



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

**Financial Statements and Supplementary
Information**

Years Ended June 30, 2017 and 2016

(With Independent Auditor's Report Thereon)

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

Financial Statements and Supplementary Information
Years Ended June 30, 2017 and 2016

(With Independent Auditor's Report Thereon)

**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, 2017 and 2016, 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, 2017 and 2016, 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

October 27, 2017

Financial Statements

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

<i>June 30,</i>	2017	2016
Assets		
Current Assets		
Cash and cash equivalents:		
Unrestricted	\$ 1,530,601	\$ 1,817,805
Temporarily restricted	213,151	224,885
Total cash and cash equivalents	1,743,752	2,042,690
Accounts and pledges receivable, net	209,599	202,839
Prepaid expenses	221,062	177,894
Total Current Assets	2,174,413	2,423,423
Investments	1,249,585	1,159,424
Beneficial interest in APTI Designated Endowment Fund	103,571	75,685
Investment in transmission facilities	286,903	268,590
Receivables from member networks - long term	26,433	39,360
Property and equipment, net	1,966,013	2,009,491
Total Assets	\$ 5,806,918	\$ 5,975,973
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 242,681	\$ 152,403
Accrued payroll and related taxes	237,782	253,919
Deferred revenue	213,151	224,885
Total Liabilities	693,614	631,207
Commitments and Contingencies (note 14)		
Net Assets		
Unrestricted:		
Designated for investment in property and equipment	1,966,013	2,009,491
Designated for APTI Designated Endowment Fund	103,571	75,685
Undesignated	3,043,720	3,259,590
Total Net Assets	5,113,304	5,344,766
Total Liabilities and Net Assets	\$ 5,806,918	\$ 5,975,973

See accompanying notes to financial statements.

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

Statements of Activities

<i>Years Ended June 30,</i>	Unrestricted	
	2017	2016
Public Support and Revenues		
Operations:		
Sustaining memberships	\$ 2,311,944	\$ 2,111,450
Program sponsorships	974,779	1,076,608
CPB grants	1,077,558	1,030,944
State operating grants	400,723	431,419
APRN station dues	117,625	374,727
In-kind contributions	176,780	181,604
Auction and special events	20,314	86,182
Tower rental revenue	58,436	91,593
Other grants	69,071	79,500
Gains on investment	107,149	28,710
Other income	209,726	178,543
Total operations	5,524,105	5,671,280
Capital grants	91,808	141,206
Total Public Support and Revenues	5,615,913	5,812,486
Expenses		
Program services:		
Programming and production	2,057,681	2,220,456
Broadcasting and engineering	1,387,467	1,419,836
Support services:		
Development and fundraising	967,660	1,063,690
Administration	965,693	907,291
Total Expenses Before Depreciation	5,378,501	5,611,273
Change in Net Assets before Depreciation and Loss on Investment in Transmission Facilities	237,412	201,213
Other Changes in Net Assets		
Depreciation expense	(430,077)	(443,855)
Loss on investment in transmission facilities	(38,797)	(56,261)
Change in Net Assets	(231,462)	(298,903)
Net Assets, beginning of year	5,344,766	5,643,669
Net Assets, end of year	\$ 5,113,304	\$ 5,344,766

See accompanying notes to financial statements.

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

Statement of Functional Expenses - FY17

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

See accompanying notes to financial statements.

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

Statement of Functional Expenses - FY16

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

See accompanying notes to financial statements.

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

<i>Years Ended June 30,</i>	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ (231,462)	\$ (298,903)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Gain on investments	(88,277)	(10,993)
Gain on beneficial interest in APTI Designated Endowment Fund	(27,886)	(8,646)
Depreciation expense	430,077	443,855
Bad debt expense	945	18,679
Loss on investment in transmission facilities:	38,797	56,261
Capital grants received	(91,808)	(141,206)
Changes in operating assets and liabilities		
Accounts and pledges receivable, net	5,222	(74,593)
Prepaid expenses	(43,168)	20,151
Accounts payable	90,278	60,654
Accrued payroll and related taxes	(16,137)	50,980
Deferred revenue	(11,734)	(13,410)
Net cash from operating activities	54,847	102,829
Cash Flows for Investing Activities		
Purchase of property and equipment	(386,599)	(7,212)
Purchase of investments	(116,064)	(345,193)
Sale of investments	114,180	334,337
Investment in transmission facilities	(57,110)	(48,163)
Net cash for investing activities	(445,593)	(66,231)
Cash Flows from Financing Activities		
Capital grants received	91,808	141,206
Net cash from financing activities	91,808	141,206
Net Increase (Decrease) in Cash and Cash Equivalents	(298,938)	177,804
Cash and Cash Equivalents, beginning of year	2,042,690	1,864,886
Cash and Cash Equivalents, end of year	\$ 1,743,752	\$ 2,042,690

See accompanying notes to financial statements.

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

**Notes to Financial Statements
Years Ended June 30, 2016 and 2015**

1. Organization and Summary of Significant Accounting Policies

Organization

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

Basis of Accounting

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

Basis of Presentation

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

Estimates and Assumptions

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

Cash and Cash Equivalents

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

Accounts and Pledges Receivable

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

Investments

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

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

Notes to Financial Statements

Investment in Transmission Facilities

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

Fair Value Measurements

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

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

Property and Equipment

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

Estimated useful lives are as follows:

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

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

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

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

Notes to Financial Statements

Public Support and Revenue Recognition

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

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

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

In-kind Contributions

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

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The Corporation is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Corporation has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows. The Corporation's federal and state income tax returns for fiscal years ended 2014, 2015 and 2016 are subject to examination by federal, state and local taxing authorities, generally for three years after they are filed.

Subsequent Events

The Corporation has evaluated subsequent events through October 27, 2017, the date on which the financial statements were available to be issued.

2. Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist of bank balances that at times exceed federally insured limits. At June 30, 2017 and 2016, the Corporation's uninsured cash balances totaled approximately \$701,265 and \$1,098,897, respectively. Management believes it is not exposed to any significant credit risk on its balances.

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

Notes to Financial Statements

3. Receivables

At June 30, 2017 and 2016, accounts receivable consist of the following:

	2017	2016
Sponsorships (underwriting)	\$ 203,735	\$ 192,037
Contributions (pledges)	7,715	12,768
Grants receivable	1,216	1,216
	212,666	206,021
Less allowance for doubtful accounts	(3,067)	(3,182)
Accounts and pledges receivable, net	209,599	202,839
Receivable from member networks - long term	26,433	39,360
Total Receivables	\$ 236,032	\$ 242,199

The pledged contributions are due within one year.

4. Investments

Investments consist of the following at June 30, 2017 and 2016:

<i>June 30, 2017</i>	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Investments at fair value:				
Money market funds	\$ 25,586	\$ -	\$ -	\$ 25,586
Exchange-traded funds	1,094,845	138,189	9,035	1,223,999
Total Investments	\$ 1,120,431	\$ 138,189	\$ 9,035	\$ 1,249,585

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

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

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

Notes to Financial Statements

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

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

<i>June 30,</i>	2017	2016
Interest and dividends	\$ 26,064	\$ 25,140
Realized gains	1,536	6,861
Change in unrealized gains (losses)	86,741	4,132
Management fees	(7,192)	(7,423)
Gains on Investment, net	\$ 107,149	\$ 28,710

5. Beneficial Interest in APTI Designated Endowment Fund

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

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

Investments are stated at fair value and realized and unrealized gains and losses are recorded in the statements of activities. The balance of the Endowment Fund was \$103,571 and \$75,685 at June 30, 2017 and 2016, respectively.

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

Notes to Financial Statements

6. Investment in Transmission Facilities

Investment in Transmission Tower

The Corporation is a partner and has an ownership interest (34%) in Goose Bay Joint Venture. Goose Bay Joint Venture was formed for operating and maintaining a transmission tower. Summarized financial statements for the years ended June 30, 2017 and 2016 are as follows:

	(Unaudited)	
	2017	2016
Current assets	\$ 112,184	\$ 47,480
Long-term assets	245,428	281,579
Total Assets	\$ 357,612	\$ 329,059
Current liabilities	\$ 10,000	\$ 14,060
Equity	347,612	314,999
Total Liabilities and Equity	\$ 357,612	\$ 329,059
Revenues	\$ 70,436	\$ 59,125
Expenses	(184,544)	(224,599)
Net Loss	\$ (114,108)	\$ (165,474)
APTI's Allocable Share of Net Loss	\$ (38,797)	\$ (56,261)

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, 2017 and 2016, respectively. The Corporation paid user fees of \$24,184 to ABTC during the years ended June 30, 2017 and 2016.

The following details the investment activity:

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

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

Notes to Financial Statements

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

7. Property and Equipment

At June 30, 2017 and 2016, property and equipment consist of the following:

	2017	2016
Buildings and improvements	\$ 5,447,101	\$ 5,447,101
Equipment	5,392,580	5,005,983
Furniture and fixtures	132,893	132,892
Land	15,716	15,716
	10,988,290	10,601,692
Less accumulated depreciation	(9,022,277)	(8,592,201)
Total Property And Equipment, net	\$ 1,966,013	\$ 2,009,491

For the years ended June 30, 2017 and 2016, depreciation expense was \$430,077 and \$443,855, respectively.

8. Accrued Payroll and Related Taxes

At June 30, 2017 and 2016, accrued payroll and related taxes consist of the following:

	2017	2016
Accrued payroll and related taxes	\$ 97,277	\$ 103,166
Accrued vacation	140,505	150,753
Total Accrued Payroll and Related Taxes	\$ 237,782	\$ 253,919

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

Notes to Financial Statements

9. Deferred Revenue

At June 30, 2017 and 2016, deferred revenue consists of the following:

	2017	2016
Sponsorships	\$ 140,504	\$ 149,127
Grants	11,914	24,071
Other	60,733	51,687
Total Deferred Revenue	\$ 213,151	\$ 224,885

10. Line of Credit

As of June 30, 2017 and 2016, the Corporation had an available line of credit with a financial institution in the amount of \$370,000 which expires February 2018. Stated interest on the line of credit is the greater of a floating rate equal to the prime rate (4.25% at June 30, 2017) plus 1% or the floor rate of 5%. As of June 30, 2017 and 2016, there was no outstanding balance on this line of credit. Additionally, the Corporation made no withdrawals during the year.

11. Operating Lease Commitments

Headquarters

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

Goose Bay Tower Site

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

Year Ending June 30,

2018	\$	30,000
2019		30,000
2020		31,250
2021		32,500
2022		32,500
Thereafter		543,750
	\$	700,000

The Corporation had sublease revenue of \$58,436 and \$91,593 during June 30, 2017 and 2016, respectively.

Rental expense under all operating leases was \$68,509 and \$69,336 for the years ended June 30, 2017 and 2016, respectively.

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

Notes to Financial Statements

12. Pension Plan

The Corporation participates in a defined contribution pension plan. At the discretion of the Board of Directors, the Corporation may make contributions to the plan. Contributions are based on a percentage of the employee's annual salary. Contributions for the years ended June 30, 2017 and 2016 were \$39,721 and \$41,929, respectively.

13. Services and Programming Agreement

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

14. Commitments and Contingencies

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

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

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

15. Recent Accounting Pronouncements Not Yet Adopted

In 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 Center for the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of their pending adoption of the new standard on their financial statements.

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

Notes to Financial Statements

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

Supplementary Information

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Independent Auditor's Report on Supplementary Information

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

We have audited the accompanying financial statements of Alaska Public Telecommunications, Inc. dba Alaska Public Media as of and for the year ended June 30, 2017, and have issued our report thereon dated October 27, 2017. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information on pages 22 and 23 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Schedule of Public Support and Grant Revenues

Year Ended June 30, 2017	Unrestricted and Temporarily Restricted Grants and Support						
	Temporarily Restricted Support			Unrestricted Grants and Support			
	Balance June 30, 2016	Support Received FY 2017	Support Released From Restriction FY 2017	Balance June 30, 2017	Temporary Restricted Support Released in FY2017	Unrestricted Support Received in FY 2017	Total Grants and Support for FY 2017
Purpose and Source							
<i>For Operations:</i>							
Individuals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,442,060	\$ 2,442,060
Corporations	-	-	-	-	-	2,681,322	2,681,322
Government	-	-	-	-	-	400,723	400,723
	-	-	-	-	-	5,524,105	5,524,105
For Capital - Government	-	-	-	-	-	91,808	91,808
Total Public Support and Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,615,913	\$ 5,615,913

See accompanying independent auditor's report on supplementary information.

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

Schedule of Functional Expenses

Year Ended June 30, 2017	Program Services			Support Services			Total
	Programming and Production	Broad-casting and Engineering	Total	Development and Fundraising	Admin-istration	Total	
Personnel and Related							
Salaries, wages and employee benefits	\$ 1,142,567	\$ 555,200	\$ 1,697,767	\$ 631,043	\$ 553,277	\$ 1,184,320	\$ 2,882,087
Program Support							
Supplies and minor equipment	6,503	751	7,254	1,936	10,573	12,509	19,763
Program acquisitions	714,196	-	714,196	1,758	-	1,758	715,954
Dues and subscriptions	28,841	4,878	33,719	30,402	18,411	48,813	82,532
Donated services and in-kind expenses	-	176,780	176,780	25,348	-	25,348	202,128
Purchased services	117,710	476	118,186	26,891	111,358	138,249	256,435
Equipment maintenance	106	-	106	-	-	-	106
Total Program Support	867,356	182,885	1,050,241	86,335	140,342	226,677	1,276,918
Marketing and Advertising							
Printing	677	-	677	26,979	870	27,849	28,526
Bad debt	-	-	-	945	-	945	945
Promotion and advertising	1,016	-	1,016	106,867	108	106,975	107,991
Total Marketing and Advertising	1,693	-	1,693	134,791	978	135,769	137,462
Administration and General							
Public and employee relations	2,485	-	2,485	9,103	6,350	15,453	17,938
Shipping and postage	127	2,276	2,403	9,981	8,215	18,196	20,599
Equipment and furniture	627	3,091	3,718	-	1,922	1,922	5,640
Taxes, insurance and other	-	-	-	70,316	67,040	137,356	137,356
Travel and training	32,962	12,336	45,298	12,419	32,788	45,207	90,505
Total Administration and General	36,201	17,703	53,904	101,819	116,315	218,134	272,038
Occupancy							
Property rent / lease	1,265	-	1,265	-	67,244	67,244	68,509
Building utilities	8,599	424,681	433,280	850	65,714	66,564	499,844
Maintenance	-	206,998	206,998	12,822	21,823	34,645	241,643
Total Occupancy	9,864	631,679	641,543	13,672	154,781	168,453	809,996
Total Expenses Before Depreciation	2,057,681	1,387,467	3,445,148	967,660	965,693	1,933,353	5,378,501
Depreciation	-	264,002	264,002	-	166,075	166,075	430,077
Total Expenses	\$ 2,057,681	\$ 1,651,469	\$ 3,709,150	\$ 967,660	\$ 1,131,768	\$ 2,099,428	\$ 5,808,578

See accompanying independent auditor's report on supplementary information.