057	23,111,852
Net assets at beginning of the year	342,180,368	319,068,516
Net assets at end of the year	\$ 347,293,425	\$ 342,180,368
Certain amounts disaggregated by net asset class above are presented below in the aggregate		
Grants and contributions	\$ 4,067,875	\$ 5,481,102
Return on long-term investments, net	\$ 17,929,769	\$ 35,552,253

NPR Foundation

Supplemental Statements of Cash Flows

<i>For the years ended September 30,</i>	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 5,113,057	\$ 23,111,852
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Permanently restricted contributions	(105,201)	(6,044)
Net realized gains on investments	(10,794,489)	(12,483,097)
Net unrealized gains on investments	(3,888,866)	(19,410,213)
Decrease in allowance for doubtful accounts	(21,670)	—
Decrease in discount to present value on multi-year contributions receivable	(56,338)	(50,281)
Investment return restricted for investment in endowment corpus	(17,068)	(15,975)
Decrease (increase) in assets:		
Contributions receivable	1,941,726	(284,266)
Due from NPR Inc.	(1,186,515)	(1,323,732)
Increase (decrease) in liabilities:		
Due to NPR Inc.	—	(3,297,782)
Total adjustments	(14,128,421)	(36,871,390)
Net cash used in operating activities	(9,015,364)	(13,759,538)
Cash flows from investing activities		
Purchases of investments	(129,246,751)	(115,922,900)
Sales and maturities of investments	138,454,011	126,579,939
Net cash provided by investing activities	9,207,260	10,657,039
Cash flows from financing activities		
Permanently restricted contributions	105,201	6,044
Investment return restricted for investment in endowment corpus	17,068	15,975
Net cash provided by financing activities	122,269	22,019
Net change in cash and cash equivalents	314,165	(3,080,480)
Cash and cash equivalents, beginning of year	1,153,843	4,234,323
Cash and cash equivalents, end of year	\$ 1,468,008	\$ 1,153,843
Supplemental data		
Donated securities	\$ —	\$ 244,372
Cash paid for income taxes	\$ 600	\$ 995