

**Aleutian Peninsula Broadcasting, Inc.  
Audited Financial Statements**

**June 30, 2013**

**ALEUTIAN PENINSULA BROADCASTING, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Aleutian Peninsula Broadcasting, Inc.  
Sand Point, Alaska

We have audited the accompanying financial statements of Aleutian Peninsula Broadcasting, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, statements of functional expenses and cash flows for the year 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 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 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 Aleutian Peninsula Broadcasting, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



For Foster and Company, LLC  
Karen M. Foster, CPA  
Wasilla, Alaska

November 20, 2013

**ALEUTIAN PENINSULA BROADCASTING, INC**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2013

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 167,221
Prepaid Expenses	<u>4,052</u>
<b>TOTAL CURRENT ASSETS</b>	<u>171,273</u>
<b>PROPERTY AND EQUIPMENT (Note 1)</b>	
Buildings	119,829
Broadcast Equipment	191,551
Vehicle	32,929
Furniture & Fixtures	<u>23,674</u>
	367,983
<b>LESS ACCUMULATED DEPRECIATION</b>	<u>(196,607)</u>
<b>PROPERTY AND EQUIPMENT - NET</b>	<u>171,376</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 342,649</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
<b>CURRENT LIABILITIES</b>	
Accounts and Payroll Taxes Payable	<u>14,853</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>14,853</u>
<b>TOTAL LIABILITIES</b>	<u>14,853</u>
<b>NET ASSETS</b>	
Unrestricted Net Assets	
Undesignated	156,420
Net Investment in Plant	<u>171,376</u>
<b>TOTAL NET ASSETS</b>	<u>327,796</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 342,649</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**ALEUTIAN PENINSULA BROADCASTING, INC**  
**STATEMENT OF ACTIVITY**  
Year Ended June 30, 2013

UNRESTRICTED NET ASSETS

Revenue and Support	
Grants	\$ 297,153
Membership Dues	3,468
Underwriting	7,400
Tower Lease	14,178
Interest	25
Other Income	<u>12,726</u>
Total Revenue and Support	<u>334,950</u>
Expenses	
Programming & Production	153,637
Broadcasting & Technical	134,373
Administration	<u>78,750</u>
Total Expenses	<u>366,760</u>
INCREASE (DECREASE) IN NET ASSETS	(31,810)
NET ASSETS AT BEGINNING OF YEAR	<u>359,606</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 327,796</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**ALEUTIAN PENINSULA BROADCASTING, INC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2013

	Programming and Production	Broadcasting and Technical	Administration	Totals
Personnel	\$ 96,633	27,748	26,209	\$ 150,590
Programming & Production	28,648	-	-	28,648
Occupancy	2,081	22,730	1,040	25,851
Telephone/Internet	-	5,485	7,419	12,904
Contract Services	-	6,599	15,181	21,780
Supplies	1,142	3,192	3,001	7,335
Equipment	-	2,082	1,261	3,343
Transmitter Road Repair	-	38,000	-	38,000
Travel/Conferences	5,624	13,109	-	18,733
Insurance	6,380	2,299	2,299	10,978
Depreciation	13,129	13,129	13,526	39,784
Other	-	-	8,814	8,814
<b>TOTALS</b>	<b>\$ 153,637</b>	<b>134,373</b>	<b>78,750</b>	<b>\$ 366,760</b>

SEE NOTES TO THE FINANCIAL STATEMENTS

**ALEUTIAN PENINSULA BROADCASTING, INC**  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ (31,810)
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	39,784
(Increase) Decrease in operating assets	
Prepaid Expenses	(1,401)
Increase (Decrease) in operating liabilities	
Accounts Payable	<u>13,431</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>20,004</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Equipment and Leasehold Improvements	<u>(35,841)</u>
 NET CASH (USED) BY INVESTING ACTIVITIES	 <u>(35,841)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	(15,837)
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>183,058</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u><u>\$ 167,221</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**ALEUTIAN PENINSULA BROADCASTING, INC.**  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities** – Aleutian Peninsula Broadcasting, Inc. (KSDP) is a non-profit public radio station incorporated to provide and promote noncommercial educational radio broadcasting in southwestern Alaska. The financial statements are presented on the accrual basis of accounting. The more significant accounting policies are summarized below.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

**Revenue & Support** – In accordance with FASB ASC 958-065, *Not-for-Profit Entities: Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Financial Statement Presentation** – The Organization has adopted FASB ASC 958-205 “*Not-for-Profit Entities: Presentation of Financial Statements*”. Under FASB ASC 958-205 information regarding the Corporation’s financial position and activities is reported according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Donated Materials & Services** – Donated materials and services meeting the criteria of FASB ASC 958-205 “*Not-for-Profit Entities: Presentation of Financial Statements*” are recorded at their estimated fair value as of the date of the contribution. The amount of the contribution is presented as both support and expense in the accompanying financial statements.

**Cash & Cash Equivalents** – For purposes of the statement of cash flows, KSDP considers all demand deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Property and Equipment** – Property and equipment is recorded at cost or, in the case of donated property, at its estimated fair value as of the date of the contribution. The organization does not have a capitalization policy. Depreciation is provided using the straight-line method over the estimated useful lives of the property, which range from five to fifteen years. Expenditures for repairs and maintenance are charged against operations as incurred.

**Income Taxes** – KSDP is exempt from federal and state income taxes as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements.

**ALEUTIAN PENINSULA BROADCASTING, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**NOTE 2 – MAJOR FUNDING SOURCES**

KSDP received \$181,471 from the Corporation for Public Broadcasting during the fiscal year ended June 30, 2013. During the fiscal year ended June 30, 2013 CPB assistance totaled approximately 54% of total revenue. The Alaska Public Broadcasting Commission provided \$63,363 during the fiscal year ended June 30, 2013. APBC assistance totaled approximately 19% of total revenue.

**NOTE 3 – CASH**

At June 30, 2013, the carrying amounts of KSDP's deposits at financial institutions were \$167,221. The Federal Deposit Insurance Corporation insures funds held within the same banking institution to a maximum of \$250,000 in total at June 30, 2013. There were no uninsured funds at June 30, 2013.

**NOTE 4 – COMMITMENTS & CONTINGENCIES**

KSDP receives grants that are subject to audit and adjustment by the grantor agencies. Any expenditure disallowed as a result of such an audit and for which grant monies had been expended would become a liability of KSDP. At June 30, 2013, no such audit was pending and the management of KSDP does not anticipate any such liability arising that would have a material effect on the financial condition of KSDP.

**NOTE 5 – DONATED VOLUNTEER SERVICES**

Volunteers have donated time to KSDP's program services and fund-raising efforts. No amounts have been reflected in the accompanying financial statements for the fair value of these volunteer services.

**NOTE 6 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES**

**Program and Production** – Includes the personnel and direct production costs related to public broadcast programming.

**Broadcasting and Technical** – Includes direct costs for maintenance, support and replacement of the facility and equipment used for public broadcasting.

**Administration** – Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the Office of the General Manager; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

**Fundraising** – Provides the structure necessary to encourage and secure private financial support.

**NOTE 7 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 20, 2013, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.