

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

June 30, 2015 and 2014

ALEUTIAN PENINSULA BROADCASTING, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activity.....	3
Statements of Functional Expenses	4
Statements of Cash Flows.....	5
Notes to the Financial Statements.....	6 - 8

Foster and Company, LLC

Karen M. Foster, CPA
Michael C. Foster, CPA

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 statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, statements of 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 opinions.

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, 2015 and 2014, 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.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

November 12, 2015

ALEUTIAN PENINSULA BROADCASTING, INC**STATEMENTS OF FINANCIAL POSITION**

June 30, 2015 and 2014

ASSETS**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 138,900	\$ 122,459
Grants and Accounts Receivable	685	6,774
Prepaid Expenses	1,331	4,377

TOTAL CURRENT ASSETS	140,916	133,610
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PROPERTY AND EQUIPMENT (Note 1)

Buildings	66,131	66,131
Broadcast Equipment	274,166	247,137
Vehicle	32,929	32,929
Furniture and Fixtures	23,674	23,674

	396,900	369,871
LESS ACCUMULATED DEPRECIATION	(273,970)	(236,470)

PROPERTY AND EQUIPMENT - NET	122,930	133,401
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TOTAL ASSETS	\$ 263,846	\$ 267,011
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LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Accounts and Payroll Taxes Payable	\$ 13,256	\$ 9,469
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TOTAL LIABILITIES	13,256	9,469
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NET ASSETS

Unrestricted Net Assets		
Undesignated	127,660	124,141
Net Investment in Plant	122,930	133,401

TOTAL NET ASSETS	250,590	257,542
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TOTAL LIABILITIES AND NET ASSETS	\$ 263,846	\$ 267,011
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SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC**STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2015 and 2014

UNRESTRICTED NET ASSETS

Revenue and Support

Grants	\$ 282,113	\$ 257,658
Memberships and Contributions	5,689	150
Underwriting	8,600	3,562
Tower Lease	14,364	12,981
Fundraising	3,320	6,099
Interest	69	124
Inkind Support	2,977	2,200
Other Income	-	3,614

Total Revenue and Support	<u>317,132</u>	<u>286,388</u>
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Expenses

Programming and Production	124,877	141,002
Broadcasting and Technical	88,056	113,158
Administration	111,151	101,157
Fundraising	-	1,325

Total Expenses	<u>324,084</u>	<u>356,642</u>
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INCREASE (DECREASE) IN NET ASSETS	(6,952)	(70,254)
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NET ASSETS AT BEGINNING OF YEAR	<u>257,542</u>	<u>327,796</u>
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NET ASSETS AT END OF YEAR	<u>\$ 250,590</u>	<u>\$ 257,542</u>
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SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015 and 2014

2015	<u>Programming and Production</u>	<u>Broadcasting and Technical</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Totals</u>
Personnel	\$ 65,492	32,746	32,746	-	\$ 130,984
Programming and Production	34,381	76	-	-	34,457
Occupancy	3,618	17,134	1,809	-	22,561
Telephone/Internet	-	2,591	8,226	-	10,817
Contract Services	150	10,359	38,905	-	49,414
Supplies	-	-	4,195	-	4,195
Equipment	-	2,226	1,077	-	3,303
Travel/Conferences	5,605	5,605	2,509	-	13,719
Insurance	2,831	2,319	2,374	-	7,524
Depreciation	12,800	12,800	12,800	-	38,400
Other	-	2,200	6,510	-	8,710
TOTALS	\$ 124,877	88,056	111,151	\$ -	\$ 324,084

2014	<u>Programming and Production</u>	<u>Broadcasting and Technical</u>	<u>Administration</u>	<u>Fund Raising</u>	<u>Totals</u>
Personnel	\$ 84,680	38,180	27,390	-	\$ 150,250
Programming and Production	23,127	-	-	-	23,127
Occupancy	2,859	19,248	1,429	-	23,536
Telephone/Internet	-	3,691	8,487	-	12,178
Contract Services	-	6,024	8,804	-	14,828
Supplies	1,033	1,050	6,350	-	8,433
Equipment	-	6,568	3,526	-	10,094
Travel/Conferences	6,210	19,566	-	-	25,776
Insurance	9,938	5,676	5,732	-	21,346
Depreciation	13,155	13,155	13,553	-	39,863
Other	-	-	25,886	1,325	27,211
TOTALS	\$ 141,002	113,158	101,157	\$ 1,325	\$ 356,642

SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2015 and 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	\$ (6,952)	\$ (70,254)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	38,400	39,863
(Increase) Decrease in operating assets		
Grants Receivable	6,089	(6,774)
Prepaid Expenses	3,046	(325)
Increase (Decrease) in operating liabilities		
Accounts Payable	<u>3,787</u>	<u>(5,384)</u>
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	<u>44,370</u>	<u>(42,874)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Equipment and Leasehold Improvements	(27,929)	(1,888)
Disposal of Property and Equipment	900	-
Recapture of Depreciation	<u>(900)</u>	<u>-</u>
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	<u>(27,929)</u>	<u>(1,888)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,441	(44,762)
BEGINNING CASH AND CASH EQUIVALENTS	<u>122,459</u>	<u>167,221</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 138,900</u>	<u>\$ 122,459</u>

SEE INDEPENDENT AUDITOR'S REPORT AND NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

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 and 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 and 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 and 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 \$27,931 and \$1,887 for fiscal year 2015 and 2014, respectively. Depreciation for repairs and maintenance are charged against operations as \$38,400 and \$39,863 for fiscal year 2015 and 2014, respectively. In FY15, the Organization disposed of equipment with a cost and accumulated depreciation of \$900.

See Independent Auditor’s Report

ALEUTIAN PENINSULA BROADCASTING, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

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

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.

NOTE 2 – MAJOR FUNDING SOURCES

KSDP received \$185,535 from the Corporation for Public Broadcasting during the fiscal year ended June 30, 2015. During the fiscal year ended June 30, 2015 CPB assistance totaled approximately 59% of total revenue. The Alaska Public Broadcasting Commission provided \$61,098 during the fiscal year ended June 30, 2015. APBC assistance totaled approximately 19% of total revenue.

KSDP received \$186,858 from the Corporation for Public Broadcasting during the fiscal year ended June 30, 2014. During the fiscal year ended June 30, 2014 CPB assistance totaled approximately 65% of total revenue. The Alaska Public Broadcasting Commission provided \$60,449 during the fiscal year ended June 30, 2014. APBC assistance totaled approximately 21% of total revenue.

NOTE 3 – CASH

At June 30, 2015 and 2014, the carrying amounts of KSDP's deposits at financial institutions were \$139,843 and \$123,572, respectively. The Federal Deposit Insurance Corporation insures funds held within the same banking institution to a maximum of \$250,000. There were no uninsured funds at June 30, 2015 or 2014.

NOTE 4 – 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; and manage the financial and budgetary responsibilities of the Organization.

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

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JUNE 30, 2015 and 2014

NOTE 5 – COMMITMENTS AND 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, 2015 and 2014, no such audits were 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 6 – 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 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2015, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.