



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

**Financial Statements and Supplementary
Information**

Years Ended June 30, 2018 and 2017

(With Independent Auditor's Report Thereon)

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

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

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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, 2018 and 2017, 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. 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, 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.

BDO USA, LLP

November 9, 2018
Anchorage, Alaska

Financial Statements

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

<i>June 30,</i>	2018	2017
Assets		
Current Assets		
Cash and cash equivalents:		
Unrestricted	\$ 1,517,052	\$ 1,530,601
Temporarily restricted	254,276	213,151
Total cash and cash equivalents	1,771,328	1,743,752
Accounts and pledges receivable, net	156,686	209,599
Prepaid expenses	301,677	221,062
Total Current Assets	2,229,691	2,174,413
Investments	1,322,540	1,249,585
Beneficial interest in APTI Designated Endowment Fund	130,706	103,571
Investment in transmission facilities	305,617	286,903
Receivables from member networks - long term	5,000	26,433
Property and equipment, net	1,809,989	1,966,013
Total Assets	\$ 5,803,543	\$ 5,806,918
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 184,398	\$ 242,681
Accrued payroll and related taxes	204,821	237,782
Deferred revenue	254,276	213,151
Total Liabilities	643,495	693,614
Commitments and Contingencies (note 14)		
Net Assets		
Unrestricted:		
Designated for investment in property and equipment	1,809,989	1,966,013
Designated for APTI Designated Endowment Fund	130,706	103,571
Undesignated	3,219,353	3,043,720
Total Net Assets	5,160,048	5,113,304
Total Liabilities and Net Assets	\$ 5,803,543	\$ 5,806,918

See accompanying notes to financial statements.

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

Statements of Activities

<i>Years Ended June 30,</i>	Unrestricted	
	2018	2017
Public Support and Revenues		
Operations:		
Sustaining memberships	\$ 2,437,385	\$ 2,311,944
Program sponsorships	1,012,932	974,779
CPB grants	1,105,798	1,077,558
State operating grants	399,974	400,723
APRN station dues	108,250	117,625
In-kind contributions	176,690	176,780
Auction and special events	9,300	20,314
Tower rental revenue	64,163	58,436
Other grants	148,674	69,071
Gains on investment	93,864	107,149
Other income	275,635	209,726
Total operations	5,832,665	5,524,105
Capital grants	32,565	91,808
Total Public Support and Revenues	5,865,230	5,615,913
Expenses		
Program services:		
Programming and production	2,026,595	2,057,681
Broadcasting and engineering	1,357,444	1,387,467
Support services:		
Development and fundraising	1,024,771	967,660
Administration	969,843	965,693
Total Expenses Before Depreciation	5,378,653	5,378,501
Change in Net Assets before Depreciation and Loss on Investment in Transmission Facilities	486,577	237,412
Other Changes in Net Assets		
Depreciation expense	406,804	430,077
Loss on investment in transmission facilities	33,029	38,797
Change in Net Assets	46,744	(231,462)
Net Assets, beginning of year	5,113,304	5,344,766
Net Assets, end of year	\$ 5,160,048	\$ 5,113,304

See accompanying notes to financial statements.

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

Statement of Functional Expenses - FY18

<i>Year Ended June 30, 2018</i>	Program Services		Support Services		Totals
	Programming and Production	Broadcasting and Engineering	Development and Fundraising	Administration	
Salaries, wages and employee benefits	\$ 1,130,427	\$ 532,531	\$ 651,708	\$ 553,582	\$ 2,868,248
Program acquisitions	672,211	-	-	-	672,211
Utilities	5,854	415,780	500	62,418	484,552
Purchased services	95,863	106	40,727	126,106	262,802
Maintenance	-	190,017	13,502	17,460	220,979
Donated services and in-kind expenses	-	176,690	31,035	-	207,725
Promotion and advertising	7,490	932	87,584	1,099	97,105
Travel and training	35,593	15,784	29,249	29,481	110,107
Dues and subscriptions	35,203	4,964	24,925	21,739	86,831
Property rent/lease	-	-	570	67,244	67,814
Printing	238	-	34,504	1,347	36,089
Shipping and postage	57	3,557	13,127	9,374	26,115
Supplies and minor equipment	16,076	1,328	2,036	13,219	32,659
Public and employee relations	3,453	-	21,371	15,370	40,194
Equipment and furniture	2,197	15,755	1,075	2,554	21,581
Bad debt	21,933	-	-	-	21,933
Taxes, insurance and other	-	-	72,858	48,850	121,708
Total expenses before depreciation	2,026,595	1,357,444	1,024,771	969,843	5,378,653
Depreciation	-	242,373	-	164,431	406,804
Total Expenses	\$ 2,026,595	\$ 1,599,817	\$ 1,024,771	\$ 1,134,274	\$ 5,785,457

See accompanying notes to financial statements.

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

Statement of Functional Expenses - FY17

<i>Year Ended June 30, 2017</i>	Program Services		Support Services		Totals
	Programming and Production	Broadcasting and Engineering	Development and Fundraising	Administration	
Salaries, wages and employee benefits	\$ 1,142,567	\$ 555,200	\$ 631,043	\$ 553,277	\$ 2,882,087
Program acquisitions	714,196	-	1,758	-	715,954
Utilities	8,599	424,681	850	65,714	499,844
Purchased services	117,710	476	26,891	111,358	256,435
Maintenance	106	206,998	12,822	21,823	241,749
Donated services and in-kind expenses	-	176,780	25,348	-	202,128
Promotion and advertising	1,016	-	106,867	108	107,991
Travel and training	32,962	12,336	12,419	32,788	90,505
Dues and subscriptions	28,841	4,878	30,402	18,411	82,532
Property rent/lease	1,265	-	-	67,244	68,509
Printing	677	-	26,979	870	28,526
Shipping and postage	127	2,276	9,981	8,215	20,599
Supplies and minor equipment	6,503	751	1,936	10,573	19,763
Public and employee relations	2,485	-	9,103	6,350	17,938
Equipment and furniture	627	3,091	-	1,922	5,640
Bad debt	-	-	945	-	945
Taxes, insurance and other	-	-	70,316	67,040	137,356
Total expenses before depreciation	2,057,681	1,387,467	967,660	965,693	5,378,501
Depreciation	-	264,002	-	166,075	430,077
Total Expenses	\$ 2,057,681	\$ 1,651,469	\$ 967,660	\$ 1,131,768	\$ 5,808,578

See accompanying notes to financial statements.

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

<i>Years Ended June 30,</i>	2018	2017
Cash Flows from Operating Activities		
Change in net assets	\$ 46,744	\$ (231,462)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on investments	(96,352)	(88,277)
Gain on beneficial interest in APTI Designated Endowment Fund	(27,135)	(27,886)
Depreciation expense	406,804	430,077
Bad debt expense	21,933	945
Loss on investment in transmission facilities	33,029	38,797
Capital grants received	(32,565)	(91,808)
Changes in operating assets and liabilities		
Accounts and pledges receivable, net	52,413	5,222
Prepaid expenses	(80,615)	(43,168)
Accounts payable	(58,283)	90,278
Accrued payroll and related taxes	(32,961)	(16,137)
Deferred revenue	41,125	(11,734)
Net cash from operating activities	274,137	54,847
Cash Flows for Investing Activities		
Purchase of property and equipment	(250,780)	(386,599)
Purchase of investments	(83,686)	(116,064)
Sale of investments	107,083	114,180
Investment in transmission facilities	(51,743)	(57,110)
Net cash for investing activities	(279,126)	(445,593)
Cash Flows from Financing Activities		
Capital grants received	32,565	91,808
Net cash from financing activities	32,565	91,808
Net Increase (Decrease) in Cash and Cash Equivalents	27,576	(298,938)
Cash and Cash Equivalents, beginning of year	1,743,752	2,042,690
Cash and Cash Equivalents, end of year	\$ 1,771,328	\$ 1,743,752

See accompanying notes to financial statements.

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

**Notes to Financial Statements
Years Ended June 30, 2018 and 2017**

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 cost or equity methods 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.

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 are subject to examination by federal, state and local taxing authorities, generally for three years after they are filed.

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations and net assets that are subject to donor imposed stipulations but those stipulations are met within the fiscal year.

Subsequent Events

The Corporation has evaluated subsequent events through November 9, 2018, the date on which the financial statements were available to be issued.

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

Notes to Financial Statements

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, 2018 and 2017, the Corporation's uninsured cash balances totaled approximately \$1,207,279 and \$1,172,410 respectively. Management believes it is not exposed to any significant credit risk on its balances.

3. Receivables

At June 30, 2018 and 2017, accounts receivable consist of the following:

	2018	2017
Sponsorships (underwriting)	\$ 146,866	\$ 203,735
Contributions (pledges)	13,540	7,715
Grants receivable	-	1,216
	160,406	212,666
Less allowance for doubtful accounts	(3,721)	(3,067)
Accounts and pledges receivable, net	156,685	209,599
Receivable from member networks - long term	5,000	26,433
Total Receivables	\$ 161,685	\$ 236,032

The pledged contributions are due within one year.

4. Investments

Investments consist of the following at June 30, 2018 and 2017:

<i>June 30, 2018</i>	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investments at fair value:				
Money market funds	\$ 31,789	\$ -	\$ -	\$ 31,789
Exchange-traded funds	1,133,048	171,228	13,525	1,290,751
Total Investments	\$ 1,164,837	\$ 171,228	\$ 13,525	\$ 1,322,540
<i>June 30, 2017</i>	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investments at fair value:				
Money market funds	\$ 25,586	\$ -	\$ -	\$ 25,586
Exchange-traded funds	1,094,845	138,189	9,035	1,223,999
Total Investments	\$ 1,120,431	\$ 138,189	\$ 9,035	\$ 1,249,585

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

Notes to Financial Statements

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

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>	2018	2017
Interest and dividends	\$ 5,330	\$ 26,064
Realized gains	38,628	1,536
Change in unrealized gains (losses)	57,724	86,741
Management fees	(7,818)	(7,192)
Gains on Investment, net	\$ 93,864	\$ 107,149

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 \$130,706 and \$103,571 at June 30, 2018 and 2017, 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, 2018 and 2017 are as follows:

	(Unaudited)	
	2018	2017
Current assets	\$ 181,450	\$ 112,184
Long-term assets	218,886	245,428
Total Assets	\$ 400,336	\$ 357,612
Current liabilities	\$ 10,000	\$ 10,000
Equity	390,336	347,612
Total Liabilities and Equity	\$ 400,336	\$ 357,612
Revenues	\$ 77,273	\$ 70,436
Expenses	(174,417)	(184,544)
Net Loss	\$ (97,144)	\$ (114,108)
APTI's Allocable Share of Net Loss	\$ (33,029)	\$ (38,797)

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, 2018 and 2017, respectively. The Corporation paid user fees of \$24,184 to ABTC during the years ended June 30, 2018 and 2017.

The following details the investment activity:

	Goose Bay Joint Venture	ABTC	Total
<i>Year Ended June 30, 2018</i>			
Carrying value of investment, July 1, 2017	\$ 276,609	\$ 10,294	\$ 286,903
Investment in transmission facilities	51,743	-	51,743
Loss on investment in transmission facilities	(33,029)	-	(33,029)
Total Investment In Transmission Facilities	\$ 295,323	\$ 10,294	\$ 305,617

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

Notes to Financial Statements

<i>Year Ended June 30, 2017</i>	Goose Bay Joint Venture	ABTC	Total
Carrying value of investment, July 1, 2016	\$ 258,296	\$ 10,294	\$ 268,590
Investment in transmission facilities	57,110	-	57,110
Loss on investment in transmission facilities	(38,797)	-	(38,797)
Total Investment In Transmission Facilities	\$ 276,609	\$ 10,294	\$ 286,903

7. Property and Equipment

At June 30, 2018 and 2017, property and equipment consist of the following:

	2018	2017
Buildings and improvements	\$ 5,498,328	\$ 5,447,101
Equipment	5,592,133	5,392,580
Furniture and fixtures	132,893	132,893
Land	15,716	15,716
	11,239,070	10,988,290
Less accumulated depreciation	(9,429,081)	(9,022,277)
Total Property And Equipment, net	\$ 1,809,989	\$ 1,966,013

For the years ended June 30, 2018 and 2017, depreciation expense was \$406,804 and \$430,077, respectively.

8. Accrued Payroll and Related Taxes

At June 30, 2018 and 2017, accrued payroll and related taxes consist of the following:

	2018	2017
Accrued payroll and related taxes	\$ 94,186	\$ 97,277
Accrued vacation	110,635	140,505
Total Accrued Payroll and Related Taxes	\$ 204,821	\$ 237,782

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

Notes to Financial Statements

9. Deferred Revenue

At June 30, 2018 and 2017, deferred revenue consists of the following:

	2018	2017
Sponsorships	\$ 126,992	\$ 140,504
Grants	22,167	11,914
Other	105,117	60,733
Total Deferred Revenue	\$ 254,276	\$ 213,151

10. Line of Credit

As of June 30, 2018 and 2017, the Corporation had an available line of credit with a financial institution in the amount of \$370,000 which expires April 2019. Stated interest on the line of credit is the greater of a floating rate equal to the prime rate (5% at June 30, 2017) plus 1% or the floor rate of 5%. As of June 30, 2018 and 2017, there was no outstanding balance on this 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,

2019	\$	30,000
2020		31,250
2021		32,500
2022		32,500
2023		32,500
Thereafter		511,250
	\$	670,000

The Corporation had sublease revenue of \$64,613 and \$58,436 during June 30, 2018 and 2017, respectively.

Rental expense under all operating leases was \$67,244 and \$68,509 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were \$38,707 and \$39,721, 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 provides certain master control, operational, fundraising and back-office services to the Parties. The costs of these services are shared by all the Parties based on an annual budget and are included in program and support services in the statements of activities.

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.

15. Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or 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. FASB issued ASU 2016-14 that deferred the effective date for the Foundation until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The standard also requires lessors to treat a lease as a sale

Alaska Public Telecommunications, Inc.
dba Alaska Public Media

Notes to Financial Statements

it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor doesn't convey risks and rewards or control, an operating lease results. The guidance is effective for the Center for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of their pending adoption of the new standard on their financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). ASU 2016-14 amends the current reporting model and enhances disclosures. Net assets will be reported in two categories: net assets with donor restrictions and net assets without donor restrictions, with additional disclosure of expirations of restrictions on gifts used to acquire or construct long-lived assets. If the direct method is used for the cash flow statement, the indirect method reconciliation will no longer be required to be presented. The financial statements will be required to present amounts of expenses by both their natural classification and functional classification. The standard also provides for enhanced disclosures related to board designations, appropriations, and similar actions, the composition of net assets with donor restrictions, management of liquid resources, and availability of financial assets to meet cash needs, methods used to allocate costs between functions, and additional information related to underwater endowment funds. The new standard will require the reporting of investment returns net of external and direct expenses, and no longer requires disclosure of those netted expenses. The guidance is effective for the fiscal years beginning after December 15, 2017. Management is currently evaluating the impact of their pending adoption of the new standard on their financial statements.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). ASU 2018-08 improves the scope and provides clarification for contributions received and contributions made. The update assists in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. Distinguishing between contributions and exchange transactions determines which guidance is applied. For contributions, an entity should follow the guidance in Subtopic 958-605, whereas for exchange transactions, an entity should follow other guidance. Management is currently evaluating the impact of their pending adoption of the new standard on their financial statements.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

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

We have audited the accompanying financial statements of Alaska Public Telecommunications, Inc. dba Alaska Public Media as of and for the year ended June 30, 2018, and have issued our report thereon dated November 9, 2018. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information on pages 22 and 23 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.

BDO USA, LLP

November 9, 2018
Anchorage, Alaska

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

Schedule of Public Support and Grant Revenues

Year Ended June 30, 2018	Unrestricted and Temporarily Restricted Grants and Support						
	Temporarily Restricted Support			Unrestricted Grants and Support			
	Balance June 30, 2017	Support Received FY 2018	Support Released From Restriction FY 2018	Balance June 30, 2018	Temporary Restricted Support Released in FY2018	Unrestricted Support Received in FY 2018	Total Grants and Support for FY 2018
Purpose and Source							
<i>For Operations:</i>							
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,639,019	\$ 2,639,019
Corporations	-	-	-	-	-	2,793,672	2,793,672
Government	-	-	-	-	-	399,974	399,974
	-	-	-	-	-	5,832,665	5,832,665
For Capital - Government	-	-	-	-	-	32,565	32,565
Total Public Support and Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,865,230	\$ 5,865,230

See accompanying independent auditor's report on supplementary information.

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

Schedule of Functional Expenses

<i>Year Ended June 30, 2018</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	\$ 1,130,427	\$ 532,531	\$ 1,662,958	\$ 651,708	\$ 553,582	\$ 1,205,290	\$ 2,868,248
Program Support							
Supplies and minor equipment	16,076	1,328	17,404	2,036	13,219	15,255	32,659
Program acquisitions	672,211	-	672,211	-	-	-	672,211
Dues and subscriptions	35,203	4,964	40,167	24,925	21,739	46,664	86,831
Donated services and in-kind expenses	-	176,690	176,690	31,035	-	31,035	207,725
Purchased services	95,863	106	95,969	40,727	126,106	166,833	262,802
Bad debt	21,933	-	21,933	-	-	-	21,933
Equipment maintenance	-	-	-	653	-	653	653
Total Program Support	841,286	183,088	1,024,374	99,376	161,064	260,440	1,284,814
Marketing and Advertising							
Printing	238	-	238	34,504	1,347	35,851	36,089
Promotion and advertising	7,490	932	8,422	87,584	1,099	88,683	97,105
Total Marketing and Advertising	7,728	932	8,660	122,088	2,446	124,534	133,194
Administration and General							
Public and employee relations	3,453	-	3,453	21,371	15,370	36,741	40,194
Shipping and postage	57	3,557	3,614	13,127	9,374	22,501	26,115
Equipment and furniture	2,197	15,755	17,952	1,075	2,554	3,629	21,581
Taxes, insurance and other	-	-	-	72,858	48,850	121,708	121,708
Travel and training	35,593	15,784	51,377	29,249	29,481	58,730	110,107
Total Administration and General	41,300	35,096	76,396	137,680	105,629	243,309	319,705
Occupancy							
Property rent / lease	-	-	-	570	67,244	67,814	67,814
Building utilities	5,854	415,780	421,634	500	62,418	62,918	484,552
Maintenance	-	190,017	190,017	12,849	17,460	30,309	220,326
Total Occupancy	5,854	605,797	611,651	13,919	147,122	161,041	772,692
Total Expenses Before Depreciation	2,026,595	1,357,444	3,384,039	1,024,771	969,843	1,994,614	5,378,653
Depreciation	-	242,373	242,373	-	164,431	164,431	406,804
Total Expenses	\$ 2,026,595	\$ 1,599,817	\$ 3,626,412	\$ 1,024,771	\$ 1,134,274	\$ 2,159,045	\$ 5,785,457

See accompanying independent auditor's report on supplementary information.