



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

**Financial Statements and Supplementary  
Information**

Years Ended June 30, 2019 and 2018

(With Independent Auditor's Report Thereon)

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

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Financial Statements and Supplementary Information  
Years Ended June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 22, 2019  
Anchorage, Alaska

## Financial Statements

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

<i>June 30,</i>	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents:		
Undesignated	\$ 1,501,600	\$ 1,517,052
Designated	353,338	254,276
<b>Total cash and cash equivalents</b>	<b>1,854,938</b>	<b>1,771,328</b>
Accounts and pledges receivable, net	202,452	156,686
Prepaid expenses	278,464	301,677
<b>Total Current Assets</b>	<b>2,335,854</b>	<b>2,229,691</b>
Investments	1,379,305	1,322,540
Beneficial interest in APTI Designated Endowment Fund	148,176	130,706
Investment in transmission facilities	329,861	305,617
Receivables from member networks - long term	-	5,000
Property and equipment, net	1,682,855	1,809,989
<b>Total Assets</b>	<b>\$ 5,876,051</b>	<b>\$ 5,803,543</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 97,398	\$ 184,398
Accrued payroll and related taxes	246,566	204,821
Deferred revenue	353,338	254,276
<b>Total Liabilities</b>	<b>697,302</b>	<b>643,495</b>
<b>Commitments and Contingencies (note 15)</b>		
<b>Net Assets</b>		
Without donor restriction:		
Designated for investment in property and equipment	1,682,855	1,809,989
Designated for APTI Designated Endowment Fund	148,176	130,706
Undesignated	3,347,718	3,219,353
<b>Total Net Assets</b>	<b>5,178,749</b>	<b>5,160,048</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,876,051</b>	<b>\$ 5,803,543</b>

*See accompanying notes to financial statements.*

**Alaska Public Telecommunications, Inc.**  
**dba Alaska Public Media**  
**Statements of Activities**

<i>Years Ended June 30,</i>	Unrestricted	
	2019	2018
<b>Public Support and Revenues</b>		
Operations:		
Sustaining memberships	\$ 2,855,418	\$ 2,437,385
Program sponsorships	1,026,595	1,012,932
CPB grants	1,249,905	1,105,798
State operating grants	397,035	399,974
Other grants	299,543	148,674
In-kind contributions	153,976	176,690
APRN station dues	77,500	108,250
Gains on investment	79,616	93,864
Tower rental revenue	71,611	64,163
Auction and special events	11,556	9,300
Other income	171,640	275,635
<b>Total operations</b>	<b>6,394,395</b>	<b>5,832,665</b>
Capital grants	-	32,565
<b>Total Public Support and Revenues</b>	<b>6,394,395</b>	<b>5,865,230</b>
<b>Expenses</b>		
Program services:		
Programming and production	2,613,887	2,026,595
Broadcasting and engineering	1,165,379	1,357,444
Support services:		
Development and fundraising	1,173,935	1,024,771
Administration	1,056,358	969,843
<b>Total Expenses Before Depreciation</b>	<b>6,009,559</b>	<b>5,378,653</b>
<b>Change in Net Assets before Depreciation and Loss on Investment in Transmission Facilities</b>	<b>384,836</b>	<b>486,577</b>
<b>Other Changes in Net Assets</b>		
Depreciation expense	348,341	406,804
Loss on investment in transmission facilities	17,794	33,029
<b>Change in Net Assets</b>	<b>18,701</b>	<b>46,744</b>
<b>Net Assets, beginning of year</b>	<b>5,160,048</b>	<b>5,113,304</b>
<b>Net Assets, end of year</b>	<b>\$ 5,178,749</b>	<b>\$ 5,160,048</b>

*See accompanying notes to financial statements.*



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

**Statement of Functional Expenses - FY19**

<i>Year Ended June 30, 2019</i>	Program Services		Support Services		Totals
	Programming and Production	Broadcasting and Engineering	Development and Fundraising	Administration	
Salaries, wages and employee benefits	\$ 1,440,992	\$ 375,248	\$ 690,200	\$ 548,380	\$ 3,054,820
Program acquisitions	783,946	-	-	-	783,946
Purchased services	210,204	42,052	86,706	127,081	466,043
Utilities	14,621	317,986	650	76,564	409,821
Maintenance	-	273,152	24,147	19,893	317,192
Travel and training	87,709	8,583	31,652	22,225	150,169
Donated services and in-kind expenses	-	108,551	33,839	-	142,390
Promotion and advertising	7,810	2,143	89,069	33,250	132,272
Dues and subscriptions	44,890	7,417	22,078	11,867	86,252
Property rent/lease	-	-	6,410	68,914	75,324
Public and employee relations	6,107	54	17,620	48,081	71,862
Equipment and furniture	10,339	23,497	21,937	11,247	67,020
Printing	-	-	41,028	4,058	45,086
Supplies and minor equipment	2,593	1,912	14,094	16,276	34,875
Shipping and postage	455	3,736	12,087	8,137	24,415
Bad debt	-	-	3,634	-	3,634
Taxes, insurance and other	4,221	1,048	78,784	60,385	144,438
<b>Total expenses before depreciation</b>	<b>2,613,887</b>	<b>1,165,379</b>	<b>1,173,935</b>	<b>1,056,358</b>	<b>6,009,559</b>
Depreciation	-	175,439	-	172,902	348,341
<b>Total Expenses</b>	<b>\$ 2,613,887</b>	<b>\$ 1,340,818</b>	<b>\$ 1,173,935</b>	<b>\$ 1,229,260</b>	<b>\$ 6,357,900</b>

*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
Travel and training	35,593	15,784	29,249	29,481	110,107
Donated services and in-kind expenses	-	176,690	31,035	-	207,725
Promotion and advertising	7,490	932	87,584	1,099	97,105
Dues and subscriptions	35,203	4,964	24,925	21,739	86,831
Property rent/lease	-	-	570	67,244	67,814
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
Printing	238	-	34,504	1,347	36,089
Supplies and minor equipment	16,076	1,328	2,036	13,219	32,659
Shipping and postage	57	3,557	13,127	9,374	26,115
Bad debt	21,933	-	-	-	21,933
Taxes, insurance and other	-	-	72,858	48,850	121,708
<b>Total expenses before depreciation</b>	<b>2,026,595</b>	<b>1,357,444</b>	<b>1,024,771</b>	<b>969,843</b>	<b>5,378,653</b>
Depreciation	-	242,373	-	164,431	406,804
<b>Total Expenses</b>	<b>\$ 2,026,595</b>	<b>\$ 1,599,817</b>	<b>\$ 1,024,771</b>	<b>\$ 1,134,274</b>	<b>\$ 5,785,457</b>

*See accompanying notes to financial statements.*

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

**Statements of Cash Flows**

<i>Years Ended June 30,</i>	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 18,701	\$ 46,744
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on investments	(70,176)	(96,352)
Gain on beneficial interest in APTI Designated Endowment Fund	(17,470)	(27,135)
Depreciation expense	348,341	406,804
Bad debt expense	3,634	21,933
Loss on investment in transmission facilities	17,794	33,029
Capital grants received	-	(32,565)
Changes in operating assets and liabilities:		
Accounts and pledges receivable, net	(44,400)	52,413
Prepaid expenses	23,213	(80,615)
Accounts payable	(87,000)	(58,283)
Accrued payroll and related taxes	41,745	(32,961)
Deferred revenue	99,062	41,125
<b>Net cash from operating activities</b>	<b>333,444</b>	<b>274,137</b>
<b>Cash Flows for Investing Activities</b>		
Purchase of property and equipment	(221,207)	(250,780)
Purchase of investments	(81,971)	(83,686)
Sale of investments	95,382	107,083
Investment in transmission facilities	(42,038)	(51,743)
<b>Net cash for investing activities</b>	<b>(249,834)</b>	<b>(279,126)</b>
<b>Cash Flows from Financing Activities</b>		
Capital grants received	-	32,565
<b>Net cash from financing activities</b>	<b>-</b>	<b>32,565</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>83,610</b>	<b>27,576</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,771,328</b>	<b>1,743,752</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,854,938</b>	<b>\$ 1,771,328</b>

*See accompanying notes to financial statements.*

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

**Notes to Financial Statements**

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## **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 Statewide News 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*

Financial statement presentation follows the recommendations of FASB Accounting Standards Codification (FASB ASC) 958-205, Not-For-Profit Entities - Presentation of Financial Statements. Under these provisions, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

### *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.

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

**Notes to Financial Statements**

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*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.

*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:

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

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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**

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***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.

***Functional Expenses***

The costs of the Corporation's program and support services have been reported on a functional basis in the Statement of Functional Expenses. Expenses are coded and charged to each program/department based on direct expenses incurred. Certain expenses are unable to be directly charged to a program/department and are allocated to their program/department based on estimate of time spent on each of the main business functions i.e. Radio, TV, and News etc. During the budget process, an estimate of each employee's total time is divided between the functional areas. For all other expenses the individual department managers effectuating the expense codes to the appropriate functional area. Using the CEO as an example, the following illustrates the process use for allocable expenses:

	TV	APTV	Radio	News	RJC	Total
President/CEO	32%	5%	38%	25%	-	100%

***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.

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

**Notes to Financial Statements**

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*Net Assets without Donor Restriction*

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, are treated as net assets without donor restriction.

*Subsequent Events*

The Corporation has evaluated subsequent events through November 22, 2019, the date on which the financial statements were available to be issued.

**2. Liquidity and Availability**

The Corporation manages liquidity and availability by monitoring all cash accounts. The process is completed on an as needed basis depending on the cash requirements of the business as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Corporation has a line of credit which it can draw on, as detailed in footnote 11. The carrying amount of financial assets available within one year of the balance sheet date for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Undesignated cash deposits	\$ 1,501,600	\$ 1,517,052
Accounts Receivable	202,452	156,686
Short term investments	1,379,305	1,322,540
<b>Total Liquid Assets</b>	<b>\$ 3,234,243</b>	<b>\$ 3,093,868</b>

**3. 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, 2019 and 2018, the Corporation's uninsured cash balances totaled approximately \$1,084,625 and \$1,207,279 respectively. Management believes it is not exposed to any significant credit risk on its balances.

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

**Notes to Financial Statements**

**4. Receivables**

At June 30, 2019 and 2018, accounts receivable consists of the following:

	2019	2018
Sponsorships (underwriting)	\$ 142,970	\$ 146,866
Contributions (pledges)	12,081	13,540
Grants receivable	50,064	-
	205,115	160,406
Less allowance for doubtful accounts	(2,663)	(3,721)
Accounts and pledges receivable, net	202,452	156,685
Receivable from member networks - long term	-	5,000
<b>Total Receivables</b>	<b>\$ 202,452</b>	<b>\$ 161,685</b>

The pledged contributions are due within one year.

**5. Investments**

Investments consist of the following at June 30, 2019 and 2018:

<i>June 30, 2019</i>	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investments at fair value:				
Money market funds	\$ 16,185	\$ -	\$ -	\$ 16,185
Exchange-traded funds	1,215,616	149,983	2,479	1,363,120
<b>Total Investments</b>	<b>\$ 1,231,801</b>	<b>\$ 149,983</b>	<b>\$ 2,479</b>	<b>\$ 1,379,305</b>

<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
<b>Total Investments</b>	<b>\$ 1,164,837</b>	<b>\$ 171,228</b>	<b>\$ 13,525</b>	<b>\$ 1,322,540</b>

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**

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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>	2019	2018
Interest and dividends	\$ 9,440	\$ 5,330
Realized gains	35,484	38,628
Change in unrealized gains	42,652	57,724
Management fees	(7,960)	(7,818)
<b>Gains on Investment, net</b>	<b>\$ 79,616</b>	<b>\$ 93,864</b>

#### **6. 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 \$148,176 and \$130,706 at June 30, 2019 and 2018, respectively.

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

**Notes to Financial Statements**

**7. 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, 2019 and 2018 are as follows:

	(Unaudited)	
	2019	2018
Current assets	\$ 269,292	\$ 181,450
Long-term assets	195,146	218,886
<b>Total Assets</b>	<b>\$ 464,438</b>	<b>\$ 400,336</b>
Current liabilities	\$ 14,944	\$ 10,000
Equity	449,493	390,336
<b>Total Liabilities and Equity</b>	<b>\$ 464,438</b>	<b>\$ 400,336</b>
Revenues	\$ 103,581	\$ 77,273
Expenses	(155,916)	(174,417)
<b>Net Loss</b>	<b>\$ (52,335)</b>	<b>\$ (97,144)</b>
<b>APTI's Allocable Share of Net Loss</b>	<b>\$ (17,794)</b>	<b>\$ (38,029)</b>

*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, 2019 and 2018, respectively. The Corporation paid user fees of \$24,184 to ABTC during the years ended June 30, 2019 and 2018.

The following details the investment activity:

		Goose Bay Joint Venture		Total
<i>Year Ended June 30, 2019</i>				
Carrying value of investment, July 1, 2018	\$	295,323	\$ 10,294	\$ 305,617
Investment in transmission facilities		42,038	-	42,038
Loss on investment in transmission facilities		(17,794)	-	(17,794)
<b>Total Investment in Transmission Facilities</b>	<b>\$</b>	<b>319,567</b>	<b>\$ 10,294</b>	<b>\$ 329,861</b>

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

**Notes to Financial Statements**

<i>Year Ended June 30, 2018</i>	Goose Bay Joint Venture	ABTC	Total
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)
<b>Total Investment in Transmission Facilities</b>	<b>\$ 295,323</b>	<b>\$ 10,294</b>	<b>\$ 305,617</b>

**8. Property and Equipment**

At June 30, 2019 and 2018, property and equipment consist of the following:

	2019	2018
Buildings and improvements	\$ 5,549,556	\$ 5,498,328
Equipment	5,756,487	5,592,133
Furniture and fixtures	138,518	132,893
Land	15,716	15,716
	11,460,277	11,239,070
Less accumulated depreciation	(9,777,422)	(9,429,081)
<b>Total Property and Equipment, net</b>	<b>\$ 1,682,855</b>	<b>\$ 1,809,989</b>

For the years ended June 30, 2019 and 2018, depreciation expense was \$348,341 and \$406,804, respectively.

**9. Accrued Payroll and Related Taxes**

At June 30, 2019 and 2018, accrued payroll and related taxes consist of the following:

	2019	2018
Accrued payroll and related taxes	\$ 109,511	\$ 94,186
Accrued vacation	137,055	110,635
<b>Total Accrued Payroll and Related Taxes</b>	<b>\$ 246,566</b>	<b>\$ 204,821</b>

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

**Notes to Financial Statements**

**10. Deferred Revenue**

At June 30, 2019 and 2018, deferred revenue consists of the following:

	2019	2018
Sponsorships	\$ 132,180	\$ 126,992
Grants	180,793	22,167
Other	40,365	105,117
<b>Total Deferred Revenue</b>	<b>\$ 353,338</b>	<b>\$ 254,276</b>

**11. Line of Credit**

As of June 30, 2019, and 2018, the Corporation had an available line of credit with a financial institution in the amount of \$370,000 which expires July 2020. Stated interest on the line of credit is the greater of a floating rate equal to the prime rate (5.5% at June 30, 2019) plus 1% or the floor rate of 5%. As of June 30, 2019, and 2018, there was no outstanding balance on this line of credit. Additionally, the Corporation made no withdrawals during the year.

**12. 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 \$43,124 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,*

2020	\$	31,250
2021		32,500
2022		32,500
2023		32,500
2023		32,500
Thereafter		478,750
	<b>\$</b>	<b>640,000</b>

The Corporation had sublease revenue of \$71,610 and \$64,613 during June 30, 2019 and 2018, respectively.

Rental expense under all operating leases was \$68,914 and \$67,244 for the years ended June 30, 2019 and 2018, respectively.

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

**Notes to Financial Statements**

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**13. 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, 2019 and 2018 were \$38,606 and \$38,707, respectively.

**14. 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.

**15. 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.

**16. 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 2015-14 that deferred the effective date for the Corporation 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.

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

**Notes to Financial Statements**

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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 if 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 Corporation for the fiscal years beginning after December 15, 2020, 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.

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## 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

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

*BDO USA, LLP*

Anchorage, Alaska  
November 22, 2019

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

**Schedule of Public Support and Grant Revenues**

<i>Year Ended June 30, 2019</i>	Unrestricted and Temporarily Restricted Grants and Support							Total Grants and Support for FY 2019
	Temporarily Restricted Support			Unrestricted Grants and Support				
	Balance July 1, 2018	Support Received in FY 2019	Support Released From Restriction in FY 2019	Balance June 30, 2019	Temporary Restricted Support Released in FY 2019	Unrestricted Support Received in FY 2019		
<b>Purpose and Source</b>								
<i>For Operations:</i>								
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,987,928	\$ 2,987,928	
Corporations	-	-	-	-	-	3,009,432	3,009,432	
Government	-	-	-	-	-	397,035	397,035	
	-	-	-	-	-	6,394,395	6,394,395	
For Capital - Government	-	-	-	-	-	-	-	
<b>Total Public Support and Revenues</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,394,395</b>	<b>\$ 6,394,395</b>	

*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, 2019</i>	Program Services			Support Services			Total
	Program- ming and Production	Broad- casting and Engineering	Total	Develop- ment and Fundraising	Admin- istration	Total	
<b>Personnel and Related</b>							
Salaries, wages and employee benefits	\$ 1,440,992	\$ 375,248	\$ 1,816,240	\$ 690,200	\$ 548,380	\$ 1,238,580	\$ 3,054,820
<b>Program Support</b>							
Supplies and minor equipment	2,593	1,912	4,505	14,094	16,276	30,370	34,875
Program acquisitions	783,946	-	783,946	-	-	-	783,946
Dues and subscriptions	44,890	7,417	52,307	22,078	11,867	33,945	86,252
Donated services and in-kind expenses	-	108,551	108,551	33,839	-	33,839	142,390
Purchased services	210,204	42,052	252,256	86,706	127,081	213,787	466,043
Bad debt	-	-	-	3,634	-	3,634	3,634
Equipment maintenance	-	222,784	222,784	24,147	10,250	34,397	257,181
<b>Total Program Support</b>	<b>1,041,633</b>	<b>382,716</b>	<b>1,424,349</b>	<b>184,498</b>	<b>165,474</b>	<b>349,972</b>	<b>1,774,321</b>
<b>Marketing and Advertising</b>							
Printing	-	-	-	41,028	4,058	45,086	45,086
Promotion and advertising	7,810	2,143	9,953	89,069	33,250	122,319	132,272
<b>Total Marketing and Advertising</b>	<b>7,810</b>	<b>2,143</b>	<b>9,953</b>	<b>130,097</b>	<b>37,308</b>	<b>167,405</b>	<b>177,358</b>
<b>Administration and General</b>							
Public and employee relations	6,107	54	6,161	17,620	48,081	65,701	71,862
Shipping and postage	455	3,736	4,191	12,087	8,137	20,224	24,415
Equipment and furniture	10,339	23,497	33,836	21,937	11,247	33,184	67,020
Taxes, insurance and other	4,221	1,048	5,269	78,784	60,385	139,169	144,438
Travel and training	87,709	8,583	96,292	31,652	22,225	53,877	150,169
<b>Total Administration and General</b>	<b>108,831</b>	<b>36,918</b>	<b>145,749</b>	<b>162,080</b>	<b>150,075</b>	<b>312,155</b>	<b>457,904</b>
<b>Occupancy</b>							
Property rent / lease	-	-	-	6,410	68,914	75,324	75,324
Building utilities	14,621	317,986	332,607	650	76,564	77,214	409,821
Maintenance	-	50,368	50,368	-	9,643	9,643	60,011
<b>Total Occupancy</b>	<b>14,621</b>	<b>368,354</b>	<b>382,975</b>	<b>7,060</b>	<b>155,121</b>	<b>162,181</b>	<b>545,156</b>
<b>Total Expenses Before Depreciation</b>	<b>2,613,887</b>	<b>1,165,379</b>	<b>3,779,266</b>	<b>1,173,935</b>	<b>1,056,358</b>	<b>2,230,293</b>	<b>6,009,559</b>
<b>Depreciation</b>	<b>-</b>	<b>175,439</b>	<b>175,439</b>	<b>-</b>	<b>172,902</b>	<b>172,902</b>	<b>348,341</b>
<b>Total Expenses</b>	<b>\$ 2,613,887</b>	<b>\$ 1,340,818</b>	<b>\$ 3,954,705</b>	<b>\$ 1,173,935</b>	<b>\$ 1,229,260</b>	<b>\$ 2,403,195</b>	<b>\$ 6,357,900</b>

*See accompanying independent auditor's report on supplementary information.*

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

**Schedule of Activities by Department**

<i>Year Ended June 30, 2019</i>	Radio	Television	Total
<b>Public Support and Revenues</b>			
Operations:			
Sustaining memberships	\$ 1,442,101	\$ 1,413,317	\$ 2,855,418
Program sponsorships	857,531	169,064	1,026,595
CPB grants	235,390	1,014,515	1,249,905
State operating grants	74,335	322,700	397,035
Other grants	232,052	67,491	299,543
In-kind contributions	36,695	117,281	153,976
APRN station dues	77,500	-	77,500
Tower rental revenue	600	71,011	71,611
Gains on investment	39,808	39,808	79,616
Auction and special events	-	11,556	11,556
Other income	27,280	144,360	171,640
<b>Total Public Support and Revenues</b>	<b>3,023,292</b>	<b>3,371,103</b>	<b>6,394,395</b>
<b>Expenses</b>			
Salaries, wages and employee benefits	1,942,253	1,112,567	3,054,820
Program acquisitions	269,818	514,128	783,946
Purchased services	218,978	247,065	466,043
Utilities	212,955	196,866	409,821
Maintenance	169,880	147,312	317,192
Travel and training	88,828	61,341	150,169
Donated services and in-kind expenses	31,263	111,127	142,390
Promotion and advertising	30,573	101,699	132,272
Dues and subscriptions	45,767	40,485	86,252
Property rent/lease	25,809	49,515	75,324
Public and employee relations	22,103	49,759	71,862
Equipment and furniture	33,740	33,280	67,020
Printing	21,110	23,976	45,086
Supplies and minor equipment	13,397	21,478	34,875
Shipping and postage	12,491	11,924	24,415
Bad debt	3,261	373	3,634
Taxes, insurance and other	79,070	65,368	144,438
<b>Total Expenses Before Depreciation</b>	<b>3,221,296</b>	<b>2,788,263</b>	<b>6,009,559</b>
<b>Change in Net Assets before Depreciation and Loss on Investment in Transmission Facilities</b>	<b>(198,004)</b>	<b>582,840</b>	<b>384,836</b>
<b>Other Changes in Net Assets</b>			
Depreciation expense	141,243	207,098	348,341
Loss on investment in transmission facilities	17,794	-	17,794
<b>Change in Net Assets</b>	<b>\$ (357,041)</b>	<b>\$ 375,742</b>	<b>\$ 18,701</b>

*See accompanying independent auditor's report on supplementary information.*