



**Alaska Public Telecommunications,
Inc. dba Alaska Public Media**

Financial Statements, Supplementary
Information, and State Single Audit Reports
Years Ended June 30, 2016 and 2015

(With Independent Auditor's Report Thereon)

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dba Alaska Public Media**

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**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

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Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Board of Directors
Alaska Public Telecommunications, Inc. dba Alaska Public Media
Anchorage, Alaska

Report on the Financial Statements

We have audited the accompanying financial statements of Alaska Public Telecommunications, Inc. dba Alaska Public Media (the Corporation) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Public Telecommunications, Inc. dba Alaska Public Media as of June 30, 2016 and 2015, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of State Financial Assistance, as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, and the supplementary information on pages 20 and 21, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 28, 2016

Financial Statements

Alaska Public Telecommunications, Inc.
dba Alaska Public Media
Statements of Financial Position

<i>June 30,</i>	2016	2015
Assets		
Current Assets		
Cash and cash equivalents:		
Unrestricted	\$ 1,817,805	\$ 1,626,591
Temporarily restricted	224,885	238,295
Total cash and cash equivalents	2,042,690	1,864,886
Accounts and pledges receivable, net	202,839	139,958
Prepaid expenses	177,894	198,045
Total Current Assets	2,423,423	2,202,889
Investments	1,159,424	1,137,575
Beneficial interest in APTI Designated Endowment Fund	75,685	67,039
Investment in transmission facilities	268,590	276,688
Receivables from member networks - long term	39,360	46,327
Property and equipment, net	2,009,491	2,446,134
Total Assets	\$ 5,975,973	\$ 6,176,652
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 152,403	\$ 91,749
Accrued payroll and related taxes	253,919	202,939
Deferred revenue	224,885	238,295
Total Liabilities	631,207	532,983
Commitments and Contingencies (note 13)		
Net Assets		
Unrestricted:		
Designated for investment in property and equipment, net of related debt	2,009,491	2,446,134
Designated for APTI Designated Endowment Fund	75,685	67,039
Undesignated	3,259,590	3,130,496
Total Net Assets	5,344,766	5,643,669
Total Liabilities and Net Assets	\$ 5,975,973	\$ 6,176,652

See accompanying notes to financial statements.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Statements of Activities

<i>Years Ended June 30,</i>	Unrestricted	
	2016	2015
Public Support and Revenues		
Operations:		
Sustaining memberships	\$ 2,111,450	\$ 2,037,389
Program sponsorships	1,076,608	1,180,954
CPB grants	1,030,944	1,058,737
State operating grants	431,419	553,230
APRN station dues	374,727	433,310
In-kind contributions	181,604	195,856
Auction and special events	86,182	162,902
Tower rental revenue	91,593	89,167
Other grants	79,500	72,245
Gains on investment	28,710	11,576
Other income	178,543	138,430
Total operations	5,671,280	5,933,796
Capital grants	141,206	177,990
Total Public Support and Revenues	5,812,486	6,111,786
Expenses		
Program services:		
Programming and production	2,220,456	2,008,369
Broadcasting and engineering	1,419,836	1,514,418
Support services:		
Development and fundraising	1,063,690	1,308,194
Administration	907,291	970,449
Total Expenses Before Depreciation	5,611,273	5,801,430
Change in Net Assets before Depreciation and Loss on Investment in Transmission Facilities	201,213	310,356
Other Changes in Net Assets		
Depreciation expense	(443,855)	(468,236)
Loss on investment in transmission facilities	(56,261)	(29,305)
Change in Net Assets	(298,903)	(187,185)
Net Assets, beginning of year	5,643,669	5,830,854
Net Assets, end of year	\$ 5,344,766	\$ 5,643,669

See accompanying notes to financial statements.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Statement of Functional Expenses - FY16

<i>Year Ended June 30, 2016</i>	Program Services		Support Services		Totals
	Programming and Production	Broadcasting and Engineering	Development and Fundraising	Administration	
Salaries, wages and employee benefits	\$ 1,221,956	\$ 590,266	\$ 687,913	\$ 460,233	\$ 2,960,368
Program acquisitions	825,711	-	-	-	825,711
Utilities	8,636	405,419	950	62,842	477,847
Purchased services	75,391	2,568	48,761	104,890	231,610
Maintenance	153	205,298	24,290	18,424	248,165
Donated services and in-kind expenses	-	181,604	10,729	-	192,333
Promotion and advertising	374	273	131,205	74,403	206,255
Supplies and minor equipment	2,936	777	1,989	9,234	14,936
Dues and subscriptions	31,348	3,955	29,318	6,763	71,384
Travel and training	28,006	19,796	10,805	18,595	77,202
Property rent/lease	245	-	1,847	67,244	69,336
Shipping and postage	217	2,098	9,266	7,833	19,414
Public and employee relations	4,381	-	6,466	8,595	19,442
Equipment and furniture	2,115	7,782	1,715	1,133	12,745
Printing	87	-	30,977	939	32,003
Bad debt	18,900	-	(221)	-	18,679
Taxes, insurance and other	-	-	67,680	66,163	133,843
Total expenses before depreciation	2,220,456	1,419,836	1,063,690	907,291	5,611,273
Depreciation	-	276,136	-	167,719	443,855
Total Expenses	\$ 2,220,456	\$ 1,695,972	\$ 1,063,690	\$ 1,075,010	\$ 6,055,128

See accompanying notes to financial statements.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Statement of Functional Expenses - FY15

<i>Year Ended June 30, 2015</i>	Program Services		Support Services		Totals
	Programming and Production	Broadcasting and Engineering	Development and Fundraising	Administration	
Salaries, wages and employee benefits	\$ 1,071,018	\$ 650,452	\$ 838,373	\$ 594,677	\$ 3,154,520
Program acquisitions	796,995	-	-	-	796,995
Utilities	7,545	398,592	1,203	63,363	470,703
Purchased services	53,455	6,610	78,740	88,907	227,712
Maintenance	510	205,564	21,396	18,003	245,473
Donated services and in-kind expenses	-	195,856	19,394	-	215,250
Promotion and advertising	11,324	994	151,114	1,175	164,607
Supplies and minor equipment	3,848	1,176	1,621	13,195	19,840
Dues and subscriptions	31,650	4,619	24,342	8,392	69,003
Travel and training	23,321	26,219	28,625	5,910	84,075
Property rent/lease	245	-	16,381	65,994	82,620
Shipping and postage	34	1,056	17,336	9,013	27,439
Public and employee relations	6,143	476	10,906	14,425	31,950
Equipment and furniture	-	22,804	519	6,308	29,631
Printing	226	-	41,078	4,917	46,221
Interest	-	-	-	3,279	3,279
Bad debt	-	-	2,418	-	2,418
Taxes, insurance and other	2,055	-	54,748	72,891	129,694
Total expenses before depreciation	2,008,369	1,514,418	1,308,194	970,449	5,801,430
Depreciation	-	300,996	21	167,219	468,236
Total Expenses	\$ 2,008,369	\$ 1,815,414	\$ 1,308,215	\$ 1,137,668	\$ 6,269,666

See accompanying notes to financial statements.

Alaska Public Telecommunications, Inc.
dba Alaska Public Media
Statements of Cash Flows

<i>Years Ended June 30,</i>	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (298,903)	\$ (187,185)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on investments	(10,993)	1,868
Depreciation expense	443,855	468,236
Bad debt expense	18,679	2,418
Loss on investment in transmission facilities:	56,261	29,305
Capital grants received	(141,206)	(177,990)
Changes in operating assets and liabilities		
Accounts and pledges receivable, net	(74,593)	86,039
Prepaid expenses	20,151	(45,830)
Accounts payable	60,654	7,692
Accrued payroll and related taxes	50,980	18,975
Accrued interest payable	-	(2,342)
Deferred revenue	(13,410)	(84,891)
Net cash from operating activities	111,475	116,295
Cash Flows for Investing Activities		
Purchase of property and equipment	(7,212)	(110,671)
Purchase of investments	(345,193)	198,104
Sale of investments	334,337	(204,833)
Distributions from (contributions to)		
APTI Designated Endowment Fund	(8,646)	1,577
Investment in transmission facilities	(48,163)	(56,367)
Net cash for investing activities	(74,877)	(172,190)
Cash Flows from Financing Activities		
Payments on long-term debt	-	(133,843)
Capital grants received	141,206	177,990
Net cash from financing activities	141,206	44,147
Net Increase (Decrease) in Cash and Cash Equivalents	177,804	(11,748)
Cash and Cash Equivalents, beginning of year	1,864,886	1,876,634
Cash and Cash Equivalents, end of year	\$ 2,042,690	\$ 1,864,886
Supplemental Disclosures - interest paid	\$ -	\$ 3,279

See accompanying notes to financial statements.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Alaska Public Telecommunications, Inc. dba Alaska Public Media (the Corporation) is a nonprofit corporation organized to provide educational television and radio broadcasting in the State of Alaska. The Corporation is licensed to operate television station KAKM, channel 7, and radio station KSKA, FM 91.1 in Anchorage, Alaska. The Corporation also operates the Alaska Public Radio Network (APRN) which provides Alaska news programming to all of the public radio stations in the state.

Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Corporation applies the financial statement presentation requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Estimates and Assumptions

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts and Pledges Receivable

Receivables are stated at the amount management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year, and writes off all balances that are considered uncollectible.

Investments

Investments in marketable securities with readily determinable fair values are reported at fair value based on quoted market prices for identical securities in active markets. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statements of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

Investment in Transmission Facilities

The corporation uses the equity method to account for all its investments in transmission facilities.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

Investment in Transmission Facilities

The corporation uses the equity method to account for all its investments in transmission facilities.

Property and Equipment

Fixed assets are recorded at cost or, in the case of donated property, at their estimated fair value as of the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to thirty-five years.

Estimated useful lives are as follows:

Buildings and improvements	5 - 35 years
Equipment	3 - 20 years
Furniture and fixtures	3 - 10 years

Property acquired under capital leases is capitalized at the net present value of the lease including any bargain purchase option. Assets are amortized over the life of similar purchased assets.

Property purchased with certain grant funds will revert to the funding agency if the Corporation is dissolved or the property is declared a surplus. Proceeds for the sale of assets originally purchased with state or federal grant funds may be required to be returned to the granting agency.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

Public Support and Revenue Recognition

Grant and service contract revenues are recognized in proportion to the extent of authorized costs incurred. Grant and service contract awards in excess of recognized revenues are reflected as deferred revenue in the statement of financial position.

Contributions, including pledges, from the general public are recognized as public support when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or only restricted contributions based on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

In-kind contributions consist of donated materials and services recorded as revenue and expense at their estimated fair market value when received.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Corporation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Corporation has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Corporation's federal and state income tax returns for fiscal years ended 2013, 2014 and 2015 are subject to examination by federal, state and local taxing authorities, generally for three years after they are filed.

Subsequent Events

The Corporation has evaluated subsequent events through November 28, 2016, the date on which the financial statements were available to be issued.

2. Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of bank balances that at times exceed federally insured limits. At June 30, 2016 and 2015, the Corporation's uninsured cash balances totaled approximately \$1,098,897 and \$891,325, respectively. Management believes it is not exposed to any significant credit risk on its balances.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

3. Receivables

At June 30, 2016 and 2015, accounts receivable consist of the following:

	2016	2015
Sponsorships (underwriting)	\$ 192,037	\$ 135,015
Contributions (pledges)	12,768	8,346
Grants receivable	1,216	-
	206,021	143,361
Less allowance for doubtful accounts	(3,182)	(3,403)
Accounts and pledges receivable, net	202,839	139,958
Receivable from member networks - long term	39,360	46,327
Total Receivables	\$ 242,199	\$ 186,285

The pledged contributions are due within one year.

4. Investments

Investments consist of the following at June 30, 2016 and 2015:

<i>June 30, 2016</i>	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investments at fair value:				
Money market funds	\$ 67,826	\$ -	\$ -	\$ 67,826
Exchange-traded funds	1,032,313	85,004	25,719	1,091,598
Total Investments	\$ 1,100,139	\$ 85,004	\$ 25,719	\$ 1,159,424

<i>June 30, 2015</i>	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investments at fair value:				
Money market funds	\$ 68,329	\$ -	\$ -	\$ 68,329
Exchange-traded funds	996,368	72,878	-	1,069,246
Total Investments	\$ 1,064,697	\$ 72,878	\$ -	\$ 1,137,575

The fair value of the money market and exchange traded funds is based on quoted market prices in active markets (Level 1 inputs).

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

The investments (all level 1 measurements) are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Gains on investment are comprised of the following at June 30:

<i>June 30,</i>		2016		2015
Interest and dividends	\$	25,140	\$	20,282
Realized gains		6,861		6,715
Change in unrealized gains (losses)		4,132		(8,583)
Management fees		(7,423)		(6,838)
Gains on Investment, net	\$	28,710	\$	11,576

5. Beneficial Interest in APTI Designated Endowment Fund

The Corporation established a board designated endowment fund with the Alaska Community Foundation (Foundation) known as the APTI Designated Endowment Fund (the Fund). The assets of the Fund are held and owned by the Foundation in its corporate capacity and are not deemed to be held by the Foundation as trustee of a separate trust for the Fund. The assets of the Fund may be co-mingled with other Foundation property for investment purposes. The Foundation shall distribute not less than annually an appropriate percentage of the fair market value of the unrestricted portion of the Fund to the Corporation to be used as the Corporation's Board of Directors deem necessary.

Upon written request, the Corporation's Board of Directors can indicate that it deems it in the best interest of the Corporation to distribute the Fund in total to the Corporation. Such a request will be subject to any restrictions placed on the gifted assets in the Fund as described in the advice of instruction documents from the contributors.

Investments are stated at fair value and realized and unrealized gains and losses are recorded in the statements of activities. The balance of the Endowment Fund was \$75,685 and \$67,039 at June 30, 2016 and 2015, respectively.

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**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

6. Investment in Transmission Facilities

Investment in Transmission Tower

The Corporation is a partner and has an ownership interest (34%) in Goose Bay Joint Venture. Goose Bay Joint Venture was formed for operating and maintaining a transmission tower. Summarized financial statements for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Current assets	\$ 47,480	\$ 82,268
Long-term assets	281,579	345,301
Total Assets	\$ 329,059	\$ 427,569
Current liabilities	\$ 14,060	\$ 10,000
Equity	314,999	417,569
Total Liabilities and Equity	\$ 329,059	\$ 427,569
Revenues	\$ 59,125	\$ 64,444
Expenses	(224,599)	(150,636)
Net Loss	\$ (165,474)	\$ (150,636)
APTI's Allocable Share of Net Loss	\$ (56,261)	\$ (29,305)

Investment in Anchorage Broadcast Television Consortium, Inc. (ABTC)

The Corporation purchased 5,000 shares of stock in a corporation formed for the purpose of purchasing, maintaining, and operating antennas and related equipment in order to transmit and provide television broadcast services to the Kenai and Soldotna communities. The investment recorded at cost was \$10,294 at June 30, 2016 and 2015, respectively. The Corporation paid user fees of \$24,184 to ABTC during the years ended June 30, 2016 and 2015, respectively.

The following details the investment activity:

		Goose Bay Joint Venture	ABTC	Total
<i>Year Ended June 30, 2016</i>				
Carrying value of investment, July 1, 2015	\$ 266,394	\$ 10,294		\$ 276,688
Investment in transmission facilities	48,163	-		48,163
Loss on investment in transmission facilities	(56,261)	-		(56,261)
Total Investment In Transmission Facilities	\$ 258,296	\$ 10,294		\$ 268,590

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

<i>Year Ended June 30, 2015</i>	Goose Bay Joint Venture	ABTC	Total
Carrying value of investment, July 1, 2014	\$ 239,332	\$ 10,294	\$ 249,626
Investment in transmission facilities	56,367	-	56,367
Loss on investment in transmission facilities	(29,305)	-	(29,305)
Total Investment In Transmission Facilities	\$ 266,394	\$ 10,294	\$ 276,688

7. Property and Equipment

At June 30, 2016 and 2015, property and equipment consist of the following:

	2016	2015
Building	\$ 5,447,101	\$ 5,447,101
Equipment	5,005,983	4,998,770
Furniture and fixtures	132,892	132,893
Land	15,716	15,716
	10,601,692	10,594,480
Less accumulated depreciation	(8,592,201)	(8,148,346)
Total Property And Equipment, net	\$ 2,009,491	\$ 2,446,134

For the years ended June 30, 2016 and 2015, depreciation expense was \$443,855 and \$468,236, respectively.

8. Accrued Payroll and Related Taxes

At June 30, 2016 and 2015, accrued payroll and related taxes consist of the following:

	2016	2015
Accrued payroll and related taxes	\$ 103,166	\$ 66,896
Accrued vacation	150,753	136,043
Total Accrued Payroll and Related Taxes	\$ 253,919	\$ 202,939

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

9. Deferred Revenue

At June 30, 2016 and 2015, deferred revenue consists of the following:

	2016	2015
Sponsorships	\$ 149,127	\$ 131,629
Grants	24,071	50,935
Other	51,687	55,731
Total Deferred Revenue	\$ 224,885	\$ 238,295

10. Line of Credit

As of June 30, 2015, the Corporation had an available line of credit with the financial institution in the amount of \$370,000. The line had expired and was not renewed by June 30, 2016. As of June 30, 2016 and 2015, there was no outstanding balances on a line of credit. Additionally, the Corporation made no withdrawals during the year.

11. Operating Lease Commitments

Headquarters

The Corporation is obligated under a long-term land lease for the site of its headquarters building. Lease payments are based upon the fair market value of the land. Currently, this land has a minimum annual rent payment of \$37,244 and expires in the year 2058.

Goose Bay Tower Site

The Corporation also leases the tower site at Goose Bay from the University of Alaska. That lease terminates on December 31, 2037. The lease commitments per year are as follows:

Year Ending June 30,

2017	\$	30,000
2018		30,000
2019		30,000
2020		32,500
2021		32,500
Thereafter		580,000
	\$	735,000

The Corporation had sublease revenue of \$91,593 and \$89,167 during June 30, 2016 and 2015, respectively.

Rental expense under all operating leases was \$69,336 and \$82,620 for the years ended June 30, 2016 and 2015, respectively.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Notes to Financial Statements

12. Pension Plan

The Corporation participates in a defined contribution pension plan. At the discretion of the Board of Directors, the Corporation may make contributions to the plan. Contributions are based on a percentage of the employee's annual salary. Contributions for the years ended June 30, 2016 and 2015 were \$41,929 and \$45,750, respectively.

13. Services and Programming Agreement

Effective July 1, 2012, the Corporation signed an agreement with Capital Community Broadcasting, Inc. (KTOO) and Bethel Broadcasting, Inc. (KYUK), collectively "the Parties", to work together for the purpose of unifying public television in Alaska. The Corporation will provide certain master control, operational, fundraising and back-office services to the Parties. The costs of these services are to be shared by all the Parties based on an annual budget.

14. Commitments and Contingencies

Expenses pursuant to grants are subject to audits by governmental and private agencies or their representatives. Amounts reflected in the financial statements and expenses in prior periods have generally not been audited by the grantor agencies. Accordingly, adjustments of amounts received under grants could result if the grants are audited by such agencies.

Management believes that no significant liability will result from the foregoing matter and, accordingly, no liability for amounts, if any, that may be payable has been recorded in the accompanying financial statements.

In the event that the Goose Bay Joint Venture partnership were to cease operations, the Corporation could be liable for certain liabilities and expenses belonging to the partnership at that time.

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Supplementary Information

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Schedule of Public Support and Grant Revenues

	Unrestricted and Temporarily Restricted Grants and Support						
	Temporarily Restricted Support			Unrestricted Grants and Support			
	Balance June 30, 2015	Support Received FY 2016	Support Released From Restriction FY 2016	Balance June 30, 2016	Temporary Restricted Support Released in FY2016	Unrestricted Support Received in FY 2016	Total Grants and Support for FY 2016
<i>Year Ended June 30, 2016</i>							
Purpose and Source							
<i>For Operations:</i>							
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,176,044	\$ 2,176,044
Corporations	-	-	-	-	-	3,063,817	3,063,817
Government	-	-	-	-	-	431,419	431,419
	-	-	-	-	-	5,671,280	5,671,280
For Capital - Government	-	-	-	-	-	141,206	141,206
Total Public Support and Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,812,486	\$ 5,812,486

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

Schedule of Functional Expenses

<i>Year Ended June 30, 2016</i>	Program Services			Support Services			Total
	Programming and Production	Broad- casting and Engineering	Total	Develop- ment and Fundraising	Admin- istration	Total	
Personnel and Related							
Salaries, wages and employee benefits	\$ 1,221,956	\$ 590,266	\$ 1,812,222	\$ 687,913	\$ 460,233	\$ 1,148,146	\$ 2,960,368
Program Support							
Supplies and minor equipment	2,936	777	3,713	1,989	9,234	11,223	14,936
Program acquisitions	825,711	-	825,711	-	-	-	825,711
Dues and subscriptions	31,348	3,955	35,303	29,318	6,763	36,081	71,384
Donated services and in-kind expenses	-	181,604	181,604	10,729	-	10,729	192,333
Purchased services	75,391	2,568	77,959	48,761	104,890	153,651	231,610
Equipment maintenance	153	-	153	299	-	299	452
Total Program Support	935,539	188,904	1,124,443	91,096	120,887	211,983	1,336,426
Marketing and Advertising							
Printing	87	-	87	30,977	939	31,916	32,003
Bad debt	18,900	-	18,900	(221)	-	(221)	18,679
Promotion and advertising	374	273	647	131,205	74,403	205,608	206,255
Total Marketing and Advertising	19,361	273	19,634	161,961	75,342	237,303	256,937
Administration and General							
Public and employee relations	4,381	-	4,381	6,466	8,595	15,061	19,442
Shipping and postage	217	2,098	2,315	9,266	7,833	17,099	19,414
Equipment and furniture	2,115	7,782	9,897	1,715	1,133	2,848	12,745
Taxes, insurance and other	-	-	-	67,680	66,163	133,843	133,843
Travel and training	28,006	19,796	47,802	10,805	18,595	29,400	77,202
Total Administration and General	34,719	29,676	64,395	95,932	102,319	198,251	262,646
Occupancy							
Property rent / lease	245	-	245	1,847	67,244	69,091	69,336
Building utilities	8,636	405,419	414,055	950	62,842	63,792	477,847
Maintenance	-	205,298	205,298	23,991	18,424	42,415	247,713
Total Occupancy	8,881	610,717	619,598	26,788	148,510	175,298	794,896
Total Expense Before Depreciation	2,220,456	1,419,836	3,640,292	1,063,690	907,291	1,970,981	5,611,273
Depreciation	-	276,136	276,136	-	167,719	167,719	443,855
Total Expenses	\$ 2,220,456	\$ 1,695,972	\$ 3,916,428	\$ 1,063,690	\$ 1,075,010	\$ 2,138,700	\$ 6,055,128

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

**Schedule of State Financial Assistance
Year Ended June 30, 2016**

State Grantor/Pass Through Grantor/Program Title	Grant Number	Period of Award	Award Amount	State Expend- itures
Department of Commerce, Community and Economic Development				
*Public Affairs Programming	15-DC-186	7/1/14 - 6/30/19	\$ 400,000	\$ 141,206
Department of Administration				
*Alaska Public Broadcasting Commission	0216907	7/1/15 - 6/30/16	108,719	108,719
*Alaska Public Broadcasting Commission	0216905	7/1/15 - 6/30/16	322,700	322,700
Total Department of Administration				<u>431,419</u>
Total State Financial Assistance				<u>\$ 572,625</u>

* Denotes a major program.

Note 1. Basis of Presentation

The accompanying schedule of state financial assistance (the "Schedule") includes the state grant activity of Alaska Public Telecommunications, Inc. under programs of the state government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedule presents only a selected portion of the operations of Alaska Public Telecommunications, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Alaska Public Telecommunications, Inc. Expenditures reported on the schedule are reported on the full accrual basis of accounting.

Single Audit Reports



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Alaska Public Telecommunications, Inc. dba Alaska Public Media
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alaska Public Telecommunications, Inc. dba Alaska Public Media, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alaska Public Telecommunications, Inc. dba Alaska Public Media's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alaska Public Telecommunications, Inc. dba Alaska Public Media's internal control. Accordingly, we do not express an opinion on the effectiveness of Alaska Public Telecommunications, Inc. dba Alaska Public Media's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alaska Public Telecommunications, Inc. dba Alaska Public Media's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
November 28, 2016



Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*

Board of Directors
Alaska Public Telecommunications, Inc. dba Alaska Public Media
Anchorage, Alaska

Report on Compliance for Each Major State Program

We have audited Alaska Public Telecommunications, Inc. dba Alaska Public Media's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of Alaska Public Telecommunications, Inc. dba Alaska Public Media's major state programs for the year ended June 30, 2016. Alaska Public Telecommunications, Inc. dba Alaska Public Media's major state programs are identified in the accompanying Schedule of State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alaska Public Telecommunications, Inc. dba Alaska Public Media's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Alaska Public Telecommunications, Inc. dba Alaska Public Media's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However our audit does not provide a legal determination of Alaska Public Telecommunications, Inc. dba Alaska Public Media's compliance.

Opinion on Each Major State Program

In our opinion, Alaska Public Telecommunications, Inc. dba Alaska Public Media complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Alaska Public Telecommunications, Inc. dba Alaska Public Media is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alaska Public Telecommunications, Inc. dba Alaska Public Media's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alaska Public Telecommunications, Inc. dba Alaska Public Media's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

Anchorage, Alaska
November 28, 2016

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

State Financial Assistance

Type of auditor's report issued on compliance for major programs:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> (none reported)
Dollar threshold used to distinguish a state major program:		\$ 50,000

**Section II - Financial Statement Findings Required to be Reported in Accordance with
*Government Auditing Standards***

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Award Findings and Questioned Costs

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016**

There were no prior year findings.

**Alaska Public Telecommunications, Inc.
dba Alaska Public Media**

**Corrective Action Plan
Year Ended June 30, 2016**

There were no current year findings; therefore, no corrective action plan is required.