

# **Alamo Public Telecommunications Council**

Independent Auditor's Report and  
Combined Financial Statements

September 30, 2013 and 2012

# Alamo Public Telecommunications Council

## September 30, 2013 and 2012

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## Independent Auditor's Report

The Board of Directors  
Alamo Public Telecommunications Council  
San Antonio, Texas

We have audited the accompanying combined financial statements of Alamo Public Telecommunications Council (Council), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related combined statements of activities and cash flows, and the related notes to the combined financial statements for the years then ended.

### 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

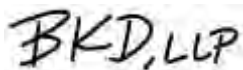
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Council as of September 30, 2013 and 2012, 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.



December 5, 2013  
San Antonio, Texas

**Alamo Public Telecommunications Council**  
**Combined Statements of Financial Position**  
**September 30, 2013 and 2012**

**Assets**

	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	\$ 1,618,823	\$ 1,519,029
Accounts receivable, net of allowance of \$98,129 and \$100,818 for 2013 and 2012, respectively	320,280	375,065
Unconditional promises, bequests and grants receivable, net of allowance and discount of \$-0- and \$10,446 for 2013 and 2012, respectively	155,000	257,687
Program rights	1,296,655	1,336,728
Prepaid expenses and other assets	356,521	355,497
Investments	6,501,397	5,839,218
Property and equipment, net	4,432,773	4,923,309
Total assets	\$ 14,681,449	\$ 14,606,533

**Liabilities and Net Assets**

Accounts payable and accrued expenses	\$ 702,948	\$ 704,590
Deferred revenues and support	330,143	280,069
Program rights payable	849,966	954,285
Total liabilities	1,883,057	1,938,944
 Net assets		
Unrestricted net assets	424,086	328,092
Board designated unrestricted net assets	164,042	152,949
Board designated for property and equipment	4,432,773	4,923,309
Temporarily restricted net assets	2,437,206	2,185,805
Permanently restricted net assets	5,340,285	5,077,434
Total net assets	12,798,392	12,667,589
Total liabilities and net assets	\$ 14,681,449	\$ 14,606,533

**Alamo Public Telecommunications Council**  
**Combined Statements of Activities**  
**Years Ended September 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Changes in Unrestricted Net Assets</b>		
Revenues and other support, including amounts released from restrictions		
Membership contributions	\$ 1,697,594	\$ 1,615,216
Community service grants	1,108,227	953,842
Contributions	187,723	620,197
Investment return	21,581	37,165
Endowment distribution	155,403	111,822
Auctions and special events	672,532	598,744
Education and outreach	547,893	699,508
Production	474,827	691,123
Program underwriting	795,170	720,405
Advertising	1,083	8,101
Other	67,535	1,118
Total unrestricted revenues and other support	5,729,568	6,057,241
<b>Expenses</b>		
Program services		
Production	726,798	1,101,833
Programming	1,386,953	1,189,057
Public relations	288,911	366,712
Educational services	660,940	776,525
Engineering	1,028,718	1,158,662
	4,092,320	4,592,789
<b>Supporting Services</b>		
Development	1,463,012	1,490,322
General and administrative	557,685	518,062
	2,020,697	2,008,384
Total expenses	6,113,017	6,601,173
<b>Change in Unrestricted Net Assets</b>	<b>(383,449)</b>	<b>(543,932)</b>

**Alamo Public Telecommunications Council**  
**Combined Statements of Activities (continued)**  
**Years Ended September 30, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	\$ 261,363	\$ 147,605
Investment return	511,268	781,657
Development	(17,000)	(7,500)
Reclassification of net assets released from restrictions	(504,230)	(793,716)
<b>Change in Temporarily Restricted Net Assets</b>	251,401	128,046
<b>Change in Permanently Restricted Net Assets</b>		
Contributions	262,851	16,283
<b>Change in Permanently Restricted Net Assets</b>	262,851	16,283
<b>Change in Total Net Assets</b>	130,803	(399,603)
<b>Total Net Assets, Beginning of Year</b>	12,667,589	13,067,192
<b>Total Net Assets, End of Year</b>	\$ 12,798,392	\$ 12,667,589

**Alamo Public Telecommunications Council**  
**Combined Statements of Cash Flows**  
**Years Ended September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Operating Activities</b>		
Change in total net assets	\$ 130,803	\$ (399,603)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities		
Depreciation and accretion	579,965	630,076
Noncash donations	(21,464)	(111,653)
Bad debt expense	-	24,139
Loss on disposal of property and equipment	(553)	51,824
Purchases of program rights	(819,684)	(957,422)
Amortization of program rights	859,757	793,090
Contributions restricted for investment	(376,288)	(198,125)
Net unrealized and realized (gains) losses on investments	(406,842)	(692,928)
Changes in operating assets and liabilities		
Accounts receivable	54,785	(121,597)
Grants and unconditional promises and bequests	102,687	221,523
Prepaid expenses and other assets	(1,024)	7,382
Accounts payable and accrued liabilities	(1,642)	147,893
Deferred revenues and support	50,074	(148,001)
Program rights payable	(104,319)	150,727
Net cash provided by (used in) operating activities	<u>46,255</u>	<u>(602,675)</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(73,770)	(576,100)
Purchase of investments	(2,393,407)	(2,580,162)
Proceeds from sales and maturities of investments	2,138,039	3,082,746
Proceeds from sale of property and equipment	6,399	950
Net cash used in investing activities	<u>(322,739)</u>	<u>(72,566)</u>
<b>Financing Activities</b>		
Contributions restricted for investment	<u>376,278</u>	<u>198,125</u>
Net cash provided by financing activities	<u>376,278</u>	<u>198,125</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	99,794	(477,116)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,519,029</u>	<u>1,996,145</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,618,823</u></u>	<u><u>\$ 1,519,029</u></u>

# **Alamo Public Telecommunications Council**

## **Notes to Combined Financial Statements**

### **September 30, 2013 and 2012**

#### **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, 2013 and 2012**

#### ***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***

Production costs are expensed as 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, 2013 and 2012**

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, 2013 and 2012, the Council's cash equivalents consisted primarily of short-term certificates of deposit and money market funds. Certain of the Council's cash and cash equivalents totaling \$937,196 and \$1,372,875 at September 30, 2013 and 2012, 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, 2013 and 2012, the Council's cash balance exceeded the current insured amount under FDIC by \$288,808 and \$-0-. 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, 2013. 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, 2013 and 2012**

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, 2013 and 2012**

***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 taxes of \$12,350 and \$4,096 on unrelated business income in 2013 and 2012, 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 2009. However, the Council is still open to examination by taxing authorities from fiscal year 2009 forward. For the years ended September 30, 2013 and 2012, 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, 2013 and 2012, the Council incurred expenses related to advertising and promotional costs of \$357,312 and \$467,481, 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.

***Reclassifications***

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on the change in net assets.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

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

Investments are as follows at September 30, 2013 and 2012:

	<b>2013</b>		<b>2012</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Certificates of deposit	\$ -	\$ -	\$ 250,000	\$ 250,000
Fixed income securities	2,294,028	2,314,962	1,879,406	1,924,752
Capital appreciation securities	3,584,369	4,186,435	3,165,842	3,664,466
<b>Total investments</b>	<b><u>\$ 5,878,397</u></b>	<b><u>\$ 6,501,397</u></b>	<b><u>\$ 5,295,248</u></b>	<b><u>\$ 5,839,218</u></b>

Investment return included in change in net assets for September 30, 2013 and 2012, respectively, is comprised of the following components:

	<b>2013</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Interest and dividends	\$ 2,165	\$ 131,242	\$ 133,407
Realized gain (loss)	36	327,785	327,821
Unrealized gain (loss)	-	79,026	79,026
Investment fees	-	(7,405)	(7,405)
<b>Investment return, net</b>	<b><u>\$ 2,201</u></b>	<b><u>\$ 530,648</u></b>	<b><u>\$ 532,849</u></b>
Net asset classification of investment return			
Unrestricted	<u>\$ 2,201</u>	<u>\$ 19,380</u>	<u>\$ 21,581</u>
Temporarily restricted	<u>\$ -</u>	<u>\$ 511,268</u>	<u>\$ 511,268</u>

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

	<b>2012</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Interest and dividends	\$ 3,343	\$ 131,656	\$ 134,999
Realized gain (loss)	1,958	101,428	103,386
Unrealized gain (loss)	-	587,584	587,584
Investment fees	-	(7,147)	(7,147)
	<b>\$ 5,301</b>	<b>\$ 813,521</b>	<b>\$ 818,822</b>
Investment return, net			
Net asset classification of investment return			
Unrestricted	<b>\$ 5,301</b>	<b>\$ 31,864</b>	<b>\$ 37,165</b>
Temporarily restricted	<b>\$ -</b>	<b>\$ 781,657</b>	<b>\$ 781,657</b>

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.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

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, 2013 and 2012.

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, 2013 and 2012:

	<b>2013</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Capital Appreciation				
Commodities Funds	\$ 249,409	\$ 249,409	\$ -	\$ -
Large Cap Value Equity Funds	615,271	615,271	-	-
Large Cap Growth Equity Funds	1,298,266	1,298,266	-	-
Mid Cap Value Equity Funds	341,460	341,460	-	-
Small Cap Growth Funds	208,933	208,933	-	-
International, Developed Markets Value Funds	214,409	214,409	-	-
International, Developed Markets Growth Funds	212,174	212,174	-	-
International, Emerging Markets Value Funds	246,948	246,948	-	-
International, Emerging Markets Growth Funds	100,418	100,418	-	-
Real Estate Funds	325,209	325,209	-	-
Multi-Asset Funds	373,938	373,938	-	-
Fixed Income				
U.S. Investment Grade	1,374,423	1,374,423	-	-
International, Developed Markets High Yield Bond Funds	616,665	616,665	-	-
Total	<u>\$ 6,501,397</u>	<u>\$ 6,501,397</u>	<u>\$ -</u>	<u>\$ -</u>

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

	Fair Value	2012 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)
Certificates of deposit	\$ 250,000	\$ -	\$ 250,000	\$ -
Capital Appreciation				
Commodities Funds	266,148	266,148	-	-
Large Cap Growth Equity Funds	2,170,448	2,170,448	-	-
Mid Cap Value Equity Funds	-	-	-	-
Small Cap Growth Funds	162,711	162,711	-	-
International, Developed Markets Value Funds	26,353	26,353	-	-
International, Developed Markets Growth Funds	316,261	316,261	-	-
International, Emerging Markets Value Funds	193,011	193,011	-	-
International, Emerging Markets Growth Funds	153,696	153,696	-	-
Real Estate Funds	-	-	-	-
Multi-Asset Funds	375,837	375,837	-	-
Fixed income				
U.S. Investment Grade	1,463,340	1,463,340	-	-
International, Developed Markets High Yield Bond Funds	189,440	189,440	-	-
	271,973	271,973	-	-
Total	<u>\$ 5,839,218</u>	<u>\$ 5,589,218</u>	<u>\$ 250,000</u>	<u>\$ -</u>

**Note 3: Accounts and Contributions Receivable**

Accounts receivable at September 30, 2013 and 2012, are as follows:

	2013	2012
Accounts receivable	\$ 418,409	\$ 475,883
Less allowance for doubtful accounts	<u>98,129</u>	<u>100,818</u>
Accounts receivable, net	<u>\$ 320,280</u>	<u>\$ 375,065</u>



**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

Contributions receivable consist of the following unconditional promises to give as of September 30, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
Grants	\$ 115,000	\$ 188,333
Endowments	40,000	79,800
	155,000	268,133
Less allowance for uncollectible pledges and unamortized discount (discount rates of .54% to 2.97%)	-	10,446
Contributions receivable, net	<b>\$ 155,000</b>	<b>\$ 257,687</b>

The maturities of contributions receivable are as follows at September 30, 2013 and 2012:

	<b>2013</b>	<b>2012</b>
Less than one year		
Grants	\$ 115,000	\$ 173,333
Endowments	40,000	28,300
	155,000	201,633
One to five years		
Grants	-	15,000
Endowments	-	51,500
	-	66,500
	<b>\$ 155,000</b>	<b>\$ 268,133</b>

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

**Note 4: Property and Equipment**

Investment in property and equipment at September 30, 2013 and 2012, consists of the following:

	<b>2013</b>	<b>2012</b>
Land	\$ 497,456	\$ 497,456
Buildings and improvements	4,239,363	4,226,913
Transmitter, antenna and tower	2,945,024	2,937,847
Studio and other broadcasting equipment	5,580,747	5,592,575
Office and transportation equipment	1,062,387	1,033,171
Construction in progress	4,850	4,850
	14,329,827	14,292,812
Less accumulated depreciation	9,897,054	9,369,503
Total property and equipment, net	<u>\$ 4,432,773</u>	<u>\$ 4,923,309</u>

Depreciation expense for the years ended September 30, 2013 and 2012, amounted to \$575,887 and \$626,317, respectively.

During the years ended September 30, 2013 and 2012, the Council retired fixed assets no longer in service with a historical cost of \$54,982 and \$502,195, respectively, resulting in (losses)/gains of \$553 and \$(51,824), respectively.

**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 March 5, 2014. Interest on funds drawn is at the bank's prime rate plus 1.75 percent (5.00 percent at September 30, 2013). 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, 2013 and 2012, no amounts were outstanding on the line.

Interest expensed and paid for the years ended September 30, 2013 and 2012, was \$600 and \$-0-, respectively.

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, 2013 and 2012, the book value of assets subject to Department of Commerce liens was \$651,827 and \$763,809, respectively.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

**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, 2013 and 2012, are \$67,442 and \$64,993, 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 \$70,346 and \$80,379 at September 30, 2013 and 2012, respectively, and are included in the accompanying combined statements of financial position as a component of accounts payable and accrued expenses. The Council had \$87,238 and \$65,487 in board restricted assets for deferred compensation at September 30, 2013 and 2012, respectively.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

**Note 8: Temporarily and Permanently Restricted Net Assets**

Temporarily and permanently restricted net assets consist of the following at September 30, 2013 and 2012:

	<b>2013</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Temporarily restricted net assets			
Without purpose restrictions	\$ -	\$ 1,316,184	\$ 1,316,184
Local broadcasting Facility and equipment costs	427,374	-	427,374
	<u>693,648</u>	<u>-</u>	<u>693,648</u>
	<u>\$ 1,121,022</u>	<u>\$ 1,316,184</u>	<u>\$ 2,437,206</u>
Permanently restricted net assets			
Endowments	<u>\$ -</u>	<u>\$ 5,340,285</u>	<u>\$ 5,340,285</u>
	<b>2012</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Temporarily restricted net assets			
Without purpose restrictions	\$ -	\$ 960,321	\$ 960,321
Local broadcasting	530,205	-	530,205
Time restrictions	-	31,635	31,635
Facility and equipment costs	<u>663,644</u>	<u>-</u>	<u>663,644</u>
	<u>\$ 1,193,849</u>	<u>\$ 991,956</u>	<u>\$ 2,185,805</u>
Permanently restricted net assets			
Endowments	<u>\$ -</u>	<u>\$ 5,077,434</u>	<u>\$ 5,077,434</u>

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

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

During 2013 and 2012, the following amounts were released from restrictions and included in unrestricted net assets' revenues and support in the following captions:

	<b>2013</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Contributions	\$ 48,496	\$ 15,000	\$ 63,496
Production	285,330	-	285,330
Endowment distribution	-	155,404	155,404
Total net assets released from restrictions	\$ 333,826	\$ 170,404	\$ 504,230
	<b>2012</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Contributions	\$ 415,112	\$ 12,000	\$ 427,112
Production	254,782	-	254,782
Endowment distribution	-	111,822	111,822
Total net assets released from restrictions	\$ 669,894	\$ 123,822	\$ 793,716

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

**Note 9: Asset Retirement Obligation**

The Council has an asset retirement obligation of \$52,283 and \$48,204, as of September 30, 2013 and 2012, 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:

	<b>2013</b>	<b>2012</b>
Asset retirement obligation, beginning of year	\$ 48,204	\$ 44,444
Accretion expense	4,079	3,760
Asset retirement obligation, end of year	\$ 52,283	\$ 48,204

**Note 10: Operating Leases**

The Council leases certain equipment under operating leases which expire through 2016. Total rent expense paid by the Council for the years ended September 30, 2013 and 2012, was \$37,558 and \$40,484, respectively.

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

<b>Year Ending September 30,</b>	
2014	\$ 30,809
2015	8,160
2016	3,510
Total minimum lease payments	\$ 42,479

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

**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, 2013 and 2012**

The composition of net assets by type of endowment fund at September 30, 2013 and 2012, was:

	<b>2013</b>			
	<b>Unrestricted</b>	<b>Temporarily</b>	<b>Permanently</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 1,316,184	\$ 5,340,285	\$ 6,656,469
Board-designated endowment funds	164,042	-	-	164,042
Total endowment funds	<u>\$ 164,042</u>	<u>\$ 1,316,184</u>	<u>\$ 5,340,285</u>	<u>\$ 6,820,511</u>

	<b>2012</b>			
	<b>Unrestricted</b>	<b>Temporarily</b>	<b>Permanently</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 960,321	\$ 5,077,434	\$ 6,037,755
Board-designated endowment funds	152,949	-	-	152,949
Total endowment funds	<u>\$ 152,949</u>	<u>\$ 960,321</u>	<u>\$ 5,077,434</u>	<u>\$ 6,190,704</u>

Changes in endowment net assets for the years ended September 30, 2013 and 2012, were:

	<b>2013</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 152,949	\$ 960,321	\$ 5,077,434	\$ 6,190,704
Investment return				
Interest and dividends	3,154	126,496	-	129,650
Realized gain	7,875	315,745	-	323,620
Unrealized gain	1,891	76,161	-	78,052
Investment fees	(179)	(7,135)	-	(7,314)
Total investment return	<u>12,741</u>	<u>511,267</u>	<u>-</u>	<u>524,008</u>
Contributions	1,710	-	262,851	264,561
Distributions	(158,762)	-	-	(158,762)
Appropriation of endowment assets for expenditure	<u>155,404</u>	<u>(155,404)</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 164,042</u>	<u>\$ 1,316,184</u>	<u>\$ 5,340,285</u>	<u>\$ 6,820,511</u>



**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 127,661	\$ 290,486	\$ 5,061,151	\$ 5,479,298
Investment return				
Interest and dividends	3,199	127,201	-	130,400
Realized gain	2,455	98,062	-	100,517
Unrealized loss	14,218	567,882	-	582,100
Investment fees	(174)	(6,903)	-	(7,077)
Total investment return	<u>19,698</u>	<u>786,242</u>	<u>-</u>	<u>805,940</u>
Funds with deficiencies	4,585	(4,585)	-	-
Contributions	1,005	-	16,283	17,288
Distributions	(111,822)	-	-	(111,822)
Appropriation of endowment assets for expenditure	<u>111,822</u>	<u>(111,822)</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 152,949</u>	<u>\$ 960,321</u>	<u>\$ 5,077,434</u>	<u>\$ 6,190,704</u>

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2013 and 2012, consisted of:

Permanently restricted net assets		
Portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	<u>\$ 5,340,285</u>	<u>\$ 5,077,434</u>
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
Without purpose restrictions	<u>\$ 1,316,184</u>	<u>\$ 960,321</u>

# **Alamo Public Telecommunications Council**

## **Notes to Combined Financial Statements**

### **September 30, 2013 and 2012**

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, 2013 and 2012.

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 3 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, 2013 and 2012**

***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.

**Note 13: Related Parties**

During 2013 and 2012, the Council incurred \$13,951 and \$175,636, respectively, in expenses for production and other services from a family member and a company owned by the family member of a KLRN Endowment Fund, Inc., board trustee. The Council entered into an agreement for the services in 2011 prior to the Trustee being elected and beginning service in 2012. As of September 30, 2013 and 2012, there were no payables for the services.

**Note 14: Subsequent Events**

Subsequent events have been evaluated through the date the combined financial statements were available to be issued.

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**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

**Note 15: Schedule of Functional Expenses**

The following sets forth the natural class detail of functional expenses of the Council for the years ended September 30, 2013 and 2012:

	2013					
	PROGRAM SERVICES					
	Production	Programming	Public Relations	Education and Outreach	Engineering	Total Program Services
Salaries and wages	\$ 330,235	\$ 201,021	\$ 135,895	\$ 315,527	\$ 256,706	\$ 1,239,384
Benefits	98,446	40,729	37,171	104,701	83,286	364,333
Professional services	113,325	8,326	3,175	30,849	509	156,184
Supplies	4,116	1,428	106	78,859	593	85,102
Telephone	8,771	1,258	2,439	9,686	6,307	28,461
Postage and shipping	133	1,266	539	4,669	372	6,979
Occupancy	55,108	4,279	1,865	23,636	37,789	122,677
Equipment rental and maintenance	69,106	4,143	747	24,928	32,193	131,117
Printing and publications	64	815	321	19,757	26	20,983
Travel	867	5,825	1,409	8,053	536	16,690
Conferences, conventions and meetings	2,265	2,014	2,095	15,131	179	21,684
Interest and service charges	46	-	-	75	2	123
Programming	17,842	912,733	-	-	-	930,575
Advertising and promotional	230	720	96,288	13,690	1,178	112,106
Dues and subscriptions	5,136	196,581	6,174	6,715	-	214,606
Insurance	9,407	5,238	687	3,806	25,439	44,577
Miscellaneous	11,701	577	-	858	3,638	16,774
Depreciation and accretion	-	-	-	-	579,965	579,965
	<u>\$ 726,798</u>	<u>\$ 1,386,953</u>	<u>\$ 288,911</u>	<u>\$ 660,940</u>	<u>\$ 1,028,718</u>	<u>\$ 4,092,320</u>

**2013**

<b>SUPPORTING SERVICES</b>			
<b>Development</b>	<b>General and Administrative</b>	<b>Total Supporting Services</b>	<b>Total Functional Expenses</b>
\$ 540,905	\$ 279,616	\$ 820,521	\$ 2,059,905
144,673	84,385	229,058	593,391
113,016	67,613	180,629	336,813
3,886	6,677	10,563	95,665
8,894	5,470	14,364	42,825
69,886	5,058	74,944	81,923
17,880	13,139	31,019	153,696
104,784	24,477	129,261	260,378
57,560	5,169	62,729	83,712
12,367	11,352	23,719	40,409
17,203	13,004	30,207	51,891
48,112	6,419	54,531	54,654
-	-	-	930,575
245,205	-	245,205	357,311
20,533	23,487	44,020	258,626
2,457	8,777	11,234	55,811
55,651	3,042	58,693	75,467
-	-	-	579,965
<b>\$ 1,463,012</b>	<b>\$ 557,685</b>	<b>\$ 2,020,697</b>	<b>\$ 6,113,017</b>

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**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2013 and 2012**

	<b>2012</b>					
	<b>PROGRAM SERVICES</b>					
	<b>Production</b>	<b>Programming</b>	<b>Public Relations</b>	<b>Education and Outreach</b>	<b>Engineering</b>	<b>Total Program Services</b>
Salaries and wages	\$ 471,353	\$ 100,451	\$ 155,024	\$ 372,001	\$ 317,239	\$ 1,416,068
Benefits	108,310	22,843	33,871	102,923	92,831	360,778
Professional services	290,436	8,661	7,293	37,490	5,549	349,429
Supplies	5,252	149	125	83,371	1,018	89,915
Telephone	7,821	1,180	2,361	8,137	7,318	26,817
Postage and shipping	451	850	275	3,564	1,594	6,734
Occupancy	67,699	4,760	2,112	25,618	36,800	136,989
Equipment rental and maintenance	77,834	5,415	1,093	32,638	41,125	158,105
Printing and publications	157	678	1,591	19,090	106	21,622
Travel	1,313	1,726	1,631	10,934	856	16,460
Conferences, conventions and meetings	2,565	1,251	1,056	20,510	878	26,260
Interest and service charges	18	-	26	55	-	99
Programming	1,574	855,981	-	2,373	-	859,928
Advertising and promotional	36,290	830	157,041	47,718	-	241,879
Dues and subscriptions	6,764	179,244	2,686	5,131	-	193,825
Insurance	7,112	5,038	511	4,079	20,542	37,282
Miscellaneous	16,884	-	16	893	2,729	20,522
Depreciation and accretion	-	-	-	-	630,077	630,077
	<u>\$ 1,101,833</u>	<u>\$ 1,189,057</u>	<u>\$ 366,712</u>	<u>\$ 776,525</u>	<u>\$ 1,158,662</u>	<u>\$ 4,592,789</u>



2012

<b>SUPPORTING SERVICES</b>			
<b>Development</b>	<b>General and Administrative</b>	<b>Total Supporting Services</b>	<b>Total Functional Expenses</b>
\$ 556,377	\$ 248,443	\$ 804,820	\$ 2,220,888
135,345	66,440	201,785	562,563
142,769	59,620	202,389	551,818
4,943	5,400	10,343	100,258
8,664	7,321	15,985	42,802
77,281	5,591	82,872	89,606
17,157	14,381	31,538	168,527
79,127	20,418	99,545	257,650
75,888	3,127	79,015	100,637
11,113	22,396	33,509	49,969
11,500	12,875	24,375	50,635
49,171	9,774	58,945	59,044
-	-	-	859,928
225,435	167	225,602	467,481
23,279	24,740	48,019	241,844
2,153	9,150	11,303	48,585
70,120	8,219	78,339	98,861
-	-	-	630,077
<u>\$ 1,490,322</u>	<u>\$ 518,062</u>	<u>\$ 2,008,384</u>	<u>\$ 6,601,173</u>

## **SUPPLEMENTARY INFORMATION**

## Independent Accountants' Report on Supplementary Information

The Board of Directors  
Alamo Public Telecommunications Council

Our audits were performed for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplementary information on pages 29 through 33 is presented for purposes of additional analysis and is 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 basic 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 taken as a whole.

*BKD, LLP*

December 5, 2013

**Alamo Public Telecommunications Council**  
**Combining Statements of Financial Position**  
**September 30, 2013 and 2012**

	2013				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
<b>Assets</b>					
Cash and cash equivalents	\$ 411,275	\$ 869,274	\$ 1,280,549	\$ 338,274	\$ 1,618,823
Accounts receivable, net of allowance of \$98,129 and \$100,818, respectively	309,310	-	309,310	10,970	320,280
Unconditional promises and bequests and grants receivable, net of allowance and discount of \$-0- and \$10,446, respectively	100,000	15,000	115,000	40,000	155,000
Interfund transfers	49,837	(49,837)	-	-	-
Program rights	1,296,655	-	1,296,655	-	1,296,655
Prepaid expenses and other assets	338,849	-	338,849	17,672	356,521
Investments	-	-	-	6,501,397	6,501,397
Property and equipment, net	-	4,432,773	4,432,773	-	4,432,773
<b>Total assets</b>	<b><u>\$ 2,505,926</u></b>	<b><u>\$ 5,267,210</u></b>	<b><u>\$ 7,773,136</u></b>	<b><u>\$ 6,908,313</u></b>	<b><u>\$ 14,681,449</u></b>
<b>Liabilities and Net Assets</b>					
Accounts payable and accrued expenses	\$ 650,101	\$ 52,283	\$ 702,384	\$ 564	\$ 702,948
Deferred revenues and support	330,143	-	330,143	-	330,143
Program rights payable	849,966	-	849,966	-	849,966
<b>Total liabilities</b>	<b><u>1,830,210</u></b>	<b><u>52,283</u></b>	<b><u>1,882,493</u></b>	<b><u>564</u></b>	<b><u>1,883,057</u></b>
<b>Net assets</b>					
Unrestricted net assets	248,342	88,506	336,848	87,238	424,086
Board designated unrestricted	-	-	-	164,042	164,042
Board designated for property and equipment	-	4,432,773	4,432,773	-	4,432,773
Temporarily restricted net assets	427,374	693,648	1,121,022	1,316,184	2,437,206
Permanently restricted net assets	-	-	-	5,340,285	5,340,285
<b>Total net assets</b>	<b><u>675,716</u></b>	<b><u>5,214,927</u></b>	<b><u>5,890,643</u></b>	<b><u>6,907,749</u></b>	<b><u>12,798,392</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 2,505,926</u></b>	<b><u>\$ 5,267,210</u></b>	<b><u>\$ 7,773,136</u></b>	<b><u>\$ 6,908,313</u></b>	<b><u>\$ 14,681,449</u></b>

**2012**

<b>Operating Fund</b>	<b>Plant Fund</b>	<b>Council Subtotal</b>	<b>KLRN Endowment Fund, Inc.</b>	<b>Combined Total</b>
\$ 69,545	\$ 847,857	\$ 917,402	\$ 601,627	\$ 1,519,029
363,938	-	363,938	11,127	375,065
158,333	30,000	188,333	69,354	257,687
307,526	(307,526)	-	-	-
1,336,728	-	1,336,728	-	1,336,728
338,374	-	338,374	17,123	355,497
-	250,000	250,000	5,589,218	5,839,218
-	4,923,309	4,923,309	-	4,923,309
<u>\$ 2,574,444</u>	<u>\$ 5,743,640</u>	<u>\$ 8,318,084</u>	<u>\$ 6,288,449</u>	<u>\$ 14,606,533</u>
\$ 655,876	\$ 48,204	\$ 704,080	\$ 510	\$ 704,590
280,069	-	280,069	-	280,069
954,285	-	954,285	-	954,285
<u>1,890,230</u>	<u>48,204</u>	<u>1,938,434</u>	<u>510</u>	<u>1,938,944</u>
154,009	108,483	262,492	65,600	328,092
-	-	-	152,949	152,949
-	4,923,309	4,923,309	-	4,923,309
530,205	663,644	1,193,849	991,956	2,185,805
-	-	-	5,077,434	5,077,434
<u>684,214</u>	<u>5,695,436</u>	<u>6,379,650</u>	<u>6,287,939</u>	<u>12,667,589</u>
<u>\$ 2,574,444</u>	<u>\$ 5,743,640</u>	<u>\$ 8,318,084</u>	<u>\$ 6,288,449</u>	<u>\$ 14,606,533</u>

**Alamo Public Telecommunications Council**  
**Combining Statements of Activities**  
**Years Ended September 30, 2013 and 2012**

	2013				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
<b>Changes in Unrestricted Net Assets</b>					
Revenues and other support, including amounts released from restrictions					
Membership contributions	\$ 1,697,594	\$ -	\$ 1,697,594	\$ -	\$ 1,697,594
Community service grants	1,108,227	-	1,108,227	-	1,108,227
Contributions	104,301	66,722	171,023	16,700	187,723
Investment return	3	2,198	2,201	19,380	21,581
Endowment distribution	-	-	-	155,403	155,403
Auctions and special events	662,844	-	662,844	9,688	672,532
Education and outreach	547,893	-	547,893	-	547,893
Production	474,827	-	474,827	-	474,827
Program underwriting	795,170	-	795,170	-	795,170
Advertising	1,083	-	1,083	-	1,083
Other	66,982	553	67,535	-	67,535
Total revenues and other support	<u>5,458,924</u>	<u>69,473</u>	<u>5,528,397</u>	<u>201,171</u>	<u>5,729,568</u>
<b>Expenses</b>					
Program services					
Production	726,798	-	726,798	-	726,798
Programming	1,386,953	-	1,386,953	-	1,386,953
Public relations	288,911	-	288,911	-	288,911
Educational services	660,940	-	660,940	-	660,940
Engineering	448,753	579,965	1,028,718	-	1,028,718
	<u>3,512,355</u>	<u>579,965</u>	<u>4,092,320</u>	<u>-</u>	<u>4,092,320</u>
<b>Supporting Services</b>					
Development	1,463,012	-	1,463,012	-	1,463,012
General and administrative	557,664	21	557,685	-	557,685
	<u>2,020,676</u>	<u>21</u>	<u>2,020,697</u>	<u>-</u>	<u>2,020,697</u>
Total expenses	<u>5,533,031</u>	<u>579,986</u>	<u>6,113,017</u>	<u>-</u>	<u>6,113,017</u>
<b>Other Changes in Net Assets</b>					
Transfer of earnings	168,440	-	168,440	(168,440)	-
<b>Change in Unrestricted Net Assets</b>	<u>94,333</u>	<u>(510,513)</u>	<u>(416,180)</u>	<u>32,731</u>	<u>(383,449)</u>
<b>Changes in Temporarily Restricted Net Assets</b>					
Contributions	182,500	78,500	261,000	363	261,363
Investment return	-	-	-	511,268	511,268
Development	-	-	-	(17,000)	(17,000)
Reclassification of net assets released from restrictions	(285,331)	(48,496)	(333,827)	(170,403)	(504,230)
<b>Change in Temporarily Restricted Net Assets</b>	<u>(102,831)</u>	<u>30,004</u>	<u>(72,827)</u>	<u>324,228</u>	<u>251,401</u>
<b>Change in Permanently Restricted Net Assets</b>					
Contributions	-	-	-	262,851	262,851
<b>Change in Permanently Restricted Net Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,851</u>	<u>262,851</u>
<b>Change in Total Net Assets</b>	<u>(8,498)</u>	<u>(480,509)</u>	<u>(489,007)</u>	<u>619,810</u>	<u>130,803</u>
<b>Total Net Assets, Beginning of Year</b>	<u>684,214</u>	<u>5,695,436</u>	<u>6,379,650</u>	<u>6,287,939</u>	<u>12,667,589</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 675,716</u>	<u>\$ 5,214,927</u>	<u>\$ 5,890,643</u>	<u>\$ 6,907,749</u>	<u>\$ 12,798,392</u>

**2012**

Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
\$ 1,615,216	\$ -	\$ 1,615,216	\$ -	\$ 1,615,216
953,842	-	953,842	-	953,842
68,755	538,437	607,192	13,005	620,197
-	5,301	5,301	31,864	37,165
-	-	-	111,822	111,822
591,203	-	591,203	7,541	598,744
699,508	-	699,508	-	699,508
691,123	-	691,123	-	691,123
720,405	-	720,405	-	720,405
8,101	-	8,101	-	8,101
52,942	(51,824)	1,118	-	1,118
<u>5,401,095</u>	<u>491,914</u>	<u>5,893,009</u>	<u>164,232</u>	<u>6,057,241</u>
1,101,833	-	1,101,833	-	1,101,833
1,189,057	-	1,189,057	-	1,189,057
366,712	-	366,712	-	366,712
776,525	-	776,525	-	776,525
523,036	635,626	1,158,662	-	1,158,662
<u>3,957,163</u>	<u>635,626</u>	<u>4,592,789</u>	<u>-</u>	<u>4,592,789</u>
1,490,322	-	1,490,322	-	1,490,322
518,062	-	518,062	-	518,062
<u>2,008,384</u>	<u>-</u>	<u>2,008,384</u>	<u>-</u>	<u>2,008,384</u>
5,965,547	635,626	6,601,173	-	6,601,173
<u>119,363</u>	<u>-</u>	<u>119,363</u>	<u>(119,363)</u>	<u>-</u>
<u>(445,089)</u>	<u>(143,712)</u>	<u>(588,801)</u>	<u>44,869</u>	<u>(543,932)</u>
104,251	41,447	145,698	1,907	147,605
-	-	-	781,657	781,657
-	-	-	(7,500)	(7,500)
<u>(254,782)</u>	<u>(415,112)</u>	<u>(669,894)</u>	<u>(123,822)</u>	<u>(793,716)</u>
<u>(150,531)</u>	<u>(373,665)</u>	<u>(524,196)</u>	<u>652,242</u>	<u>128,046</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,283</u>	<u>16,283</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,283</u>	<u>16,283</u>
(595,620)	(517,377)	(1,112,997)	713,394	(399,603)
<u>1,279,834</u>	<u>6,212,813</u>	<u>7,492,647</u>	<u>5,574,545</u>	<u>13,067,192</u>
<u>\$ 684,214</u>	<u>\$ 5,695,436</u>	<u>\$ 6,379,650</u>	<u>\$ 6,287,939</u>	<u>\$ 12,667,589</u>

**Alamo Public Telecommunications Council**  
**Combining Statements of Cash Flows**  
**Years Ended September 30, 2013 and 2012**

	2013				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund. Inc.	Combined Total
<b>Operating Activities</b>					
Change in net assets	\$ (8,498)	\$ (480,509)	\$ (489,007)	\$ 619,810	\$ 130,803
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities					
Depreciation and accretion	-	579,965	579,965	-	579,965
Noncash donations	-	(21,464)	(21,464)	-	(21,464)
Bad debt expense	-	-	-	-	-
Loss (gain) on disposal of property and equipment	-	(553)	(553)	-	(553)
Purchases of program rights	(819,684)	-	(819,684)	-	(819,684)
Amortization of program rights	859,757	-	859,757	-	859,757
Contributions restricted for investment	-	(96,737)	(96,737)	(279,551)	(376,288)
Net unrealized and realized (gains) losses on investments	-	(31)	(31)	(406,811)	(406,842)
Changes in operating assets and liabilities					
Accounts receivable	54,628	-	54,628	157	54,785
Grants and unconditional promises and bequests	58,333	15,000	73,333	29,354	102,687
Due to/due from other funds	257,689	(257,689)	-	-	-
Prepaid expenses and other assets	(475)	-	(475)	(549)	(1,024)
Accounts payable and accrued expenses	(5,775)	4,079	(1,696)	54	(1,642)
Deferred revenues and support	50,074	-	50,074	-	50,074
Program rights payable	(104,319)	-	(104,319)	-	(104,319)
Net cash provided by operating activities	341,730	(257,939)	83,791	(37,536)	46,255
<b>Investing Activities</b>					
Purchase of property and equipment	-	(73,770)	(73,770)	-	(73,770)
Purchases of investments	-	-	-	(2,393,407)	(2,393,407)
Proceeds from sales and maturities of investments	-	250,000	250,000	1,888,039	2,138,039
Proceeds from sale of property and equipment	-	6,399	6,399	-	6,399
Net cash (used in) provided by investing activities	-	182,629	182,629	(505,368)	(322,739)
<b>Financing Activities</b>					
Contributions restricted for investment	-	96,727	96,727	279,551	376,278
Net cash provided by financing activities	-	96,727	96,727	279,551	376,278
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	341,730	21,417	363,147	(263,353)	99,794
<b>Cash and Cash Equivalents, Beginning of Year</b>	69,545	847,857	917,402	601,627	1,519,029
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 411,275</u>	<u>\$ 869,274</u>	<u>\$ 1,280,549</u>	<u>\$ 338,274</u>	<u>\$ 1,618,823</u>



**2012**

<b>Operating Fund</b>	<b>Plant Fund</b>	<b>Council Subtotal</b>	<b>KLRN Endowment Fund, Inc.</b>	<b>Combined Total</b>
\$ (595,620)	\$ (517,377)	\$ (1,112,997)	\$ 713,394	\$ (399,603)
-	630,076	630,076	-	630,076
-	(111,653)	(111,653)	-	(111,653)
24,139	-	24,139	-	24,139
-	51,824	51,824	-	51,824
(957,422)	-	(957,422)	-	(957,422)
793,090	-	793,090	-	793,090
-	(170,790)	(170,790)	(27,335)	(198,125)
-	(1,958)	(1,958)	(690,970)	(692,928)
(122,052)	-	(122,052)	455	(121,597)
235,862	(30,000)	205,862	15,661	221,523
(47,581)	47,581	-	-	-
7,924	-	7,924	(542)	7,382
153,154	-	153,154	(5,261)	147,893
(148,001)	-	(148,001)	-	(148,001)
150,727	-	150,727	-	150,727
<u>(505,780)</u>	<u>(102,297)</u>	<u>(608,077)</u>	<u>5,402</u>	<u>(602,675)</u>
-	(576,100)	(576,100)	-	(576,100)
-	(250,000)	(250,000)	(2,330,162)	(2,580,162)
-	1,084,202	1,084,202	1,998,544	3,082,746
-	950	950	-	950
<u>-</u>	<u>259,052</u>	<u>259,052</u>	<u>(331,618)</u>	<u>(72,566)</u>
<u>-</u>	<u>170,790</u>	<u>170,790</u>	<u>27,335</u>	<u>198,125</u>
<u>-</u>	<u>170,790</u>	<u>170,790</u>	<u>27,335</u>	<u>198,125</u>
(505,780)	327,545	(178,235)	(298,881)	(477,116)
575,325	520,312	1,095,637	900,508	1,996,145
<u>\$ 69,545</u>	<u>\$ 847,857</u>	<u>\$ 917,402</u>	<u>\$ 601,627</u>	<u>\$ 1,519,029</u>

**Alamo Public Telecommunications Council**  
**Schedule of City of San Antonio Kinder Readiness Contract**  
**Year Ended September 30, 2013**

<b>Other Unrestricted Operating Fund Revenues and Support</b>	<u>\$ 5,458,924</u>
Total unrestricted operating fund revenues and support	<u>5,458,924</u>
 <b>Expenses - City of San Antonio Kinder Readiness Contract</b>	
Personnel services	163,011
Contractual services	47,148
Commodities	48,691
Other expenditures	15,151
Capital outlay	<u>9,395</u>
Total expenses - City of San Antonio Kinder Readiness Contract	283,396
 <b>Other Unrestricted Operating Fund Expenses</b>	 <u>5,249,635</u>
 <b>Total Unrestricted Operating Fund Expenses</b>	 <u><u>\$ 5,533,031</u></u>

**Alamo Public Telecommunications Council**  
**Schedule of City of San Antonio Very Early Childhood Contract**  
**Year Ended September 30, 2013**

<b>Other Unrestricted Operating Fund Revenues and Support</b>	<u>\$ 5,458,924</u>
Total unrestricted operating fund revenues and support	<u>5,458,924</u>
 <b>Expenses - City of San Antonio Very Early Childhood Contract</b>	
Personnel services	40,251
Contractual services	5,789
Commodities	17,051
Other expenditures	3,559
Capital outlay	<u>1,848</u>
Total expenses - City of San Antonio Very Early Childhood Contract	68,498
 <b>Other Unrestricted Operating Fund Expenses</b>	 <u>5,464,533</u>
 <b>Total Unrestricted Operating Fund Expenses</b>	 <u><u>\$ 5,533,031</u></u>