

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

June 30, 2014

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

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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, 2014, 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, 2014, 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.

Foster and Company, LLC

Foster and Company, LLC
Wasilla, Alaska

November 20, 2014

ALEUTIAN PENINSULA BROADCASTING, INC
STATEMENT OF FINANCIAL POSITION
June 30, 2014

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 122,459
Grants and Accounts Receivable	6,774
Prepaid Expenses	<u>4,377</u>

TOTAL CURRENT ASSETS 133,610

PROPERTY AND EQUIPMENT (Note 1)

Buildings	119,829
Broadcast Equipment	193,439
Vehicle	32,929
Furniture and Fixtures	<u>23,674</u>

369,871

LESS ACCUMULATED DEPRECIATION (236,470)

PROPERTY AND EQUIPMENT - NET 133,401

TOTAL ASSETS \$ 267,011

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and Payroll Taxes Payable	\$ 9,469
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TOTAL CURRENT LIABILITIES 9,469

TOTAL LIABILITIES 9,469

NET ASSETS

Unrestricted Net Assets	
Undesignated	124,141
Net Investment in Plant	<u>133,401</u>

TOTAL NET ASSETS 257,542

TOTAL LIABILITIES AND NET ASSETS \$ 267,011

ALEUTIAN PENINSULA BROADCASTING, INC
STATEMENT OF ACTIVITY
Year Ended June 30, 2014

UNRESTRICTED NET ASSETS

Revenue and Support	
Grants	\$ 257,658
Membership Dues	150
Underwriting	3,562
Tower Lease	15,181
Fundraising	6,099
Interest	124
Other Income	<u>3,614</u>
Total Revenue and Support	<u>286,388</u>
Expenses	
Programming and Production	141,002
Broadcasting and Technical	113,158
Administration	101,157
Fundraising	<u>1,325</u>
Total Expenses	<u>356,642</u>
INCREASE (DECREASE) IN NET ASSETS	(70,254)
NET ASSETS AT BEGINNING OF YEAR	<u>327,796</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 257,542</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 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 NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC
STATEMENT OF CASH FLOWS
Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

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

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for Equipment and Leasehold Improvements	<u>(1,888)</u>
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	<u>(1,888)</u>

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

SEE NOTES TO THE FINANCIAL STATEMENTS

ALEUTIAN PENINSULA BROADCASTING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 & 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. Depreciation expense for the year ended June 30, 2014 was \$39,863.

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, 2014

NOTE 2 – MAJOR FUNDING SOURCES

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, 2014, the carrying amounts of KSDP's deposits at financial institutions were \$123,572. 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, 2014.

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, 2014, 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; 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, 2014, that date which the financial statements were available for issue. No events were identified that would require disclosure according to generally acceptable accounting principles.