

**Alamo Public Telecommunications  
Council**

Independent Auditor's Report and  
Combined Financial Statements

**September 30, 2018 and 2017**

# Alamo Public Telecommunications Council

## September 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Alamo Public Telecommunications Council

We have audited the accompanying combined financial statements of Alamo Public Telecommunications Council (a nonprofit corporation) and affiliates, which comprise the combined balance sheets as of September 30, 2018 and 2017, and the related combined statements of income, retained earnings, 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 the combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 financial position of Alamo Public Telecommunications Council and affiliates as of September 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of financial position as of September 30, 2018 and 2017, and the related combining statements of activities and cash flows for the years then ended, on pages 29 through 31, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Sagebiel, Ravenberg & Schuh, P.C.*

San Antonio, Texas

January 14, 2019

**Alamo Public Telecommunications Council**  
**Combined Statements of Financial Position**  
**September 30, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 2,353,762	\$ 781,787
Accounts receivable, net	168,427	117,145
Unconditional promises, bequests and grants receivable, net	829,356	677,868
Program rights	1,180,569	1,250,986
Prepaid expenses and other assets	267,987	289,967
Investments	7,705,217	7,626,882
Property and equipment, net	3,245,990	3,258,132
Total assets	\$ 15,751,308	\$ 14,002,767

**Liabilities and Net Assets**

Accounts payable and accrued expenses	\$ 490,311	\$ 596,104
Program rights payable	774,181	816,590
Lease payable	197,620	-
Total liabilities	1,462,112	1,412,694
Net assets		
Unrestricted net assets	329,372	144,995
Board designated unrestricted net assets	215,565	204,171
Board designated for property and equipment	3,048,371	3,258,132
Temporarily restricted net assets	3,522,832	3,351,059
Permanently restricted net assets	7,173,056	5,631,716
Total net assets	14,289,196	12,590,073
Total liabilities and net assets	\$ 15,751,308	\$ 14,002,767

**Alamo Public Telecommunications Council**  
**Combined Statements of Activities**  
**Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenues and other support, including amounts released from restrictions</b>		
Membership contributions	\$ 1,916,114	\$ 1,845,302
Community service grants	948,072	950,053
Contributions	36,029	2,910
Investment return	22,363	30,041
Auction and special events, net direct expenses of \$65,396 and \$51,790	311,378	309,163
Education and outreach	159,497	22,286
Production	213,067	236,806
Program underwriting	413,161	430,737
Other	66,759	76,339
Net assets released from restrictions		
Contributions	205,388	112,127
Auctions and special events	2,750	-
Education and outreach	213,219	262,398
Production	23,462	160,072
Program underwriting	203,250	170,047
Endowment distribution	215,865	208,575
	<b>4,950,374</b>	<b>4,816,856</b>
<b>Total unrestricted revenues and other support</b>		
<b>Expenses</b>		
Program services:		
Production	602,201	860,117
Programming	1,202,251	1,219,803
Public relations	368,684	367,442
Educational services	389,704	413,060
Engineering	926,685	865,499
	<b>3,489,525</b>	<b>3,725,921</b>
<b>Total program services</b>		
Supporting services:		
Development	955,352	1,145,311
General and administrative	519,887	576,925
	<b>1,475,239</b>	<b>1,722,236</b>
<b>Total supporting services</b>		
	<b>4,964,764</b>	<b>5,448,157</b>
<b>Total expenses</b>		
<b>Change in Unrestricted Net Assets</b>	<b>(14,390)</b>	<b>(631,301)</b>

**Alamo Public Telecommunications Council**  
**Combined Statements of Activities (Continued)**  
**Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Changes in Temporarily Restricted Net Assets</b>		
Contributions	\$ 482,443	\$ 1,299,697
Investment return	553,664	741,067
Reclassification of net assets released from restrictions	(863,934)	(913,219)
<b>Change in Temporarily Restricted Net Assets</b>	172,173	1,127,545
<b>Changes in Permanently Restricted Net Assets</b>		
Contributions	1,541,340	30,126
<b>Change in Permanently Restricted Net Assets</b>	1,541,340	30,126
<b>Change in Total Net Assets</b>	1,699,123	526,370
<b>Total Net Assets, Beginning of Year</b>	12,590,073	12,063,703
<b>Total Net Assets, End of Year</b>	\$ 14,289,196	\$ 12,590,073

**Alamo Public Telecommunications Council**  
**Combined Statements of Cash Flows**  
**Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Change in total net assets	\$ 1,699,123	\$ 526,370
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation and accretion	422,412	412,901
Loss on disposal of property and equipment	-	1,710
Purchases of program rights	(773,718)	(842,193)
Amortization of program rights	844,135	847,608
Contributions restricted for investment	(1,571,840)	(103,673)
Net unrealized and realized (gains) losses on investments	(410,936)	(627,266)
Changes in operating assets and liabilities:		
Accounts receivable	(51,282)	25,592
Grants and unconditional promises and bequests	(151,488)	(652,082)
Prepaid expenses and other assets	21,980	27,359
Accounts payable and accrued liabilities	(111,913)	(27,645)
Deferred revenues and support	-	(54,520)
Program rights payable	(42,409)	27,888
	<u>(125,936)</u>	<u>(437,951)</u>
Net cash used by operating activities		
<b>Investing Activities</b>		
Purchase of property and equipment	(187,385)	(104,498)
Purchase of investments	(176,322)	(1,237,383)
Proceeds from sales and maturities of investments	508,923	1,258,121
	<u>145,216</u>	<u>(83,760)</u>
Net cash provided (used) in investing activities		
<b>Financing Activities</b>		
Principal payments under capital lease	(19,145)	-
Contributions restricted for investment	1,571,840	103,673
	<u>1,552,695</u>	<u>103,673</u>
Net cash provided by financing activities		
<b>Increase in Cash and Cash Equivalents</b>	1,571,975	(418,038)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>781,787</u>	<u>1,199,825</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,353,762</u>	<u>\$ 781,787</u>



# Alamo Public Telecommunications Council

## Notes to Combined Financial Statements

### September 30, 2018 and 2017

#### 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, 2018 and 2017**

#### ***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***

Grants and donations received in support of specific program productions are recorded as deferred revenue and support or temporarily restricted support and are recognized as the related costs are 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, 2018 and 2017**

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, 2018 and 2017, the Council's cash equivalents consisted primarily of money market funds. Certain of the Council's cash and cash equivalents totaling \$1,787,970 and \$351,960 at September 30, 2018 and 2017, respectively 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, 2018 and 2017, the Council's cash balance exceeded the current insured amount under FDIC by \$192,746 and \$0, respectively. 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, 2018. 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, 2018 and 2017**

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) Topic 958-605, *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, 2018 and 2017**

***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 \$32,997 and \$17,185 on unrelated business income in 2018 and 2017, 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 2014. However, the Council is still open to examination by taxing authorities from fiscal year 2014 forward. For the years ended September 30, 2018 and 2017, no interest or penalties were recorded or included in the combined statements of activities.

***Uncertain Tax Positions***

The Council has adopted FASB ASC Topic 740-10, *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, 2018 and 2017, the Council incurred expenses related to advertising and promotional costs of \$213,128 and \$283,942, 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.

***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

***Subsequent Events***

The Council's management has evaluated subsequent events through January 14, 2019, the date which the financial statements were available for use.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

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

Investments are as follows at September 30, 2018 and 2017:

	<b>2018</b>		<b>2017</b>	
	<b>Cost</b>	<b>Market</b>	<b>Cost</b>	<b>Market</b>
Fixed income securities	\$ 2,221,251	\$ 2,167,449	\$ 2,427,523	\$ 2,439,257
Capital appreciation securities	4,268,023	5,537,768	4,272,485	5,187,625
Total investments	<u>\$ 6,489,274</u>	<u>\$ 7,705,217</u>	<u>\$ 6,700,008</u>	<u>\$ 7,626,882</u>

Investment return included in change in net assets for September 30, 2018 and 2017, respectively, is comprised of the following components:

	<b>2018</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Interest and dividends	\$ 867	\$ 173,075	\$ 173,942
Realized gain (loss)	-	124,803	124,803
Unrealized gain (loss)	-	286,134	286,134
Investment fees	-	(8,852)	(8,852)
Investment return, net	<u>\$ 867</u>	<u>\$ 575,160</u>	<u>\$ 576,027</u>
Net asset classification of investment return:			
Unrestricted	\$ 867	\$ 21,496	\$ 22,363
Temporarily restricted	-	553,664	553,664
Investment return, net	<u>\$ 867</u>	<u>\$ 575,160</u>	<u>\$ 576,027</u>
	<b>2017</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Interest and dividends	\$ 129	\$ 152,044	\$ 152,173
Realized gain (loss)	-	59,986	59,986
Unrealized gain (loss)	-	567,279	567,279
Investment fees	-	(8,330)	(8,330)
Investment return, net	<u>\$ 129</u>	<u>\$ 770,979</u>	<u>\$ 771,108</u>
Net asset classification of investment return:			
Unrestricted	\$ 129	\$ 29,912	\$ 30,041
Temporarily restricted	-	741,067	741,067
Investment return, net	<u>\$ 129</u>	<u>\$ 770,979</u>	<u>\$ 771,108</u>

# Alamo Public Telecommunications Council

## Notes to Combined Financial Statements

### September 30, 2018 and 2017

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.

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, 2018 and 2017.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

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, 2018 and 2017:

	<b>2018</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</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	\$ 441,987	\$ 441,987	\$ -	\$ -
Large Cap Value Equity Funds	573,075	573,075	-	-
Large Cap Blend Equity Funds	1,847,843	1,847,843	-	-
Mid Cap Value Equity Funds	416,150	416,150	-	-
Mid Cap Growth Equity Funds	486,617	486,617	-	-
International, Developed Markets Blend Funds	435,886	435,886	-	-
International, Developed Markets Growth Funds	489,078	489,078	-	-
International, Emerging Markets Blend Funds	215,631	215,631	-	-
International, Emerging Markets Growth Funds	279,171	279,171	-	-
Real Estate Funds	352,330	352,330	-	-
Fixed Income:				
U.S. Investment Grade	1,285,993	1,285,993	-	-
International, Developed Markets	170,631	170,631	-	-
International, Emerging Markets	183,194	183,194	-	-
High Yield Bond Funds	527,631	527,631	-	-
Total	<u>\$ 7,705,217</u>	<u>\$ 7,705,217</u>	<u>\$ -</u>	<u>\$ -</u>



**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

	2017			
	Fair Value	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)
Capital Appreciation:				
Commodities Funds	\$ 393,504	\$ 393,504	\$ -	\$ -
Large Cap Value Equity Funds	536,200	536,200	-	-
Large Cap Blend Equity Funds	1,603,676	1,603,676	-	-
Mid Cap Value Equity Funds	453,970	453,970	-	-
Mid Cap Growth Equity Funds	446,755	446,755	-	-
International, Developed Markets Blend Funds	441,369	441,369	-	-
International, Developed Markets Growth Funds	441,786	441,786	-	-
International, Emerging Markets Blend Funds	225,086	225,086	-	-
International, Emerging Markets Growth Funds	282,425	282,425	-	-
Real Estate Funds	362,854	362,854	-	-
Fixed Income:				
U.S. Investment Grade	1,511,826	1,511,826	-	-
International, Developed Markets	185,632	185,632	-	-
International, Emerging Markets	194,307	194,307	-	-
High Yield Bond Funds	547,492	547,492	-	-
Total	<u>\$ 7,626,882</u>	<u>\$ 7,626,882</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 3: Accounts and Contributions Receivable**

Accounts receivable at September 30, 2018 and 2017, are as follows:

	2018	2017
Accounts receivable	\$ 176,781	\$ 135,107
Less allowance for doubtful accounts	8,354	17,962
Accounts receivable, net	<u>\$ 168,427</u>	<u>\$ 117,145</u>

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

Contributions receivable consist of the following unconditional promises to give as of September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Grants receivable	\$ 841,488	\$ 690,000
Less allowance for uncollectible pledges and unamortized discount (discount rate of 1.65%)	<u>12,132</u>	<u>12,132</u>
Contributions receivable, net	<u>\$ 829,356</u>	<u>\$ 677,868</u>

The maturities of contributions receivable are as follows at September 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Less than one year:		
Grants receivable	\$ 125,000	\$ 315,000
Contribution receivable	466,488	-
One to five years:		
Grants receivable	<u>250,000</u>	<u>375,000</u>
	<u>\$ 841,488</u>	<u>\$ 690,000</u>

**Note 4: Property and Equipment**

Investment in property and equipment at September 30, 2018 and 2017, consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 497,456	\$ 497,456
Buildings and improvements	4,321,803	4,319,169
Transmitter, antenna and tower	2,848,473	2,848,473
Studio and other broadcasting equipment, including \$216,764 of capital leases at September 30, 2018	5,093,241	4,701,213
Office and transportation equipment	<u>1,017,637</u>	<u>1,008,150</u>
	13,778,610	13,374,461
Less accumulated depreciation	<u>10,532,620</u>	<u>10,116,329</u>
Total property and equipment, net	<u>\$ 3,245,990</u>	<u>\$ 3,258,132</u>

Depreciation expense for the years ended September 30, 2018 and 2017, amounted to \$416,291 and \$407,258, respectively.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

The accumulated depreciation for property and equipment under capital leases for the years ended September 30, 2018 and 2017 was \$18,064 and \$0, respectively.

During the year ended September 30, 2017, the Council retired fixed assets no longer in service with a historical cost of \$1,281,030.

**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 February 5, 2019. Interest on funds drawn is at the prime rate plus 0.750 percent (5.25 percent at September 30, 2018). 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, 2018 and 2017, no amounts were outstanding on the line.

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, 2018 and 2017, the book value of assets subject to Department of Commerce liens was \$194,702 and \$233,872, respectively.

**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, 2018 and 2017, are \$61,526 and \$69,909, 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 \$25,526 at both September 30, 2018 and 2017, and are included in the accompanying combined statements of financial position as a component of accounts payable and accrued expenses. The Endowment was named the beneficiary of this agreement following the death of this former employee, and has accrued a receivable of \$25,526 in the accompanying combining statements of financial position as of September 30, 2018 and September 30, 2017. These receivables and payables are eliminated in combination.

The Council had \$120,365 and \$112,670 in board restricted assets for deferred compensation at September 30, 2018 and 2017, respectively.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

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

Temporarily and permanently restricted net assets consist of the following at September 30, 2018 and 2017:

	<b>2018</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Temporarily restricted net assets			
Without purpose restrictions	\$ -	\$ 2,572,420	\$ 2,572,420
Local production and programming	171,651	-	171,651
Education and outreach	156,034	-	156,034
Facility and equipment costs	<u>622,727</u>	<u>-</u>	<u>622,727</u>
	<u>\$ 950,412</u>	<u>\$ 2,572,420</u>	<u>\$ 3,522,832</u>
Permanently restricted net assets			
Endowments	<u>\$ -</u>	<u>\$ 7,173,056</u>	<u>\$ 7,173,056</u>
	<b>2017</b>		
	<b>Council</b>	<b>Endowment</b>	<b>Total</b>
Temporarily restricted net assets			
Without purpose restrictions	\$ -	\$ 2,235,021	\$ 2,235,021
Local production and programming	170,624	-	170,624
Education and outreach	196,484	-	196,484
Facility and equipment costs	<u>748,930</u>	<u>-</u>	<u>748,930</u>
	<u>\$ 1,116,038</u>	<u>\$ 2,235,021</u>	<u>\$ 3,351,059</u>
Permanently restricted net assets			
Endowments	<u>\$ -</u>	<u>\$ 5,631,716</u>	<u>\$ 5,631,716</u>

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

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

**Note 9: Asset Retirement Obligation**

The Council has an asset retirement obligation of \$78,470 and \$72,349 as of September 30, 2018 and 2017, 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>2018</b>	<b>2017</b>
Asset retirement obligation, beginning of year	\$ 72,349	\$ 66,706
Accretion expense	6,121	5,643
Asset retirement obligation, end of year	\$ 78,470	\$ 72,349

**Note 10: Lease Obligations**

The Council leases certain equipment under operating leases which expire through 2023. During the year ended September 30, 2018 the Council entered into a capital lease for broadcast equipment.

Total rent expense paid by the Council for the years ended September 30, 2018 and 2017, was \$38,457 and \$37,549, respectively.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

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

	<u>Capital Lease</u>	<u>Operating Leases</u>
2019	\$ 49,565	\$ 30,420
2020	49,565	11,588
2021	49,565	8,336
2022	49,565	4,229
2023	<u>24,785</u>	<u>2,178</u>
Total minimum lease payments	<u>\$ 223,045</u>	<u>\$ 56,751</u>
Less: amount representing interest	<u>(25,425)</u>	
Net minimum capital lease payments	197,620	
Less: current portion	<u>(39,871)</u>	
Long-term capital lease obligation	<u>\$ 157,749</u>	

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

**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, 2018 and 2017**

The composition of net assets by type of endowment fund at September 30, 2018 and 2017, was:

	<b>2018</b>			
	<b>Unrestricted</b>	<b>Temporarily</b>	<b>Permanently</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 2,572,420	\$ 7,173,056	\$ 9,745,476
Board-designated endowment funds	215,565	-	-	215,565
Total endowment funds	<u>\$ 215,565</u>	<u>\$ 2,572,420</u>	<u>\$ 7,173,056</u>	<u>\$ 9,961,041</u>
	<b>2017</b>			
	<b>Unrestricted</b>	<b>Temporarily</b>	<b>Permanently</b>	<b>Total</b>
Donor-restricted endowment funds	\$ -	\$ 2,235,021	\$ 5,631,716	\$ 7,866,737
Board-designated endowment funds	204,171	-	-	204,171
Total endowment funds	<u>\$ 204,171</u>	<u>\$ 2,235,021</u>	<u>\$ 5,631,716</u>	<u>\$ 8,070,908</u>

Changes in endowment net assets for the years ended September 30, 2018 and 2017, were:

	<b>2018</b>			
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment net assets, beginning of year	\$ 204,171	\$ 2,235,021	\$ 5,631,716	\$ 8,070,908
Investment return				
Interest and dividends	3,758	167,230	-	170,988
Realized gain	3,131	119,944	-	123,075
Unrealized gain	7,139	274,989	-	282,128
Investment fees	(227)	(8,899)	-	(9,126)
Total investment return	<u>13,801</u>	<u>553,264</u>	<u>-</u>	<u>567,065</u>
Contributions	1,725	-	1,541,340	1,543,065
Distributions	(219,997)	-	-	(219,997)
Other changes	-	-	-	-
Appropriation of endowment assets for expenditure	215,865	(215,865)	-	-
Endowment net assets, end of year	<u>\$ 215,565</u>	<u>\$ 2,572,420</u>	<u>\$ 7,173,056</u>	<u>\$ 9,961,041</u>



**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ 187,973	\$ 1,702,529	\$ 5,601,590	\$ 7,492,092
Investment return				
Interest and dividends	3,798	146,167	-	149,965
Realized gain	1,501	57,674	-	59,175
Unrealized loss	14,242	545,233	-	559,475
Investment fees	(208)	(8,007)	-	(8,215)
Total investment return	19,333	741,067	-	760,400
Contributions	910	-	30,126	31,036
Distributions	(212,620)	-	-	(212,620)
Other changes	-	-	-	-
Appropriation of endowment assets for expenditure	208,575	(208,575)	-	-
Endowment net assets, end of year	\$ 204,171	\$ 2,235,021	\$ 5,631,716	\$ 8,070,908

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30, 2018 and 2017, consisted of:

	2018	2017
Permanently restricted net assets		
Portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	\$ 7,173,056	\$ 5,631,716
Temporarily restricted net assets		
Portion of perpetual endowment funds subject to a time restriction under SPMIFA		
Without purpose restrictions	\$ 2,572,420	\$ 2,235,021

# **Alamo Public Telecommunications Council**

## **Notes to Combined Financial Statements**

### **September 30, 2018 and 2017**

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, 2018 and 2017.

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 four percent of its endowment fund's average fair value over the prior twelve quarters 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, 2018 and 2017**

***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.

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

**Note 13: Schedule of Functional Expenses**

The following sets forth the natural class detail of functional expenses of the Council for the years ended September 30, 2018 and 2017:

	2018					
	PROGRAM SERVICES					
	Production	Programming	Public Relations	Education and Outreach	Engineering	Total Program Services
Salaries and wages	\$ 308,177	\$ 84,567	\$ 196,965	\$ 204,598	\$ 270,546	\$ 1,064,853
Benefits	70,632	23,195	68,371	43,241	58,020	263,459
Professional services	54,960	14,771	3,015	23,560	1,618	97,924
Supplies	6,593	208	2,140	31,935	360	41,236
Telephone	10,192	2,290	4,026	7,581	7,420	31,509
Postage and shipping	49	1,414	43	4,264	533	6,303
Occupancy	55,777	3,256	2,679	27,140	40,152	129,004
Equipment rental and maintenance	36,025	6,081	2,492	12,598	84,604	141,800
Printing and publications	-	213	2,214	13,820	103	16,350
Travel	1,470	2,266	201	5,800	2,825	12,562
Conferences, conventions and meetings	1,232	2,090	3,146	10,841	767	18,076
Interest and service charges	-	-	-	-	-	-
Programming	27,575	878,924	-	-	-	906,499
Advertising and promotional	773	-	75,239	588	-	76,600
Dues and subscriptions	147	177,868	4,559	360	325	183,259
Insurance	3,810	5,108	645	3,217	28,742	41,522
Miscellaneous	24,789	-	2,949	161	8,258	36,157
Depreciation and accretion	-	-	-	-	422,412	422,412
	<u>\$ 602,201</u>	<u>\$ 1,202,251</u>	<u>\$ 368,684</u>	<u>\$ 389,704</u>	<u>\$ 926,685</u>	<u>\$ 3,489,525</u>

**2018**

<b>SUPPORTING SERVICES</b>				
<b>Development</b>	<b>General and Administrative</b>	<b>Total Supporting Services</b>	<b>Total Functional Expenses</b>	
\$ 450,252	\$ 225,373	\$ 675,625	\$ 1,740,478	
90,822	67,598	158,420	421,879	
28,574	107,396	135,970	233,894	
3,802	4,577	8,379	49,615	
11,206	7,880	19,086	50,595	
62,825	4,755	67,580	73,883	
14,033	13,825	27,858	156,862	
33,097	16,299	49,396	191,196	
35,415	1,627	37,042	53,392	
2,361	8,421	10,782	23,344	
4,448	9,849	14,297	32,373	
48,657	11,462	60,119	60,119	
-	-	-	906,499	
136,215	313	136,528	213,128	
12,192	24,486	36,678	219,937	
1,542	15,634	17,176	58,698	
19,911	392	20,303	56,460	
-	-	-	422,412	
<b>\$ 955,352</b>	<b>\$ 519,887</b>	<b>\$ 1,475,239</b>	<b>\$ 4,964,764</b>	

**Alamo Public Telecommunications Council**  
**Notes to Combined Financial Statements**  
**September 30, 2018 and 2017**

	2017					
	PROGRAM SERVICES					
	Production	Programming	Public Relations	Education and Outreach	Engineering	Total Program Services
Salaries and wages	\$ 477,521	\$ 91,495	\$ 194,573	\$ 201,794	\$ 259,213	\$ 1,224,596
Benefits	152,935	35,465	65,991	75,902	91,880	422,173
Professional services	66,075	7,951	1,747	14,893	1,340	92,006
Supplies	7,590	275	851	26,889	551	36,156
Telephone	8,788	2,775	3,357	6,140	5,549	26,609
Postage and shipping	212	2,082	2	2,698	383	5,377
Occupancy	56,372	3,039	2,633	27,004	40,881	129,929
Equipment rental and maintenance	42,329	4,649	1,314	19,959	26,988	95,239
Printing and publications	22	159	1,868	19,352	90	21,491
Travel	2,903	2,450	1,341	3,951	3,202	13,847
Conferences, conventions and meetings	1,558	1,295	1,117	8,286	747	13,003
Interest and service charges	-	-	-	-	-	-
Programming	26,728	882,304	-	-	-	909,032
Advertising and promotional	1,705	970	84,358	365	-	87,398
Dues and subscriptions	3,980	179,134	7,060	384	-	190,558
Insurance	8,821	5,760	1,230	4,644	20,446	40,901
Miscellaneous	2,578	-	-	799	1,328	4,705
Depreciation and accretion	-	-	-	-	412,901	412,901
	<u>\$ 860,117</u>	<u>\$ 1,219,803</u>	<u>\$ 367,442</u>	<u>\$ 413,060</u>	<u>\$ 865,499</u>	<u>\$ 3,725,921</u>

**2017**

<b>SUPPORTING SERVICES</b>			
<b>Development</b>	<b>General and Administrative</b>	<b>Total Supporting Services</b>	<b>Total Functional Expenses</b>
\$ 458,893	\$ 258,247	\$ 717,140	\$ 1,941,736
141,347	105,717	247,064	669,237
62,087	84,703	146,790	238,796
3,353	5,402	8,755	44,911
10,686	6,594	17,280	43,889
56,092	6,117	62,209	67,586
13,713	14,642	28,355	158,284
57,537	22,470	80,007	175,246
33,773	3,949	37,722	59,213
6,615	9,803	16,418	30,265
8,817	15,240	24,057	37,060
40,652	2,144	42,796	42,796
-	-	-	909,032
196,544	-	196,544	283,942
25,815	24,081	49,896	240,454
4,183	17,111	21,294	62,195
25,204	705	25,909	30,614
-	-	-	412,901
<u>\$ 1,145,311</u>	<u>\$ 576,925</u>	<u>\$ 1,722,236</u>	<u>\$ 5,448,157</u>

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## **SUPPLEMENTARY INFORMATION**

**Alamo Public Telecommunications Council**  
**Combining Statements of Financial Position**  
**September 30, 2018 and 2017**

	2018					
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Eliminations	Combined Total
<b>Assets</b>						
Cash and cash equivalents	\$ 428,025	\$ 97,055	\$ 525,080	\$ 1,828,682	\$ -	\$ 2,353,762
Accounts receivable, net of allowance of \$8,354 and \$17,962, respectively	156,908	-	156,908	11,519	-	168,427
Unconditional promises and bequests and grants receivable, net of allowance and discount of \$12,132 and \$12,132, respectively	-	362,868	362,868	492,014	(25,526)	829,356
Interfund transfers	(242,164)	242,164	-	-	-	-
Program rights	1,180,569	-	1,180,569	-	-	1,180,569
Prepaid expenses and other assets	223,230	-	223,230	44,757	-	267,987
Investments	-	-	-	7,705,217	-	7,705,217
Property and equipment, net	-	3,245,990	3,245,990	-	-	3,245,990
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,746,568</u>	<u>\$ 3,948,077</u>	<u>\$ 5,694,645</u>	<u>\$ 10,082,189</u>	<u>\$ (25,526)</u>	<u>\$ 15,751,308</u>
<b>Liabilities and Net Assets</b>						
Accounts payable and accrued expenses	\$ 435,695	\$ 79,359	\$ 515,054	\$ 783	\$ (25,526)	\$ 490,311
Program rights payable	774,181	-	774,181	-	-	774,181
Lease payable	-	197,620	197,620	-	-	197,620
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>1,209,876</u>	<u>276,979</u>	<u>1,486,855</u>	<u>783</u>	<u>(25,526)</u>	<u>1,462,112</u>
<b>Net assets</b>						
Unrestricted net assets	209,007	-	209,007	120,365	-	329,372
Board designated unrestricted	-	-	-	215,565	-	215,565
Board designated for property and equipment	-	3,048,371	3,048,371	-	-	3,048,371
Temporarily restricted net assets	327,685	622,727	950,412	2,572,420	-	3,522,832
Permanently restricted net assets	-	-	-	7,173,056	-	7,173,056
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total net assets	<u>536,692</u>	<u>3,671,098</u>	<u>4,207,790</u>	<u>10,081,406</u>	<u>-</u>	<u>14,289,196</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and net assets	<u>\$ 1,746,568</u>	<u>\$ 3,948,077</u>	<u>\$ 5,694,645</u>	<u>\$ 10,082,189</u>	<u>\$ (25,526)</u>	<u>\$ 15,751,308</u>

2017

Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Eliminations	Combined Total
\$ 183,643	\$ 96,189	\$ 279,832	\$ 501,955	\$ -	\$ 781,787
104,236	-	104,236	12,909	-	117,145
15,000	662,868	677,868	25,526	(25,526)	677,868
(62,222)	62,222	-	-	-	-
1,250,986	-	1,250,986	-	-	1,250,986
269,899	-	269,899	20,068	-	289,967
-	-	-	7,626,882	-	7,626,882
-	3,258,132	3,258,132	-	-	3,258,132
<u>\$ 1,761,542</u>	<u>\$ 4,079,411</u>	<u>\$ 5,840,953</u>	<u>\$ 8,187,340</u>	<u>\$ (25,526)</u>	<u>\$ 14,002,767</u>
\$ 545,519	\$ 72,349	\$ 617,868	\$ 3,762	\$ (25,526)	\$ 596,104
816,590	-	816,590	-	-	816,590
-	-	-	-	-	-
<u>1,362,109</u>	<u>72,349</u>	<u>1,434,458</u>	<u>3,762</u>	<u>(25,526)</u>	<u>1,412,694</u>
32,325	-	32,325	112,670	-	144,995
-	-	-	204,171	-	204,171
-	3,258,132	3,258,132	-	-	3,258,132
367,108	748,930	1,116,038	2,235,021	-	3,351,059
-	-	-	5,631,716	-	5,631,716
<u>399,433</u>	<u>4,007,062</u>	<u>4,406,495</u>	<u>8,183,578</u>	<u>-</u>	<u>12,590,073</u>
<u>\$ 1,761,542</u>	<u>\$ 4,079,411</u>	<u>\$ 5,840,953</u>	<u>\$ 8,187,340</u>	<u>\$ (25,526)</u>	<u>\$ 14,002,767</u>

**Alamo Public Telecommunications Council**  
**Combining Statements of Activities**  
**Years Ended September 30, 2018 and 2017**

	2018				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund, Inc.	Combined Total
<b>Changes in Unrestricted Net Assets</b>					
<b>Revenues and other support, including amounts released from restrictions</b>					
Membership contributions	\$ 1,916,114	\$ -	\$ 1,916,114	\$ -	\$ 1,916,114
Community service grants	948,072	-	948,072	-	948,072
Contributions	34,304	-	34,304	1,725	36,029
Investment return	1	866	867	21,496	22,363
Auctions and special events, net of direct expenses of \$65,396 and \$51,790	311,378	-	311,378	-	311,378
Education and outreach	159,497	-	159,497	-	159,497
Production	213,067	-	213,067	-	213,067
Program underwriting	413,161	-	413,161	-	413,161
Other	62,759	4,000	66,759	-	66,759
Net assets released from restrictions:					
Contributions	48,685	156,703	205,388	-	205,388
Auctions and special events	2,750	-	2,750	-	2,750
Education and outreach	213,219	-	213,219	-	213,219
Production	23,462	-	23,462	-	23,462
Program underwriting	203,250	-	203,250	-	203,250
Endowment distribution	-	-	-	215,865	215,865
Total revenues and other support	<u>4,549,719</u>	<u>161,569</u>	<u>4,711,288</u>	<u>239,086</u>	<u>4,950,374</u>
<b>Expenses</b>					
Program services:					
Production	602,201	-	602,201	-	602,201
Programming	1,202,251	-	1,202,251	-	1,202,251
Public relations	368,684	-	368,684	-	368,684
Educational services	389,704	-	389,704	-	389,704
Engineering	504,273	422,412	926,685	-	926,685
	<u>3,067,113</u>	<u>422,412</u>	<u>3,489,525</u>	<u>-</u>	<u>3,489,525</u>
Supporting services:					
Development	955,352	-	955,352	-	955,352
General and administrative	512,959	6,528	519,487	400	519,887
	<u>1,468,311</u>	<u>6,528</u>	<u>1,474,839</u>	<u>400</u>	<u>1,475,239</u>
Total expenses	<u>4,535,424</u>	<u>428,940</u>	<u>4,964,364</u>	<u>400</u>	<u>4,964,764</u>
<b>Other Changes in Net Assets</b>					
Transfer for plant additions	(57,610)	57,610	-	-	-
Transfer of earnings	219,997	-	219,997	(219,997)	-
<b>Change in Unrestricted Net Assets</b>	<u>176,682</u>	<u>(209,761)</u>	<u>(33,079)</u>	<u>18,689</u>	<u>(14,390)</u>
<b>Changes in Temporarily Restricted Net Assets</b>					
Contributions	451,943	30,500	482,443	-	482,443
Investment return	-	-	-	553,664	553,664
Reclassification of net assets released from restrictions	(491,366)	(156,703)	(648,069)	(215,865)	(863,934)
<b>Change in Temporarily Restricted Net Assets</b>	<u>(39,423)</u>	<u>(126,203)</u>	<u>(165,626)</u>	<u>337,799</u>	<u>172,173</u>
<b>Changes in Permanently Restricted Net Assets</b>					
Contributions	-	-	-	1,541,340	1,541,340
<b>Change in Permanently Restricted Net Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,541,340</u>	<u>1,541,340</u>
<b>Change in Total Net Assets</b>	<u>137,259</u>	<u>(335,964)</u>	<u>(198,705)</u>	<u>1,897,828</u>	<u>1,699,123</u>
<b>Total Net Assets, Beginning of Year</b>	<u>399,433</u>	<u>4,007,062</u>	<u>4,406,495</u>	<u>8,183,578</u>	<u>12,590,073</u>
<b>Total Net Assets, End of Year</b>	<u>\$ 536,692</u>	<u>\$ 3,671,098</u>	<u>\$ 4,207,790</u>	<u>\$ 10,081,406</u>	<u>\$ 14,289,196</u>

**2017**

<b>Operating Fund</b>	<b>Plant Fund</b>	<b>Council Subtotal</b>	<b>KLRN Endowment Fund, Inc.</b>	<b>Combined Total</b>
\$ 1,845,302	\$ -	\$ 1,845,302	\$ -	\$ 1,845,302
950,053	-	950,053	-	950,053
2,000	-	2,000	910	2,910
-	129	129	29,912	30,041
309,163	-	309,163	-	309,163
22,286	-	22,286	-	22,286
236,806	-	236,806	-	236,806
430,737	-	430,737	-	430,737
78,049	(1,710)	76,339	-	76,339
38,798	73,329	112,127	-	112,127
-	-	-	-	-
262,398	-	262,398	-	262,398
160,072	-	160,072	-	160,072
170,047	-	170,047	-	170,047
-	-	-	208,575	208,575
<u>4,505,711</u>	<u>71,748</u>	<u>4,577,459</u>	<u>239,397</u>	<u>4,816,856</u>
860,117	-	860,117	-	860,117
1,219,803	-	1,219,803	-	1,219,803
367,442	-	367,442	-	367,442
413,060	-	413,060	-	413,060
452,599	412,900	865,499	-	865,499
<u>3,313,021</u>	<u>412,900</u>	<u>3,725,921</u>	<u>-</u>	<u>3,725,921</u>
1,145,311	-	1,145,311	-	1,145,311
576,841	84	576,925	-	576,925
<u>1,722,152</u>	<u>84</u>	<u>1,722,236</u>	<u>-</u>	<u>1,722,236</u>
<u>5,035,173</u>	<u>412,984</u>	<u>5,448,157</u>	<u>-</u>	<u>5,448,157</u>
(36,766)	36,766	-	-	-
212,620	-	212,620	(212,620)	-
<u>(353,608)</u>	<u>(304,470)</u>	<u>(658,078)</u>	<u>26,777</u>	<u>(631,301)</u>
493,982	805,715	1,299,697	-	1,299,697
-	-	-	741,067	741,067
-	-	-	-	-
<u>(631,315)</u>	<u>(73,329)</u>	<u>(704,644)</u>	<u>(208,575)</u>	<u>(913,219)</u>
<u>(137,333)</u>	<u>732,386</u>	<u>595,053</u>	<u>532,492</u>	<u>1,127,545</u>
-	-	-	30,126	30,126
-	-	-	30,126	30,126
(490,941)	427,916	(63,025)	589,395	526,370
890,374	3,579,146	4,469,520	7,594,183	12,063,703
<u>\$ 399,433</u>	<u>\$ 4,007,062</u>	<u>\$ 4,406,495</u>	<u>\$ 8,183,578</u>	<u>\$ 12,590,073</u>

**Alamo Public Telecommunications Council**  
**Combining Statements of Cash Flows**  
**Years Ended September 30, 2018 and 2017**

	2018				
	Operating Fund	Plant Fund	Council Subtotal	KLRN Endowment Fund. Inc.	Combined Total
<b>Operating Activities</b>					
Change in net assets	\$ 137,259	\$ (335,964)	\$ (198,705)	\$ 1,897,828	\$ 1,699,123
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities					
Depreciation and accretion	-	422,412	422,412	-	422,412
Noncash donations	-	-	-	-	-
Loss (gain) on disposal of property and equipment	-	-	-	-	-
Purchases of program rights	(773,718)	-	(773,718)	-	(773,718)
Amortization of program rights	844,135	-	844,135	-	844,135
Contributions restricted for investment	-	(30,500)	(30,500)	(1,541,340)	(1,571,840)
Net unrealized and realized (gains) losses on investments	-	-	-	(410,936)	(410,936)
Changes in operating assets and liabilities					
Accounts receivable	(52,672)	-	(52,672)	1,390	(51,282)
Grants and unconditional promises and bequests	15,000	300,000	315,000	(466,488)	(151,488)
Due to/due from other funds	179,942	(179,942)	-	-	-
Prepaid expenses and other assets	46,669	-	46,669	(24,689)	21,980
Accounts payable and accrued expenses	(109,824)	890	(108,934)	(2,979)	(111,913)
Deferred revenues and support	-	-	-	-	-
Program rights payable	(42,409)	-	(42,409)	-	(42,409)
Lease payable	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>244,382</u>	<u>176,896</u>	<u>421,278</u>	<u>(547,214)</u>	<u>(125,936)</u>
<b>Investing Activities</b>					
Purchase of property and equipment	-	(187,385)	(187,385)	-	(187,385)
Purchases of investments	-	-	-	(176,322)	(176,322)
Proceeds from sales and maturities of investments	-	-	-	508,923	508,923
Net cash (used in) provided by investing activities	<u>-</u>	<u>(187,385)</u>	<u>(187,385)</u>	<u>332,601</u>	<u>145,216</u>
<b>Financing Activities</b>					
Principal payments under capital lease	-	(19,145)	(19,145)	-	(19,145)
Contributions restricted for investment	-	30,500	30,500	1,541,340	1,571,840
Net cash provided by financing activities	<u>-</u>	<u>11,355</u>	<u>11,355</u>	<u>1,541,340</u>	<u>1,552,695</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	244,382	866	245,248	1,326,727	1,571,975
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>183,643</u>	<u>96,189</u>	<u>279,832</u>	<u>501,955</u>	<u>781,787</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 428,025</u>	<u>\$ 97,055</u>	<u>\$ 525,080</u>	<u>\$ 1,828,682</u>	<u>\$ 2,353,762</u>

**2017**

<b>Operating Fund</b>	<b>Plant Fund</b>	<b>Council Subtotal</b>	<b>KLRN Endowment Fund. Inc.</b>	<b>Combined Total</b>
\$ (490,941)	\$ 427,916	\$ (63,025)	\$ 589,395	\$ 526,370
-	412,901	412,901	-	412,901
-	-	-	-	-
-	1,710	1,710	-	1,710
(842,193)	-	(842,193)	-	(842,193)
847,608	-	847,608	-	847,608
-	(73,457)	(73,457)	(30,216)	(103,673)
-	-	-	(627,266)	(627,266)
28,652	-	28,652	(3,060)	25,592
(15,000)	(662,868)	(677,868)	25,786	(652,082)
275,032	(275,032)	-	-	-
28,000	-	28,000	(641)	27,359
(30,797)	-	(30,797)	3,152	(27,645)
(54,520)	-	(54,520)	-	(54,520)
27,888	-	27,888	-	27,888
-	-	-	-	-
<u>(226,271)</u>	<u>(168,830)</u>	<u>(395,101)</u>	<u>(42,850)</u>	<u>(437,951)</u>
-	(104,498)	(104,498)	-	(104,498)
-	-	-	(1,237,383)	(1,237,383)
-	-	-	1,258,121	1,258,121
-	<u>(104,498)</u>	<u>(104,498)</u>	<u>20,738</u>	<u>(83,760)</u>
-	<u>73,457</u>	<u>73,457</u>	<u>30,216</u>	<u>103,673</u>
-	<u>73,457</u>	<u>73,457</u>	<u>30,216</u>	<u>103,673</u>
(226,271)	(199,871)	(426,142)	8,104	(418,038)
409,914	296,060	705,974	493,851	1,199,825
<u>\$ 183,643</u>	<u>\$ 96,189</u>	<u>\$ 279,832</u>	<u>\$ 501,955</u>	<u>\$ 781,787</u>