

**Alamo Public Telecommunications
Council**

Independent Auditor's Report and
Combined Financial Statements

September 30, 2017 and 2016

Alamo Public Telecommunications Council
September 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alamo Public Telecommunications Council

We have audited the accompanying combined financial statements of Alamo Public Telecommunications Council (a nonprofit organization) and affiliate, which comprise the combined statement of financial position as of September 30, 2017, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

Prior Period Financial Statements

The combined financial statements of Alamo Public Telecommunications Council as of September 30, 2016, were audited by other auditors whose report dated December 15, 2016, expressed an unmodified opinion on those statements.

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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position as of September 30, 2017, and the related combining statements of activity and cash flows for the year then ended, on pages 28 through 30, are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole. The combining statements of financial position as of September 30, 2016, and the related combining statements of activity and cash flows for the year then ended, on pages 28 through 30, were subjected to the auditing procedures applied in the 2016 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2016 combined financial statements as a whole.

Sagebiel, Ravenberg & Schuh, P.C.

San Antonio, Texas
December 14, 2017

Alamo Public Telecommunications Council
Combined Statements of Financial Position
September 30, 2017 and 2016

Assets

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 781,787	\$ 1,199,825
Accounts receivable, net	117,145	142,737
Unconditional promises, bequests and grants receivable, net	677,868	-
Program rights	1,250,986	1,256,401
Prepaid expenses and other assets	289,967	317,326
Investments	7,626,882	7,020,354
Property and equipment, net	<u>3,258,132</u>	<u>3,562,602</u>
Total assets	<u>\$ 14,002,767</u>	<u>\$ 13,499,245</u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 596,104	\$ 592,320
Deferred revenues and support	-	54,520
Program rights payable	<u>816,590</u>	<u>788,702</u>
Total liabilities	<u>1,412,694</u>	<u>1,435,542</u>
Net assets		
Unrestricted net assets	144,995	488,024
Board designated unrestricted net assets	204,171	187,973
Board designated for property and equipment	3,258,132	3,562,602
Temporarily restricted net assets	3,351,059	2,223,514
Permanently restricted net assets	<u>5,631,716</u>	<u>5,601,590</u>
Total net assets	<u>12,590,073</u>	<u>12,063,703</u>
Total liabilities and net assets	<u>\$ 14,002,767</u>	<u>\$ 13,499,245</u>

Alamo Public Telecommunications Council
Combined Statements of Activities
Years Ended September 30, 2017 and 2016

	2017	2016
Changes in Unrestricted Net Assets		
Revenues and other support, including amounts released from restrictions		
Membership contributions	\$ 1,845,302	\$ 1,826,558
Community service grants	950,053	1,003,412
Contributions	2,910	53,940
Investment return	30,041	25,400
Auctions and special events, net of direct expenses of \$51,790 and \$55,420	309,163	639,255
Education and outreach	22,286	219,781
Production	236,806	102,919
Program underwriting	430,737	527,626
Other	76,339	55,428
Net assets released from restrictions:		
Contributions	112,127	258,077
Education and outreach	262,398	193,617
Production	160,072	504,067
Program underwriting	170,047	95,449
Endowment distribution	208,575	200,106
	4,816,856	5,705,635
Expenses		
Program services		
Production	860,117	813,412
Programming	1,219,803	1,271,982
Public relations	367,442	303,741
Educational services	413,060	417,258
Engineering	865,499	897,298
	3,725,921	3,703,691
Supporting Services		
Development	1,145,311	1,483,603
General and administrative	576,925	540,817
	1,722,236	2,024,420
Total expenses	5,448,157	5,728,111
Change in Unrestricted Net Assets	(631,301)	(22,476)

Alamo Public Telecommunications Council
Combined Statements of Activities (Continued)
Years Ended September 30, 2017 and 2016

	2017	2016
Changes in Temporarily Restricted Net Assets		
Contributions	1,299,697	928,361
Investment return	741,067	648,970
Reclassification of net assets released from restrictions	(913,219)	(1,251,316)
Change in Temporarily Restricted Net Assets	1,127,545	326,015
Change in Permanently Restricted Net Assets		
Contributions	30,126	79,099
Loss on uncollectible pledges	-	(40,000)
Change in Permanently Restricted Net Assets	30,126	39,099
Change in Total Net Assets	526,370	342,638
Total Net Assets, Beginning of Year	12,063,703	11,721,065
Total Net Assets, End of Year	\$ 12,590,073	\$ 12,063,703

Alamo Public Telecommunications Council
Combined Statements of Cash Flows
Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Activities		
Change in total net assets	\$ 526,370	\$ 342,638
Adjustments to reconcile change in total net assets to net cash used in operating activities		
Depreciation and accretion	412,901	457,395
Noncash donations	-	(1,003)
Loss on disposal of property and equipment	1,710	4,850
Purchases of program rights	(842,193)	(844,294)
Amortization of program rights	847,608	873,360
Contributions restricted for investment	(103,583)	(108,057)
Net unrealized and realized (gains) losses on investments	(627,266)	(535,153)
Changes in operating assets and liabilities		
Accounts receivable	25,592	6,182
Grants and unconditional promises and bequests	(652,082)	(11,312)
Prepaid expenses and other assets	27,359	92,101
Accounts payable and accrued liabilities	(27,645)	(50,306)
Deferred revenues and support	(54,520)	(184,393)
Program rights payable	27,888	(62,655)
Net cash used in operating activities	<u>(437,861)</u>	<u>(20,647)</u>
Investing Activities		
Purchase of property and equipment	(104,498)	(154,827)
Purchase of investments	(1,237,383)	(807,839)
Proceeds from sales and maturities of investments	<u>1,258,121</u>	<u>781,085</u>
Net cash used in investing activities	<u>(83,760)</u>	<u>(181,581)</u>
Financing Activities		
Contributions restricted for investment	<u>103,583</u>	<u>108,057</u>
Net cash provided by financing activities	<u>103,583</u>	<u>108,057</u>
Decrease in Cash and Cash Equivalents	(418,038)	(94,171)
Cash and Cash Equivalents, Beginning of Year	<u>1,199,825</u>	<u>1,293,996</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 781,787</u></u>	<u><u>\$ 1,199,825</u></u>

Alamo Public Telecommunications Council

Notes to Combined Financial Statements

September 30, 2017 and 2016

Note 1: Organization and Significant Accounting Policies

Organization

The Alamo Public Telecommunications Council (Council) is a non-profit corporation providing public and educational broadcast services. The Council operates KLRN, a public television station in San Antonio, Texas, and is a member of the Public Broadcasting Service. The Council receives support primarily from the viewing public, as well as private and government grants.

During 1994, the Council created an entity separate from the operations of the public television station referred to as KLRN Endowment Fund, Inc. (Endowment). The Endowment is a not-for-profit corporation with the sole purpose of supporting the activities of KLRN over time. The Endowment has a separate board of directors independent from that of the Council.

The accompanying financial statements represent the combined financial statements of the Council and the Endowment, collectively referred to as the Council.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Council and changes therein are classified and reported as follows:

Unrestricted net assets — Net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets — Net assets subject to donor-imposed stipulations that may or will be met by either actions and/or the passage of time.

Permanently restricted net assets — Net assets subject to donor-imposed stipulations that must be maintained permanently by the Council. The donors of these assets permit the Council to use all of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. When restrictions are met in the same period as the receipt of the contribution, the contribution is reported as unrestricted.

Alamo Public Telecommunications Council

Notes to Combined Financial Statements

September 30, 2017 and 2016

Membership Contributions

The Council engages in fundraising campaigns by offering special television programs and on-air and mail fundraising appeals. These appeals encourage supporters to provide financial contributions to the Council for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. Contributions and collected pledges are components of unrestricted net assets since their usage is not limited to specific activities of the Council.

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit grant-making organization responsible for funding more than 1,000 public television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. Each CSG may be expended over one or two federal fiscal years. The CSGs are approved by the U.S. Congress each year and could be reduced in the future.

The CSGs are reported on the accompanying combined financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of CSGs to maintain eligibility and compliance requirements. These guidelines pertain to the use of CSG funds, recordkeeping, audits, financial reporting and licensee status with the Federal Communications Commission.

Production Costs

Grants and donations received in support of specific program productions are recorded as deferred revenue and support or temporarily restricted support and are recognized as the related costs are incurred.

Deferred Revenues

Deferred revenues represent cash received in advance of services which have not yet been provided.

Contributions

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 combined statements of activities as net assets released from restrictions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are also reported as restricted. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Alamo Public Telecommunications Council

Notes to Combined Financial Statements

September 30, 2017 and 2016

Contributions that are contingent upon future events or future matching are not recorded in the statement of activities until the contingency is satisfied. If money is received from such gifts, it is recorded as deferred support until the contingency is satisfied. When the contingency is satisfied, the gift is recognized as revenue.

Contributions that are not expected to be collected within the next year are discounted using risk-free rates to reflect the present value.

Cash Equivalents

The Council considers investments with an original maturity of three months or less when purchased to be cash equivalents. As of September 30, 2017 and 2016, the Council's cash equivalents consisted primarily of money market funds. Certain of the Council's cash and cash equivalents totaling \$351,960 and \$603,227 at September 30, 2017 and 2016, respectively are held in uninsured accounts.

At times, the Council's cash exceeds the current insured amounts under the Federal Deposit Insurance Corporation (FDIC). As of September 30, 2017 and 2016, the Council's cash balance exceeded the current insured amount under FDIC by \$0 and \$237,772, respectively. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Investments

The Council's investments consist of certificates of deposit, common stocks, mutual funds and fixed income securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility, liquidity and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the combined statements of financial position as of September 30, 2017. However, the diversification of the Council's invested assets among these various asset classes should mitigate the impact of any dramatic change on any one asset class.

Dividends, interest, gains, losses and other investment income are reported in the combined statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law. In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets. If losses reduce the fair value of a donor-restricted endowment fund below the level required by the donor stipulations or law, gains that restore the fair value of the assets of the endowment fund to the required level are reported as increases in unrestricted net assets.

Alamo Public Telecommunications Council

Notes to Combined Financial Statements

September 30, 2017 and 2016

Recognized investment income with donor-imposed restrictions that are met in the same period as received is reported as unrestricted support.

Accounts and Contributions Receivable

The Council's receivables are primarily from companies and individuals located in central and south Texas. Credit is extended based on an evaluation of the customer's financial condition and collateral is not required. The Council determines its allowances based on historical write-off trends. Credit losses consistently have been within management's expectations.

Functional Allocation of Expenses

The costs of providing programs and support services have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value at the date of receipt. The capitalization threshold is \$500. Depreciation is provided on a straight-line basis over the following estimated useful lives:

Building and improvements	10 - 40 years
Transmitter, antenna and tower	5 - 59 years
Studio and other broadcasting equipment	3 - 15 years
Office and transportation equipment	3 - 10 years

Donated Personal Services of Volunteers

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 Topic, *Not-for-Profit Entities Revenue Recognition*, for contributed services to be recognized as revenue, the services must create or enhance a nonfinancial asset or require specialized skills, be provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Council receives a significant amount of donated supplies and services from businesses and volunteers. No amounts have been recognized for these donated supplies and services in the combined statements of activities because the criteria for recognition under FASB ASC 958-605 has not been satisfied.

Program Rights

Program rights are amortized over the period of their expected usage using both straight-line and accelerated methods.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Income Taxes

The Council and the Endowment are exempt from federal income taxes, except on net income derived from unrelated business activities, under Section 501(a) of the U.S. Internal Revenue Code (Code) as an organization described under Section 501(c)(3) of the Code and under a similar provision of state law. The Council incurred income tax expense of \$3,502 and \$21,949 on unrelated business income in 2017 and 2016, respectively. The Council believes that it is no longer subject to U.S. federal or state income tax examinations by taxing authorities for years before 2013. However, the Council is still open to examination by taxing authorities from fiscal year 2013 forward. For the years ended September 30, 2017 and 2016, no interest or penalties were recorded or included in the combined statements of activities.

Uncertain Tax Positions

The Council has adopted FASB ASC 740-10 Topic, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Council does not believe there are any material uncertain tax positions and, accordingly, it does not recognize any liability for unrecognized tax benefits.

Advertising and Promotional

Advertising and promotional costs are expensed as incurred. During the years ended September 30, 2017 and 2016, the Council incurred expenses related to advertising and promotional costs of \$283,942 and \$294,406, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes. Actual results could differ from those estimates.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

The Council's management has evaluated subsequent events through December 14, 2017, the date which the financial statements were available for issue.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Note 2: Investments and Disclosures about the Fair Values of Investments

Investments are as follows at September 30, 2017 and 2016:

	2017		2016	
	Cost	Market	Cost	Market
Fixed income securities	\$ 2,427,523	\$ 2,439,257	\$ 2,383,646	\$ 2,385,609
Capital appreciation securities	4,272,485	5,187,625	4,277,113	4,634,745
Total investments	<u>\$ 6,700,008</u>	<u>\$ 7,626,882</u>	<u>\$ 6,660,759</u>	<u>\$ 7,020,354</u>

Investment return included in change in net assets for September 30, 2017 and 2016, respectively, is comprised of the following components:

	2017		
	Council	Endowment	Total
Interest and dividends	\$ 129	\$ 152,044	\$ 152,173
Realized gain (loss)	-	59,986	59,986
Unrealized gain (loss)	-	567,279	567,279
Investment fees	-	(8,330)	(8,330)
Investment return, net	<u>\$ 129</u>	<u>\$ 770,979</u>	<u>\$ 771,108</u>
Net asset classification of investment return			
Unrestricted	\$ 129	\$ 29,912	\$ 30,041
Temporarily restricted	-	741,067	741,067
Investment return, net	<u>\$ 129</u>	<u>\$ 770,979</u>	<u>\$ 771,108</u>
	2016		
	Council	Endowment	Total
Interest and dividends	\$ 3	\$ 147,178	\$ 147,181
Realized gain (loss)	(9)	(73,913)	(73,922)
Unrealized gain (loss)	-	609,066	609,066
Investment fees	-	(7,955)	(7,955)
Investment return, net	<u>\$ (6)</u>	<u>\$ 674,376</u>	<u>\$ 674,370</u>
Net asset classification of investment return			
Unrestricted	\$ (6)	\$ 25,406	\$ 25,400
Temporarily restricted	-	648,970	648,970
Investment return, net	<u>\$ (6)</u>	<u>\$ 674,376</u>	<u>\$ 674,370</u>

Alamo Public Telecommunications Council

Notes to Combined Financial Statements

September 30, 2017 and 2016

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Topic 820 defines fair value 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. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2** Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.
- Level 3** Valuation based on inputs that are unobservable for an asset or liability shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects Council's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are the only instruments measured at fair value on a recurring basis and recognized in the accompanying combined statements of financial position. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include U.S. Treasury and government agency securities, corporate obligations and equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include certificates of deposit which have been valued based on quoted prices of similar certificates. There have been no changes in the methodologies used at September 30, 2017 and 2016.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

The following tables present the fair value measurements of investments recognized in the accompanying combined statements of financial position measured at fair value on a recurring basis and the level within the ASC Topic 820 fair value hierarchy in which the fair value measurements fall at September 30, 2017 and 2016:

	2017			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Capital Appreciation				
Commodities Funds	\$ 393,504	\$ 393,504	\$ -	\$ -
Large Cap Value Equity Funds	536,200	536,200	-	-
Large Cap Blend Equity Funds	1,603,676	1,603,676	-	-
Mid Cap Value Equity Funds	453,970	453,970	-	-
Mid Cap Growth Equity Funds	446,755	446,755	-	-
International, Developed Markets Blend Funds	441,369	441,369	-	-
International, Developed Markets Growth Funds	441,786	441,786	-	-
International, Emerging Markets Blend Funds	225,086	225,086	-	-
International, Emerging Markets Growth Funds	282,425	282,425	-	-
Real Estate Funds	362,854	362,854	-	-
Fixed Income				
U.S. Investment Grade	1,511,826	1,511,826	-	-
International, Developed Markets	185,632	185,632	-	-
International, Emerging Markets	194,307	194,307	-	-
High Yield Bond Funds	547,492	547,492	-	-
Total	\$ 7,626,882	\$ 7,626,882	\$ -	\$ -

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

	Fair Value	2016 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Capital Appreciation				
Commodities Funds	\$ 410,786	\$ 410,786	\$ -	\$ -
Large Cap Value Equity Funds	461,781	461,781	-	-
Large Cap Blend Equity Funds	1,378,029	1,378,029	-	-
Mid Cap Value Equity Funds	384,171	384,171	-	-
Mid Cap Growth Equity Funds	384,583	384,583	-	-
International, Developed Markets Blend Funds	380,326	380,326	-	-
International, Developed Markets Growth Funds	388,325	388,325	-	-
International, Emerging Markets Blend Funds	230,602	230,602	-	-
International, Emerging Markets Growth Funds	237,348	237,348	-	-
Real Estate Funds	378,794	378,794	-	-
Fixed Income				
U.S. Investment Grade	1,461,951	1,461,951	-	-
International, Developed Markets	381,788	381,788	-	-
High Yield Bond Funds	541,870	541,870	-	-
Total	\$ 7,020,354	\$ 7,020,354	\$ -	\$ -

Note 3: Accounts and Contributions Receivable

Accounts receivable at September 30, 2017 and 2016, are as follows:

	2017	2016
Accounts receivable	\$ 135,107	\$ 160,699
Less allowance for doubtful accounts	17,962	17,962
Accounts receivable, net	<u>\$ 117,145</u>	<u>\$ 142,737</u>

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Contributions receivable consist of the following unconditional promises to give as of September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Grants receivable	\$ 690,000	\$ -
Less allowance for uncollectible pledges and unamortized discount (discount rate of 1.65%)	<u>12,132</u>	<u>-</u>
Contributions receivable, net	<u>\$ 677,868</u>	<u>\$ -</u>

The maturities of contributions receivable are as follows at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Less than one year: Grants receivable	\$ 315,000	\$ -
One to five years: Grants receivable	<u>375,000</u>	<u>-</u>
	<u>\$ 690,000</u>	<u>\$ -</u>

Note 4: Property and Equipment

Investment in property and equipment at September 30, 2017 and 2016, consists of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 497,456	\$ 497,456
Buildings and improvements	4,319,169	4,303,219
Transmitter, antenna and tower	2,848,473	2,976,067
Studio and other broadcasting equipment	4,701,213	5,661,156
Office and transportation equipment	<u>1,008,150</u>	<u>1,113,097</u>
	13,374,461	14,550,995
Less accumulated depreciation	<u>10,116,329</u>	<u>10,988,393</u>
Total property and equipment, net	<u>\$ 3,258,132</u>	<u>\$ 3,562,602</u>

Depreciation expense for the years ended September 30, 2017 and 2016, amounted to \$407,258 and \$452,192, respectively.

During the year ended September 30, 2017, the Council retired fixed assets no longer in service with a historical cost of \$1,281,030.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Note 5: Notes Payable

The Council has a revolving line of credit (the line) in the amount of \$500,000 with a bank maturing on February 5, 2019. Interest on funds drawn is at the prime rate plus .750 percent (5.0 percent at September 30, 2017). The line is collateralized by accounts receivable and equipment. The lien securing the equipment is subordinate to the lien recorded by the federal government as described below. At September 30, 2017 and 2016, no amounts were outstanding on the line.

Certain equipment and public telecommunications facilities purchased with National Telecommunications and Information Administration/Public Telecommunications Facilities Program grants have recorded liens identifying the federal government (Department of Commerce) as the priority-secured creditor. The liens extend from the initial receipt of the equipment through a ten-year period following completion of the grant project. At September 30, 2017 and 2016, the book value of assets subject to Department of Commerce liens was \$233,872 and \$273,556, respectively.

Note 6: Retirement Plan

Under a defined contribution retirement plan providing for purchase of annuity contracts, retirement benefits are provided for all eligible employees. Council employees are eligible to participate in the plan after one year of service and the Council is required to make contributions on behalf of participants based on the participants' eligible compensation. All plan participants are immediately vested in the contributions made by the Council. The Council's liability under this plan is limited to current contributions. Total contributions included in the combined statements of activities for the years ended September 30, 2017 and 2016, are \$69,909 and \$69,655, respectively.

Note 7: Deferred Compensation Agreement

The Council has an unqualified deferred compensation agreement under Section 457(f) of the Code with a retired key employee of the Council. Amounts accrued under the agreement are \$25,526 and \$51,102 at September 30, 2017 and 2016, respectively, and are included in the accompanying combining statements of financial position as a component of accounts payable and accrued expenses. The Endowment was named the beneficiary of this agreement following the death of this former employee, and has accrued a receivable of \$25,526 and \$51,102 in the accompanying combining statements of financial position as of September 30, 2017 and 2016, respectively. These receivables and payables are eliminated in combination.

The Council had \$112,670 and \$102,090 in board designated assets for deferred compensation at September 30, 2017 and 2016, respectively.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Note 8: Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets consist of the following at September 30, 2017 and 2016:

	2017		
	Council	Endowment	Total
Temporarily restricted net assets			
Without purpose restrictions	\$ -	\$ 2,235,021	\$ 2,235,021
Local production and programming	170,624	-	170,624
Education and outreach	196,484	-	196,484
Facility and equipment costs	748,930	-	748,930
	<u>\$ 1,116,038</u>	<u>\$ 2,235,021</u>	<u>\$ 3,351,059</u>
Permanently restricted net assets			
Endowments	<u>\$ -</u>	<u>\$ 5,631,716</u>	<u>\$ 5,631,716</u>
	2016		
	Council	Endowment	Total
Temporarily restricted net assets			
Without purpose restrictions	\$ -	\$ 1,702,529	\$ 1,702,529
Local production and programming	285,850	-	285,850
Education and outreach	218,591	-	218,591
Facility and equipment costs	16,544	-	-
	<u>\$ 520,985</u>	<u>\$ 1,702,529</u>	<u>\$ 2,223,514</u>
Permanently restricted net assets			
Endowments	<u>\$ -</u>	<u>\$ 5,601,591</u>	<u>\$ 5,601,591</u>

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

The amounts subject to purpose restrictions in the Endowment are for general operations, documentaries and history programming, children’s programming, arts and public affairs programming and equipment.

Note 9: Asset Retirement Obligation

The Council has an asset retirement obligation of \$72,349 and \$66,706 as of September 30, 2017 and 2016, respectively. The liability relates to the Council’s obligation to dismantle and remove its tower and transmitter facility from leased land and to return the site to its original condition upon termination or non-renewal of the lease. The liability is capitalized as part of the related long-lived assets’ carrying value. An estimate of third-party cost information is used with respect to the dismantling of the structures and to return the site to its original condition. The interest rate used to calculate the present value of such costs over the retirement period is based on an estimated risk adjusted credit rate for the same period. The following table describes all of the changes to the Council’s assets retirement obligation liability:

	2017	2016
Asset retirement obligation, beginning of year	\$ 66,706	\$ 61,503
Accretion expense	5,643	5,203
Asset retirement obligation, end of year	\$ 72,349	\$ 66,706

Note 10: Operating Leases

The Council leases certain equipment under operating leases which expire through 2021. Total rent expense paid by the Council for the years ended September 30, 2017 and 2016, was \$37,549 and \$39,053, respectively.

The following is a schedule of the total non-cancelable future minimum lease payments required:

Year Ending September 30,		
2018	\$	27,421
2019		27,610
2020		8,829
2021		5,467
Total minimum lease payments	\$	69,327

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Note 11: Endowment

The Council's endowment consists of approximately seven individual funds established for a variety of purposes. The Endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Council's governing body has interpreted the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Council and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Council
7. Investment policies of the Council

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

The composition of net assets by type of endowment fund at September 30, 2017 and 2016, was:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 2,235,021	\$ 5,631,716	\$ 7,866,737
Board-designated endowment funds	204,171	-	-	204,171
Total endowment funds	\$ 204,171	\$ 2,235,021	\$ 5,631,716	\$ 8,070,908

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 1,702,529	\$ 5,601,590	\$ 7,304,119
Board-designated endowment funds	187,973	-	-	187,973
Total endowment funds	\$ 187,973	\$ 1,702,529	\$ 5,601,590	\$ 7,492,092

Changes in endowment net assets for the years ended September 30, 2017 and 2016, were:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 187,973	\$ 1,702,529	\$ 5,601,590	\$ 7,492,092
Investment return				
Interest and dividends	3,798	146,167	-	149,965
Realized gain	1,501	57,674	-	59,175
Unrealized gain	14,242	545,233	-	559,475
Investment fees	(208)	(8,007)	-	(8,215)
Total investment return	19,333	741,067	-	760,400
Contributions	910	-	30,126	31,036
Distributions	(212,620)	-	-	(212,620)
Other changes	-	-	-	-
Appropriation of endowment assets for expenditure	208,575	(208,575)	-	-
Endowment net assets, end of year	\$ 204,171	\$ 2,235,021	\$ 5,631,716	\$ 8,070,908

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 165,922	\$ 1,253,679	\$ 5,562,491	\$ 6,982,092
Investment return				
Interest and dividends	3,561	141,671	-	145,232
Realized gain	(1,816)	(71,118)	-	(72,934)
Unrealized loss	14,931	586,068	-	600,999
Investment fees	(184)	(7,665)	-	(7,849)
Total investment return	16,492	648,956	-	665,448
Contributions	9,537	-	79,099	88,636
Distributions	(204,084)	-	-	(204,084)
Other changes	-	-	(40,000)	(40,000)
Appropriation of endowment assets for expenditure	200,106	(200,106)	-	-
Endowment net assets, end of year	\$ 187,973	\$ 1,702,529	\$ 5,601,590	\$ 7,492,092

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2017 and 2016, consisted of:

	2017	2016
Permanently restricted net assets		
Portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	\$ 5,631,716	\$ 5,601,590
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
Without purpose restrictions	\$ 2,235,021	\$ 1,702,529

Alamo Public Telecommunications Council

Notes to Combined Financial Statements

September 30, 2017 and 2016

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Council is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. These deficiencies result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions. There were no such deficiencies of this nature at September 30, 2017 and 2016.

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Council must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. The Council's investment policy includes investment objectives to maximize over time the total rate of return on the assets of the endowment fund, to assume a level of risk consistent with prudent investment practices for such funds and to preserve the historical dollar value of the endowment fund.

To satisfy its long-term rate of return objectives, the Council relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Investment managers are evaluated according to criterion which requires adherence to style and the ability to outperform peer managers and the market over time, while taking into account the likelihood of performance variability over the short-term.

The Council has a policy (the spending policy) of appropriating for expenditure each year three percent of its endowment fund's average fair value over the prior three years through the year-end preceding the year in which expenditure is planned. In establishing this policy, the Council considered the long-term expected return on its endowment. This is consistent with the Council's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 12: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Asset Retirement Obligation

As discussed in Note 9, the Council has recorded a liability for its conditional asset retirement obligation.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Investments

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying combined statements of financial position.

Self-Insured Employee Health Costs

The Council is self-insured for employee health benefits, and has accrued a liability for the estimated costs of reported claims and claims incurred but not yet reported as of the balance sheet date. The amount of the accrued liability is based on several factors including historical frequency and severity of claims, claims development and settlement history, and management's judgment. The ultimate settlement of self-insurance claims incurred may differ significantly from amounts accrued in the combined financial statements. The Council carries stop-loss insurance with a third-party insurer in order to limit exposure to individual and total claims.

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

Note 13: Schedule of Functional Expenses

The following sets forth the natural class detail of functional expenses of the Council for the years ended September 30, 2017 and 2016:

	2017					
	PROGRAM SERVICES					
	Production	Programming	Public Relations	Education and Outreach	Engineering	Total Program Services
Salaries and wages	\$ 477,521	\$ 91,495	\$ 194,573	\$ 201,794	\$ 259,213	\$ 1,224,596
Benefits	152,935	35,465	65,991	75,902	91,880	422,173
Professional services	66,075	7,951	1,747	14,893	1,340	92,006
Supplies	7,590	275	851	26,889	551	36,156
Telephone	8,788	2,775	3,357	6,140	5,549	26,609
Postage and shipping	212	2,082	2	2,698	383	5,377
Occupancy	56,372	3,039	2,633	27,004	40,881	129,929
Equipment rental and maintenance	42,329	4,649	1,314	19,959	26,988	95,239
Printing and publications	22	159	1,868	19,352	90	21,491
Travel	2,903	2,450	1,341	3,951	3,202	13,847
Conferences, conventions and meetings	1,558	1,295	1,117	8,286	747	13,003
Interest and service charges	-	-	-	-	-	-
Programming	26,728	882,304	-	-	-	909,032
Advertising and promotional	1,705	970	84,358	365	-	87,398
Dues and subscriptions	3,980	179,134	7,060	384	-	190,558
Insurance	8,821	5,760	1,230	4,644	20,446	40,901
Miscellaneous	2,578	-	-	799	1,328	4,705
Depreciation and accretion	-	-	-	-	412,901	412,901
	<u>\$ 860,117</u>	<u>\$ 1,219,803</u>	<u>\$ 367,442</u>	<u>\$ 413,060</u>	<u>\$ 865,499</u>	<u>\$ 3,725,921</u>

2017

SUPPORTING SERVICES				
Development	General and Administrative	Total Supporting Services	Total Functional Expenses	
\$ 458,893	\$ 258,247	\$ 717,140	\$	1,941,736
141,347	105,717	247,064		669,237
62,087	84,703	146,790		238,796
3,353	5,402	8,755		44,911
10,686	6,594	17,280		43,889
56,092	6,117	62,209		67,586
13,713	14,642	28,355		158,284
57,537	22,470	80,007		175,246
33,773	3,949	37,722		59,213
6,615	9,803	16,418		30,265
8,817	15,240	24,057		37,060
40,652	2,144	42,796		42,796
-	-	-		909,032
196,544	-	196,544		283,942
25,815	24,081	49,896		240,454
4,183	17,111	21,294		62,195
25,204	705	25,909		30,614
-	-	-		412,901
<u>\$ 1,145,311</u>	<u>\$ 576,925</u>	<u>\$ 1,722,236</u>	<u>\$</u>	<u>5,448,157</u>

Alamo Public Telecommunications Council
Notes to Combined Financial Statements
September 30, 2017 and 2016

	2016					
	PROGRAM SERVICES					
	Production	Programming	Public Relations	Education and Outreach	Engineering	Total Program Services
Salaries and wages	\$ 434,525	\$ 112,764	\$ 174,989	\$ 222,469	\$ 259,506	\$ 1,204,253
Benefits	100,790	31,830	43,265	57,338	68,117	301,340
Professional services	82,737	8,240	1,518	15,128	4,850	112,473
Supplies	7,461	575	3,144	26,809	268	38,257
Telephone	7,347	2,597	3,134	6,896	5,195	25,169
Postage and shipping	90	1,265	1	1,922	141	3,419
Occupancy	59,925	4,217	2,780	26,864	39,056	132,842
Equipment rental and maintenance	48,882	4,828	1,230	18,138	34,318	107,396
Printing and publications	1	306	4,130	17,513	115	22,065
Travel	5,385	2,858	1,263	5,314	2,832	17,652
Conferences, conventions and meetings	2,520	1,565	2,062	11,127	801	18,075
Interest and service charges	-	-	-	-	-	-
Programming	26,217	910,334	-	-	-	936,551
Advertising and promotional	1,805	-	60,066	893	-	62,764
Dues and subscriptions	6,345	184,858	3,416	836	-	195,455
Insurance	8,552	5,745	1,374	4,614	20,423	40,708
Miscellaneous	20,830	-	1,369	1,397	4,281	27,877
Depreciation and accretion	-	-	-	-	457,395	457,395
	<u>\$ 813,412</u>	<u>\$ 1,271,982</u>	<u>\$ 303,741</u>	<u>\$ 417,258</u>	<u>\$ 897,298</u>	<u>\$ 3,703,691</u>

2016

SUPPORTING SERVICES			
Development	General and Administrative	Total Supporting Services	Total Functional Expenses
\$ 582,299	\$ 255,346	\$ 837,645	\$ 2,041,898
126,524	70,581	197,105	498,445
120,704	75,472	196,176	308,649
5,314	5,755	11,069	49,326
9,183	6,173	15,356	40,525
63,692	5,607	69,299	72,718
16,616	14,323	30,939	163,781
75,194	25,629	100,823	208,219
48,695	4,332	53,027	75,092
17,024	7,722	24,746	42,398
12,820	7,514	20,334	38,409
49,481	6,784	56,265	56,265
-	-	-	936,551
231,627	15	231,642	294,406
38,316	33,081	71,397	266,852
3,626	17,065	20,691	61,399
82,488	5,418	87,906	115,783
-	-	-	457,395
<u>\$ 1,483,603</u>	<u>\$ 540,817</u>	<u>\$ 2,024,420</u>	<u>\$ 5,728,111</u>

SUPPLEMENTARY INFORMATION

Alamo Public Telecommunications Council
Combining Statements of Financial Position
September 30, 2017 and 2016

	2017					
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Eliminations	Combined Total
Assets						
Cash and cash equivalents	\$ 183,643	\$ 96,189	\$ 279,832	\$ 501,955	\$ -	\$ 781,787
Accounts receivable, net of allowance of \$17,962 and \$17,962, respectively	104,236	-	104,236	12,909	-	117,145
Unconditional promises and bequests and grants receivable, net of allowance and discount of \$-0- and \$-0-, respectively	15,000	662,868	677,868	25,526	(25,526)	677,868
Interfund transfers	(62,222)	62,222	-	-	-	-
Program rights	1,250,986	-	1,250,986	-	-	1,250,986
Prepaid expenses and other assets	269,899	-	269,899	20,068	-	289,967
Investments	-	-	-	7,626,882	-	7,626,882
Property and equipment, net	-	3,258,132	3,258,132	-	-	3,258,132
Total assets	<u>\$ 1,761,542</u>	<u>\$ 4,079,411</u>	<u>\$ 5,840,953</u>	<u>\$ 8,187,340</u>	<u>\$ (25,526)</u>	<u>\$ 14,002,767</u>
Liabilities and Net Assets						
Accounts payable and accrued expenses	\$ 545,519	\$ 72,349	\$ 617,868	\$ 3,762	\$ (25,526)	\$ 596,104
Deferred revenues and support	-	-	-	-	-	-
Program rights payable	816,590	-	816,590	-	-	816,590
Total liabilities	<u>1,362,109</u>	<u>72,349</u>	<u>1,434,458</u>	<u>3,762</u>	<u>(25,526)</u>	<u>1,412,694</u>
Net assets						
Unrestricted net assets	32,325	-	32,325	112,670	-	144,995
Board designated unrestricted	-	-	-	204,171	-	204,171
Board designated for property and equipment	-	3,258,132	3,258,132	-	-	3,258,132
Temporarily restricted net assets	367,108	748,930	1,116,038	2,235,021	-	3,351,059
Permanently restricted net assets	-	-	-	5,631,716	-	5,631,716
Total net assets	<u>399,433</u>	<u>4,007,062</u>	<u>4,406,495</u>	<u>8,183,578</u>	<u>-</u>	<u>12,590,073</u>
Total liabilities and net assets	<u>\$ 1,761,542</u>	<u>\$ 4,079,411</u>	<u>\$ 5,840,953</u>	<u>\$ 8,187,340</u>	<u>\$ (25,526)</u>	<u>\$ 14,002,767</u>

2016

Operating Fund	Plant Fund	Council Subtotal	KLRN		Combined Total
			Endowment Fund, Inc.	Eliminations	
\$ 409,914	\$ 296,060	\$ 705,974	\$ 493,851	\$ -	\$ 1,199,825
132,888	-	132,888	9,849	-	142,737
-	-	-	51,312	(51,312)	-
212,810	(212,810)	-	-	-	-
1,256,401	-	1,256,401	-	-	1,256,401
297,899	-	297,899	19,427	-	317,326
-	-	-	7,020,354	-	7,020,354
-	3,562,602	3,562,602	-	-	3,562,602
<u>\$ 2,309,912</u>	<u>\$ 3,645,852</u>	<u>\$ 5,955,764</u>	<u>\$ 7,594,793</u>	<u>\$ (51,312)</u>	<u>\$ 13,499,245</u>
\$ 576,316	\$ 66,706	\$ 643,022	\$ 610	\$ (51,312)	\$ 592,320
54,520	-	54,520	-	-	54,520
788,702	-	788,702	-	-	788,702
<u>1,419,538</u>	<u>66,706</u>	<u>1,486,244</u>	<u>610</u>	<u>(51,312)</u>	<u>1,435,542</u>
385,933	-	385,933	102,091	-	488,024
-	-	-	187,973	-	187,973
-	3,562,602	3,562,602	-	-	3,562,602
504,441	16,544	520,985	1,702,529	-	2,223,514
-	-	-	5,601,590	-	5,601,590
<u>890,374</u>	<u>3,579,146</u>	<u>4,469,520</u>	<u>7,594,183</u>	<u>-</u>	<u>12,063,703</u>
<u>\$ 2,309,912</u>	<u>\$ 3,645,852</u>	<u>\$ 5,955,764</u>	<u>\$ 7,594,793</u>	<u>\$ (51,312)</u>	<u>\$ 13,499,245</u>

Alamo Public Telecommunications Council
Combining Statements of Activities
Years Ended September 30, 2017 and 2016

	2017				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
Changes in Unrestricted Net Assets					
Revenues and other support					
Membership contributions	\$ 1,845,302	\$ -	\$ 1,845,302	\$ -	\$ 1,845,302
Community service grants	950,053	-	950,053	-	950,053
Contributions	2,000	-	2,000	910	2,910
Investment return	-	129	129	29,912	30,041
Auctions and special events, net of direct expenses of \$51,790 and \$55,420	309,163	-	309,163	-	309,163
Education and outreach	22,286	-	22,286	-	22,286
Production	236,806	-	236,806	-	236,806
Program underwriting	430,737	-	430,737	-	430,737
Other	78,049	(1,710)	76,339	-	76,339
Net assets released from restrictions:					
Contributions	38,798	73,329	112,127	-	112,127
Education and outreach	262,398	-	262,398	-	262,398
Production	160,072	-	160,072	-	160,072
Program underwriting	170,047	-	170,047	-	170,047
Endowment distribution	-	-	-	208,575	208,575
Total revenues and other support	<u>4,505,711</u>	<u>71,748</u>	<u>4,577,459</u>	<u>239,397</u>	<u>4,816,856</u>
Expenses					
Program services					
Production	860,117	-	860,117	-	860,117
Programming	1,219,803	-	1,219,803	-	1,219,803
Public relations	367,442	-	367,442	-	367,442
Educational services	413,060	-	413,060	-	413,060
Engineering	452,599	412,900	865,499	-	865,499
	<u>3,313,021</u>	<u>412,900</u>	<u>3,725,921</u>	<u>-</u>	<u>3,725,921</u>
Supporting Services					
Development	1,145,311	-	1,145,311	-	1,145,311
General and administrative	576,841	84	576,925	-	576,925
	<u>1,722,152</u>	<u>84</u>	<u>1,722,236</u>	<u>-</u>	<u>1,722,236</u>
Total expenses	<u>5,035,173</u>	<u>412,984</u>	<u>5,448,157</u>	<u>-</u>	<u>5,448,157</u>
Other Changes in Net Assets					
Transfer for plant additions	(36,766)	36,766	-	-	-
Transfer of earnings	212,620	-	212,620	(212,620)	-
Change in Unrestricted Net Assets	<u>(353,608)</u>	<u>(304,470)</u>	<u>(658,078)</u>	<u>26,777</u>	<u>(631,301)</u>
Changes in Temporarily Restricted Net Assets					
Contributions	493,982	805,715	1,299,697	-	1,299,697
Donor repurpose of restriction	-	-	-	-	-
Investment return	-	-	-	741,067	741,067
Reclassification of net assets released from restrictions	(631,315)	(73,329)	(704,644)	(208,575)	(913,219)
Change in Temporarily Restricted Net Assets	<u>(137,333)</u>	<u>732,386</u>	<u>595,053</u>	<u>532,492</u>	<u>1,127,545</u>
Change in Permanently Restricted Net Assets					
Contributions	-	-	-	30,126	30,126
Loss on uncollectible pledges	-	-	-	-	-
Change in Permanently Restricted Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,126</u>	<u>30,126</u>
Change in Total Net Assets	<u>(490,941)</u>	<u>427,916</u>	<u>(63,025)</u>	<u>589,395</u>	<u>526,370</u>
Total Net Assets, Beginning of Year	<u>890,374</u>	<u>3,579,146</u>	<u>4,469,520</u>	<u>7,594,183</u>	<u>12,063,703</u>
Total Net Assets, End of Year	<u>\$ 399,433</u>	<u>\$ 4,007,062</u>	<u>\$ 4,406,495</u>	<u>\$ 8,183,578</u>	<u>\$ 12,590,073</u>

2016				
Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
\$ 1,826,558	\$ -	\$ 1,826,558	\$ -	\$ 1,826,558
1,003,412	-	1,003,412	-	1,003,412
44,403	-	44,403	9,537	53,940
-	(6)	(6)	25,406	25,400
639,255	-	639,255	-	639,255
219,781	-	219,781	-	219,781
102,919	-	102,919	-	102,919
527,626	-	527,626	-	527,626
55,428	-	55,428	-	55,428
23,586	234,491	258,077	-	258,077
193,617	-	193,617	-	193,617
504,067	-	504,067	-	504,067
95,449	-	95,449	-	95,449
-	-	-	200,106	200,106
<u>5,236,101</u>	<u>234,485</u>	<u>5,470,586</u>	<u>235,049</u>	<u>5,705,635</u>
813,412	-	813,412	-	813,412
1,271,982	-	1,271,982	-	1,271,982
303,741	-	303,741	-	303,741
417,258	-	417,258	-	417,258
434,231	463,067	897,298	-	897,298
<u>3,240,624</u>	<u>463,067</u>	<u>3,703,691</u>	<u>-</u>	<u>3,703,691</u>
1,483,603	-	1,483,603	-	1,483,603
540,761	56	540,817	-	540,817
<u>2,024,364</u>	<u>56</u>	<u>2,024,420</u>	<u>-</u>	<u>2,024,420</u>
<u>5,264,988</u>	<u>463,123</u>	<u>5,728,111</u>	<u>-</u>	<u>5,728,111</u>
(55,308)	55,308	-	-	-
204,084	-	204,084	(204,084)	-
<u>119,889</u>	<u>(173,330)</u>	<u>(53,441)</u>	<u>30,965</u>	<u>(22,476)</u>
899,403	28,958	928,361	-	928,361
143,350	(143,350)	-	-	-
-	-	-	648,970	648,970
<u>(816,719)</u>	<u>(234,491)</u>	<u>(1,051,210)</u>	<u>(200,106)</u>	<u>(1,251,316)</u>
<u>226,034</u>	<u>(348,883)</u>	<u>(122,849)</u>	<u>448,864</u>	<u>326,015</u>
-	-	-	79,099	79,099
-	-	-	(40,000)	(40,000)
-	-	-	39,099	39,099
345,923	(522,213)	(176,290)	518,928	342,638
544,451	4,101,359	4,645,810	7,075,255	11,721,065
<u>\$ 890,374</u>	<u>\$ 3,579,146</u>	<u>\$ 4,469,520</u>	<u>\$ 7,594,183</u>	<u>\$ 12,063,703</u>

Alamo Public Telecommunications Council
Combining Statements of Cash Flows
Years Ended September 30, 2017 and 2016

	2017				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund. Inc.	Combined Total
Operating Activities					
Change in net assets	\$ (490,941)	\$ 427,916	\$ (63,025)	\$ 589,395	\$ 526,370
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities					
Depreciation and accretion	-	412,901	412,901	-	412,901
Noncash donations	-	-	-	-	-
Loss (gain) on disposal of property and equipment	-	1,710	1,710	-	1,710
Purchases of program rights	(842,193)	-	(842,193)	-	(842,193)
Amortization of program rights	847,608	-	847,608	-	847,608
Contributions restricted for investment	-	(73,457)	(73,457)	(30,126)	(103,583)
Net unrealized and realized (gains) losses on investments	-	-	-	(627,266)	(627,266)
Changes in operating assets and liabilities					
Accounts receivable	28,652	-	28,652	(3,060)	25,592
Grants and unconditional promises and bequests	(15,000)	(662,868)	(677,868)	25,786	(652,082)
Due to/due from other funds	275,032	(275,032)	-	-	-
Prepaid expenses and other assets	28,000	-	28,000	(641)	27,359
Accounts payable and accrued expenses	(30,797)	-	(30,797)	3,152	(27,645)
Deferred revenues and support	(54,520)	-	(54,520)	-	(54,520)
Program rights payable	27,888	-	27,888	-	27,888
Net cash provided by (used in) operating activities	<u>(226,271)</u>	<u>(168,830)</u>	<u>(395,101)</u>	<u>(42,760)</u>	<u>(437,861)</u>
Investing Activities					
Purchase of property and equipment	-	(104,498)	(104,498)	-	(104,498)
Purchases of investments	-	-	-	(1,237,383)	(1,237,383)
Proceeds from sales and maturities of investments	-	-	-	1,258,121	1,258,121
Net cash (used in) provided by investing activities	<u>-</u>	<u>(104,498)</u>	<u>(104,498)</u>	<u>20,738</u>	<u>(83,760)</u>
Financing Activities					
Contributions restricted for investment	-	73,457	73,457	30,126	103,583
Net cash provided by financing activities	<u>-</u>	<u>73,457</u>	<u>73,457</u>	<u>30,126</u>	<u>103,583</u>
Increase (Decrease) in Cash and Cash Equivalents	(226,271)	(199,871)	(426,142)	8,104	(418,038)
Cash and Cash Equivalents, Beginning of Year	<u>409,914</u>	<u>296,060</u>	<u>705,974</u>	<u>493,851</u>	<u>1,199,825</u>
Cash and Cash Equivalents, End of Year	<u>\$ 183,643</u>	<u>\$ 96,189</u>	<u>\$ 279,832</u>	<u>\$ 501,955</u>	<u>\$ 781,787</u>

2016

Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
\$ 345,923	\$ (522,213)	\$ (176,290)	\$ 518,928	\$ 342,638
-	457,395	457,395	-	457,395
-	-	-	(1,003)	(1,003)
-	4,850	4,850	-	4,850
(844,294)	-	(844,294)	-	(844,294)
873,360	-	873,360	-	873,360
-	(28,958)	(28,958)	(79,099)	(108,057)
-	-	-	(535,153)	(535,153)
5,516	-	5,516	666	6,182
-	-	-	(11,312)	(11,312)
(160,866)	160,866	-	-	-
92,713	-	92,713	(612)	92,101
(23,296)	-	(23,296)	(27,010)	(50,306)
(184,393)	-	(184,393)	-	(184,393)
(62,655)	-	(62,655)	-	(62,655)
<u>42,008</u>	<u>71,940</u>	<u>113,948</u>	<u>(134,595)</u>	<u>(20,647)</u>
-	(154,827)	(154,827)	-	(154,827)
-	-	-	(807,839)	(807,839)
<u>-</u>	<u>-</u>	<u>-</u>	<u>781,085</u>	<u>781,085</u>
<u>-</u>	<u>(154,827)</u>	<u>(154,827)</u>	<u>(26,754)</u>	<u>(181,581)</u>
<u>-</u>	<u>28,958</u>	<u>28,958</u>	<u>79,099</u>	<u>108,057</u>
<u>-</u>	<u>28,958</u>	<u>28,958</u>	<u>79,099</u>	<u>108,057</u>
42,008	(53,929)	(11,921)	(82,250)	(94,171)
367,906	349,989	717,895	576,101	1,293,996
<u>\$ 409,914</u>	<u>\$ 296,060</u>	<u>\$ 705,974</u>	<u>\$ 493,851</u>	<u>\$ 1,199,825</u>