

**ALAMO PUBLIC TELECOMMUNICATIONS  
COUNCIL**

**COMBINED FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED SEPTEMBER 30, 2020**

**ALAMO PUBLIC TELECOMMUNICATIONS  
COUNCIL**

**COMBINED FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

**Year Ended September 30, 2020**

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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 organization) and affiliate, which comprise the combined statements of financial position as of September 30, 2020 and 2019, and the related combined statements of activities and functional expenses for the year ended September 30, 2020 and cash flows for the years ended September 30, 2020 and 2019, and the related notes to the combined financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 affiliate as of September 30, 2020 and 2019, the changes in their net assets for the year ended September 30, 2020, and their cash flows for the years ended September 30, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Alamo Public Telecommunications Council and affiliate's 2019 combined financial statements, and our report dated January 13, 2020, expressed an unmodified opinion on those combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Lincoln Center  
7800 I.H. 10 West, Suite 630  
San Antonio, TX 78230-4750

210•979•7600

FAX 210•979•7679

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining schedules of financial position and activities on pages 22 and 23 are presented for purposes of additional analysis and are 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 on pages 22 and 23 is fairly stated in all material respects in relation to the combined financial statements as a whole.

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

San Antonio, Texas

January 7, 2021

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**COMBINED STATEMENT OF FINANCIAL POSITION**

**September 30, 2020 and 2019**

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 1,961,817	\$ 1,863,482
Accounts receivable, net of allowance of \$5,296 and \$21,246	103,275	219,338
Unconditional promises, bequests, and grants receivable, net of allowance and discount of \$2,044 and \$6,099	818,944	710,389
Program rights	1,246,753	1,238,407
Prepaid expenses and other assets	302,478	284,443
Investments	9,240,793	8,069,208
Property and equipment, net	3,384,459	3,212,100
Total assets	<u>\$ 17,058,519</u>	<u>\$ 15,597,367</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 609,753	\$ 489,123
Deferred revenues	-	12,000
Program rights payable	836,254	852,697
Lease payable	148,115	157,749
Note payable	459,600	-
Total liabilities	<u>2,053,722</u>	<u>1,511,569</u>
 <b>Net assets:</b>		
Without donor restrictions:		
Unrestricted	1,286,512	394,035
Board designated unrestricted	219,291	216,674
Board designated for property and equipment	3,236,344	3,054,351
Total net assets without donor restrictions	<u>4,742,147</u>	<u>3,665,060</u>
With donor restrictions:		
Time or purpose restrictions	3,002,333	3,171,036
Restrictions that are perpetual in nature	7,260,317	7,249,702
Total net assets with donor restrictions	<u>10,262,650</u>	<u>10,420,738</u>
Total net assets	<u>15,004,797</u>	<u>14,085,798</u>
 Total liabilities and net assets	 <u>\$ 17,058,519</u>	 <u>\$ 15,597,367</u>

The accompanying notes are an integral part  
of the financial statements.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**COMBINED STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2020**

(With Comparative Totals For Year Ended September 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	<b>Total</b>	
			<u>2020</u>	<u>2019</u>
<b>Support and revenue:</b>				
Special events:				
Gross revenue	\$ 252,007	\$ 25,500	\$ 277,507	\$ 385,951
Less direct expenses	(50,915)	-	(50,915)	(74,613)
Net special events support	<u>201,092</u>	<u>25,500</u>	<u>226,592</u>	<u>311,338</u>
Membership contributions	2,166,425	-	2,166,425	1,874,036
Community service grants	973,657	-	973,657	909,436
CPB CARES Act grant	200,000	-	200,000	-
Contributions	589,960	174,289	764,249	161,627
Investment return	8,115	335,511	343,626	275,407
Education and outreach	152,010	207,310	359,320	349,824
Production	102,743	29,500	132,243	340,463
Program underwriting	186,461	222,194	408,655	448,306
Other	128,092	-	128,092	95,899
	<u>4,708,555</u>	<u>994,304</u>	<u>5,702,859</u>	<u>4,766,336</u>
Net assets released from restrictions	<u>1,152,392</u>	<u>(1,152,392)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,860,947</u>	<u>(158,088)</u>	<u>5,702,859</u>	<u>4,766,336</u>
<b>Expenses:</b>				
Program services:				
Production	575,803	-	575,803	683,906
Programming	1,253,309	-	1,253,309	1,216,846
Public relations	335,424	-	335,424	329,490
Educational services	392,288	-	392,288	458,396
Engineering	853,183	-	853,183	809,797
Total program services expenses	<u>3,410,007</u>	<u>-</u>	<u>3,410,007</u>	<u>3,498,435</u>
Supporting services:				
Development	941,068	-	941,068	1,016,568
General and administrative	432,785	-	432,785	454,731
Total supporting services expenses	<u>1,373,853</u>	<u>-</u>	<u>1,373,853</u>	<u>1,471,299</u>
Total expenses	<u>4,783,860</u>	<u>-</u>	<u>4,783,860</u>	<u>4,969,734</u>
Change in net assets	1,077,087	(158,088)	918,999	(203,398)
<b>Net assets at beginning of year</b>	<u>3,665,060</u>	<u>10,420,738</u>	<u>14,085,798</u>	<u>14,289,196</u>
<b>Net assets at end of year</b>	<u>\$ 4,742,147</u>	<u>\$ 10,262,650</u>	<u>\$ 15,004,797</u>	<u>\$ 14,085,798</u>

The accompanying notes are an integral part  
of the financial statements.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended September 30, 2020**

(With Comparative Totals For Year Ended September 30, 2019)

	<b>Program Services</b>					
	<u>Production</u>	<u>Programming</u>	<u>Public Relation</u>	<u>Educational Services</u>	<u>Engineering</u>	<u>Subtotal</u>
Salaries	\$ 311,538	\$ 108,447	\$ 208,404	\$ 217,726	\$ 290,955	\$ 1,137,070
Benefits	78,605	30,945	65,754	59,227	72,251	306,782
Total salary and benefits	<u>390,143</u>	<u>139,392</u>	<u>274,158</u>	<u>276,953</u>	<u>363,206</u>	<u>1,443,852</u>
Professional services	48,353	18,908	1,589	2,757	1,910	73,517
Supplies	4,012	214	73	23,972	406	28,677
Telephone	7,831	2,494	5,162	9,095	6,917	31,499
Postage and shipping	91	313	-	3,009	143	3,556
Occupancy	54,789	3,019	3,156	23,865	31,674	116,503
Equipment rental and maintenance	28,606	2,069	4,983	9,057	76,201	120,916
Printing and publications	-	5,115	1,107	14,309	10	20,541
Travel	187	559	1,071	7,164	1,419	10,400
Conferences, conventions, and meetings	3,120	534	399	4,170	4	8,227
Programming	18,204	876,607	-	-	-	894,811
Advertising and promotional	600	-	35,702	1,750	100	38,152
Dues and subscriptions	475	197,918	5,705	9,751	798	214,647
Insurance	10,745	6,167	2,288	6,276	21,445	46,921
Interest	-	-	-	-	-	-
Banking fees and service charges	-	-	-	160	-	160
Bad debt expense	-	-	-	-	-	-
Miscellaneous	8,647	-	31	-	10,847	19,525
Total expenses before depreciation and accretion	<u>575,803</u>	<u>1,253,309</u>	<u>335,424</u>	<u>392,288</u>	<u>515,080</u>	<u>3,071,904</u>
Depreciation and accretion	-	-	-	-	338,103	338,103
Total expenses	<u>\$ 575,803</u>	<u>\$ 1,253,309</u>	<u>\$ 335,424</u>	<u>\$ 392,288</u>	<u>\$ 853,183</u>	<u>\$ 3,410,007</u>

<b>Supporting Services</b>			<b>Total</b>	
<u>Development</u>	<u>General and Administrative</u>	<u>Subtotal</u>	<u>2020</u>	<u>2019</u>
\$ 433,141	\$ 169,462	\$ 602,603	\$ 1,739,673	\$ 1,780,875
81,700	57,559	139,259	446,041	473,153
<u>514,841</u>	<u>227,021</u>	<u>741,862</u>	<u>2,185,714</u>	<u>2,254,028</u>
32,837	110,919	143,756	217,273	278,530
11,107	5,449	16,556	45,233	56,488
11,511	7,812	19,323	50,822	50,920
57,385	3,493	60,878	64,434	60,015
10,353	7,520	17,873	134,376	145,352
10,564	13,224	23,788	144,704	143,909
16,367	(1,118)	15,249	35,790	52,203
3,921	3,968	7,889	18,289	33,910
4,143	6,282	10,425	18,652	41,838
-	-	-	894,811	861,794
150,381	979	151,360	189,512	186,069
57,701	24,245	81,946	296,593	274,663
7,158	8,056	15,214	62,135	58,909
-	8,408	8,408	8,408	9,445
49,018	6,427	55,445	55,605	56,931
-	-	-	-	14,941
<u>3,781</u>	<u>100</u>	<u>3,881</u>	<u>23,406</u>	<u>55,008</u>
941,068	432,785	1,373,853	4,445,757	4,634,953
-	-	-	338,103	334,781
<u>\$ 941,068</u>	<u>\$ 432,785</u>	<u>\$ 1,373,853</u>	<u>\$ 4,783,860</u>	<u>\$ 4,969,734</u>

The accompanying notes are an integral part of the financial statements.



**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**COMBINED STATEMENT OF CASH FLOWS**

**Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 918,999	\$ (203,398)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and accretion expense	338,103	334,781
Bad debt expense	-	14,941
Purchases of program rights	(835,133)	(856,832)
Amortization of program rights	826,787	798,994
Contributions restricted for long-term use	(153,489)	(82,679)
Realized and unrealized (gains) and losses, net	(138,364)	(66,979)
Change in:		
Accounts receivable	116,063	(65,852)
Grants and unconditional promises and bequests	(108,555)	118,967
Prepaid expenses and other assets	(18,035)	(16,456)
Accounts payable and accrued liabilities	113,430	(7,827)
Deferred revenues and support	(12,000)	12,000
Program rights payable	(16,443)	78,516
Net cash provided by operating activities	<u>1,031,363</u>	<u>58,176</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(503,262)	(294,252)
Proceeds from sales and maturities of investments	1,450,942	1,883,823
Purchases of investments	(2,484,163)	(2,180,835)
Net cash used by investing activities	<u>(1,536,483)</u>	<u>(591,264)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	495,863	-
Proceeds from contributions restricted for long-term use	153,489	82,679
Principal payments on capital lease	(45,897)	(39,871)
Net cash provided by financing activities	<u>603,455</u>	<u>42,808</u>
Net increase (decrease) in cash and cash equivalents	98,335	(490,280)
<b>Cash and cash equivalents at beginning of year</b>	<u>1,863,482</u>	<u>2,353,762</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 1,961,817</u>	<u>\$ 1,863,482</u>
<b>Schedule of supplemental cash flow information:</b>		
Income taxes paid	<u>\$ 27,680</u>	<u>\$ 42,537</u>

The accompanying notes are an integral part of the financial statements.

# ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

## NOTES TO COMBINED FINANCIAL STATEMENTS

### 1 NATURE OF ORGANIZATION

The Alamo Public Telecommunications Council (APTC) is a non-profit corporation providing public and educational broadcast services. APTC 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 APTC.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Principles of Combination

The combined financial statements include APTC and the Endowment (collectively, the Council). These entities share some common management. All significant inter-organizational accounts and transactions have been eliminated in combination.

#### Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

The Council reports information regarding its financial position and activities according to two classes of net assets, as follows:

- o Without Donor Restrictions - Resources that are expendable at the discretion of the Board of Directors for conducting the operations of the Council. Net assets without donor restrictions may be designated by the Board of Directors for a specific purpose.
- o With Donor Restrictions - Resources that are limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and otherwise removed by actions of the Council pursuant to those restrictions or that neither expire by the passage of time, nor can be fulfilled or otherwise removed by actions of the Council.

#### Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

#### 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.

(Continued)

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

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, 2020 and 2019, the Council's cash equivalents consisted primarily of money market funds.

**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.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**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, 2020. 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. Recognized investment income with donor-imposed restrictions that are met in the same period as received is reported as unrestricted support.

**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:

	<u>Years</u>
Buildings and improvements	10 - 40
Transmitter, antenna, and tower	5 - 59
Studio and other broadcasting equipment	3 - 15
Office and transportation equipment	3 - 10

**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.

(Continued)

# ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

## NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 \$15,308 and \$46,233 on unrelated business income in 2020 and 2019, 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 2016. However, the Council is still open to examination by taxing authorities from fiscal year 2016 forward. For the years ended September 30, 2020 and 2019, 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, 2020 and 2019, the Council incurred expenses related to advertising and promotional costs of \$189,512 and \$186,069, respectively.

#### 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.

#### 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.

#### Accounting Pronouncements Issued but Not Yet Adopted

##### *Revenue from Contracts with Customers (Topic 606)*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In June 2020, FASB issued ASU 2020-05 that deferred the effective date until annual periods beginning after December 15, 2019. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements. This may affect the Council in fiscal year 2021.

(Continued)

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounting Pronouncements Issued but Not Yet Adopted (Continued)**

*Leases (Topic 842)*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded.

The ASU is effective for the Council's fiscal years beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements. This may affect the Council in fiscal year 2023.

*Not-for-Profit Entities (Topic 958)*

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The new standard modifies guidelines for evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions, and for determining whether a contribution is conditional.

Portions of the ASU that apply to transactions in which the organization serves as the recipient of resources are effective for fiscal years beginning after December 15, 2018, and portions of the ASU that apply to transactions in which the organization serves as the resource provider are effective for fiscal years beginning after December 15, 2019. This may affect the Council in fiscal year 2021.

**Recently Adopted Accounting Pronouncements**

The Council has adopted the effective portions of ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. This had no impact on the net assets of the Council for the years ended September 30, 2020 and 2019.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Subsequent Events**

The Council has evaluated subsequent events through January 7, 2021, the date which the financial statements were available for issue.

**3 CONCENTRATION OF CREDIT RISK**

The Council maintains its cash and cash equivalent balances in three financial institutions. At September 30, 2020, the Council's cash and cash equivalents held in federally-insured depository accounts exceeded insured limits by \$1,200,087 in two financial institutions. At September 30, 2020, the Council's cash and cash equivalents held in uninsured accounts totaled \$232,769. 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.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**4 ACCOUNTS AND CONTRIBUTIONS RECEIVABLE**

Accounts receivable at September 30, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 108,571	\$ 240,584
Allowance for doubtful accounts	(5,296)	(21,246)
Accounts receivable, net	<u>\$ 103,275</u>	<u>\$ 219,338</u>

Contributions receivable consist of the following unconditional promises to give as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Grants and contributions receivable	\$ 820,988	\$ 716,488
Allowance for uncollectible pledges and unamortized discount (discount rate of 1.65%)	(2,044)	(6,099)
Grants and contributions receivable, net	<u>\$ 818,944</u>	<u>\$ 710,389</u>

The maturities of contributions receivable are as follows at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Less than one year:		
Grants receivable	\$ 125,000	\$ 125,000
Contribution receivable	695,988	466,488
One to five years:		
Grants receivable	-	125,000
Grants and contributions receivable	<u>\$ 820,988</u>	<u>\$ 716,488</u>

**5 INVESTMENTS**

Investments, including endowment investments, consisted of the following at September 30, 2020 and 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed income securities	\$ 3,760,861	\$ 3,799,087	\$ 2,464,869	\$ 2,458,700
Capital appreciation securities	4,431,434	5,441,706	4,545,014	5,610,508
Total investments	<u>\$ 8,192,295</u>	<u>\$ 9,240,793</u>	<u>\$ 7,009,883</u>	<u>\$ 8,069,208</u>

(Continued)

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**5 INVESTMENTS** (Continued)

Investment return is summarized as follows:

	2020		
	APTC	Endowment	Total
Interest and dividends	\$ 469	\$ 214,520	\$ 214,989
Realized gains (losses)	(128)	149,312	149,184
Unrealized gains (losses)	-	(10,820)	(10,820)
Investment management fees	-	(9,727)	(9,727)
Investment return, net	341	343,285	343,626
Net asset classification of investment return:			
Without restrictions	341	7,774	8,115
With restrictions	-	335,511	335,511
Investment return, net	\$ 341	\$ 343,285	\$ 343,626
	2019		
	APTC	Endowment	Total
Interest and dividends	\$ 1,647	\$ 216,288	\$ 217,935
Realized gains (losses)	-	223,514	223,514
Unrealized gains (losses)	(55)	(156,480)	(156,535)
Investment management fees	-	(9,507)	(9,507)
Investment return, net	1,592	273,815	275,407
Net asset classification of investment return:			
Without restrictions	1,592	5,840	7,432
With restrictions	-	267,975	267,975
Investment return, net	\$ 1,592	\$ 273,815	\$ 275,407

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At September 30, 2020 and 2019, the Council's investments were reported at fair value using a Level 1 measure.

(Continued)



**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**6 PROPERTY AND EQUIPMENT**

At September 30, the carrying values of property and equipment were as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 497,456	\$ 497,456
Buildings and improvements	4,590,218	4,396,125
Transmitter, antenna, and tower	2,958,749	2,848,474
Studio and other broadcasting equipment, including \$216,764 in capital leases at September 30, 2020 and 2019	5,252,060	5,094,008
Office and transportation equipment	1,152,666	1,027,346
Construction in progress	124,977	209,454
Property and equipment, gross	<u>14,576,126</u>	<u>14,072,863</u>
Accumulated depreciation	<u>(11,191,667)</u>	<u>(10,860,763)</u>
Property and equipment, net	<u>\$ 3,384,459</u>	<u>\$ 3,212,100</u>

Depreciation expense for the years ended September 30, 2020 and 2019 amounted to \$330,903 and \$328,142, respectively.

The accumulated depreciation for property and equipment under capital leases for the years ended September 30, 2020 and 2019 was \$95,154 and \$54,191, respectively.

**7 DEBT**

*Line of Credit*

The Council has a revolving line of credit (the line) in the amount of \$500,000 with a bank maturing on February 5, 2021. Interest on funds drawn is at the Wall Street Journal prime rate plus 0.750 percent (3.25 percent at September 30, 2020). The line is collateralized by accounts receivable and equipment. At September 30, 2020 and 2019, no amounts were outstanding on the line.

*Note Payable*

Note payable consists of a loan received in April 2020 under the Small Business Administration Paycheck Protection Program (PPP). This loan may be forgiven, in part or in full, if the Council meets certain criteria for the purpose and timing of expenditures of the proceeds from the loan. The loan is recorded as a financial liability and interest expense is accrued at the rate stipulated by the debt agreement. The Council intends to seek forgiveness of the loan balance, but has not yet done so as of the date of the audit report. If the loan is forgiven, the liability will be reduced and a gain will be recognized at that time.

The original note payable bears an interest rate of 1%, with a forbearance on interest and principal payments until November 17, 2020.

On June 5, 2020 the Paycheck Protection Program Flexibility Act of 2020 (the "PPP Flexibility Act") was enacted, amending the PPP. Key amendments to the PPP allow borrowers to have 24 weeks to spend loan proceeds, up from 8 weeks, and payment deferral periods are now extended from 6 months (November 17, 2020) to the date the borrower is notified of the amount of their loan forgiveness (the date of which is not yet known) or the date that is 10 months after the covered period ends (September 17, 2021). At that time, payments are then due monthly in equal principal payments plus accrued interest with the final payment due on April 17, 2022. For purposes of determining future scheduled maturities, the Council has assumed a deferral period end date of September 17, 2021 and equal principal payments of \$57,450.

(Continued)

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**7 DEBT (Continued)**

The future scheduled maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 57,450
2022	402,150
	<u>\$ 459,600</u>

**8 ASSET RETIREMENT OBLIGATION**

The Council has an asset retirement obligation of \$92,309 and \$85,109 as of September 30, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Asset retirement obligation, beginning of year	\$ 85,109	\$ 78,470
Accretion expense	7,200	6,639
	<u>\$ 92,309</u>	<u>\$ 85,109</u>

**9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for specified purpose or time periods:		
Returns on endowment for support of KLRN	\$ 2,512,768	\$ 2,528,079
Local production and programming	203,855	170,790
Education and outreach	196,330	139,420
Facility and equipment costs	89,380	332,747
Total net assets subject to expenditures for specified purpose or time periods	3,002,333	3,171,036
Subject to restrictions that are perpetual in nature:		
Endowment corpus for support of KLRN	7,260,317	7,249,702
Total net assets with donor restrictions	<u>\$ 10,262,650</u>	<u>\$ 10,420,738</u>

Net assets were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Satisfaction of purpose or time restrictions:		
Appropriation of endowment returns	\$ 350,822	\$ 316,560
Local production and programming	264,929	266,743
Education and outreach	150,400	217,143
Facility and equipment costs	386,241	296,013
Net assets released from restriction	<u>\$ 1,152,392</u>	<u>\$ 1,096,459</u>

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.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**10 ENDOWMENT**

The Council's endowment consists of approximately twenty 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

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, 2020 and 2019.

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.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**10 ENDOWMENT** (Continued)

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.

Endowment net asset composition by type of fund as of September 30, 2020 and 2019 is as follows:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Donor-restricted endowment funds	\$ -	\$ 2,512,768	\$ 7,260,317	\$ 9,773,085
Board-designated endowment funds	219,291	-	-	219,291
<b>Total endowment funds</b>	<b>\$ 219,291</b>	<b>\$ 2,512,768</b>	<b>\$ 7,260,317</b>	<b>\$ 9,992,376</b>

	2019			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Donor-restricted endowment funds	\$ -	\$ 2,528,079	\$ 7,249,702	\$ 9,777,781
Board-designated endowment funds	216,674	-	-	216,674
<b>Total endowment funds</b>	<b>\$ 216,674</b>	<b>\$ 2,528,079</b>	<b>\$ 7,249,702</b>	<b>\$ 9,994,455</b>

Changes in endowment net assets for the years ended September 30, 2020 and 2019 were as follows:

	2020			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Endowment net assets, beginning of year	\$ 216,674	\$ 2,528,079	\$ 7,249,702	\$ 9,994,455
Interest and dividends	4,793	209,727	-	214,520
Realized gains (losses)	3,415	145,897	-	149,312
Unrealized gains (losses)	(212)	(10,608)	-	(10,820)
Investment management fees	(222)	(9,505)	-	(9,727)
Investment return, net	7,774	335,511	-	343,285
Contributions	505	-	10,615	11,120
Distributions	(356,484)	-	-	(356,484)
Appropriation for expenditure	350,822	(350,822)	-	-
<b>Endowment net assets, end of year</b>	<b>\$ 219,291</b>	<b>\$ 2,512,768</b>	<b>\$ 7,260,317</b>	<b>\$ 9,992,376</b>

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**10 ENDOWMENT (Continued)**

	2019			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Endowment net assets, beginning of year	\$ 215,565	\$ 2,572,420	\$ 7,173,056	\$ 9,961,041
Interest and dividends	4,577	211,711	-	216,288
Realized gains (losses)	5,088	218,426	-	223,514
Unrealized gains (losses)	(3,619)	(152,861)	-	(156,480)
Investment management fees	(206)	(9,301)	-	(9,507)
Investment return, net	5,840	267,975	-	273,815
Contributions	706	4,244	76,646	81,596
Distributions	(321,997)	-	-	(321,997)
Appropriation for expenditure	316,560	(316,560)	-	-
Endowment net assets, end of year	<u>\$ 216,674</u>	<u>\$ 2,528,079</u>	<u>\$ 7,249,702</u>	<u>\$ 9,994,455</u>

**11 LEASES**

The Council leases certain equipment under operating leases which expire through 2024. The Council also leases broadcasting equipment under two capital leases, which expire through 2025.

Total rent expense paid by the Council for the years ended September 30, 2020 and 2019, was \$41,332 and \$50,491, respectively.

Future minimum lease payments under these leases are:

<u>Year Ending June 30,</u>	<u>Capital Lease</u>	<u>Operating Leases</u>
2021	\$ 57,689	\$ 16,460
2022	57,689	12,352
2023	32,907	12,521
2024	8,124	7,446
2025	3,385	-
	<u>159,794</u>	<u>\$ 48,779</u>
Less amount representing interest	(11,679)	
Net minimum capital lease payments	148,115	
Less current portion	(51,193)	
Long-term capital lease obligation	<u>\$ 96,922</u>	

**12 EMPLOYEE BENEFIT 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, 2020 and 2019, are \$58,486 and \$57,334, respectively.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**13 SPLIT-INTEREST AGREEMENTS AND BEQUESTS**

*Split-Interest Agreements*

During the year ended September 30, 2019, the Council was named as a beneficiary of an irrevocable charitable remainder trust administered by a bank. Under the terms of the split-interest agreement, the Council is to receive 25% of the residual assets remaining following the death of the lead beneficiary. However, the present value of the Council's future benefits from this trust is not estimable, as the agreement allows the trustee to make discretionary payments to the lead beneficiary. As such, no amount has been recorded in the financial statements for the Council's interest in the assets of this trust. Income from this trust amounted to \$50,000 in the year ended September 30, 2019, as a result of a one-time gift from the trust.

*Bequests*

During the year ended September 30, 2020, the Council was named as a beneficiary of an estate. The Council is to receive a percentage of the estate's remaining assets after all assets have been liquidated and all other bequests made. The Council received an initial payment of \$250,000, which is included in revenue and support for the year ended September 30, 2020. Subsequent to year end, the Council received a second payment of \$200,000, which is included in revenue and support for the year ended September 30, 2020 and is recorded as a receivable at September 30, 2020. Additional payments from this estate are expected, but the executor has not provided any information as to the possible amount of those payments. As such, no amount has been recorded in the financial statements for the Council's remaining interest in the assets of this estate.

**14 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 8, the Council has recorded a liability for its conditional asset retirement obligation.

*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.

*Revenue and Support Concentrations*

For the years ended September 30, 2020 and 2019, approximately 17.1% and 19.1%, respectively, or \$973,657 and \$909,436, respectively, of the Council's support and revenue came from CSGs distributed by the CPB. For the year ended September 30, 2020, an additional \$200,000 in funding, or 3.6% of total support and revenue, was received from the CPB as a one-time grant under the CARES Act.

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**NOTES TO COMBINED FINANCIAL STATEMENTS**

(Continued)

**15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Council's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Accounts receivable are subject to an implied time restriction but are expected to be collected within one year, except for promises to give that are due in future years.

Cash and cash equivalents	\$ 1,961,817
Accounts receivable, net	103,275
Unconditional promises, bequests, and grants receivable, net	818,944
Investments	<u>9,240,793</u>
Financial assets at year end	<u>12,124,829</u>
Less those unavailable for general expenditure within one year, due to:	
Receivables due in more than one year	-
Donor-restricted to expenditure for specific purpose	(3,002,333)
Investments with donor restrictions that are perpetual in nature	<u>(7,260,317)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,862,179</u>

The Council plans to keep cash and cash equivalents on hand that are adequate to cover three months of regular operating expenses, and invests any surplus in a variety of investments that include equities, bonds, and mutual funds. As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, as more fully described in Note 7, the Council also has committed lines of credit in the amount of \$500,000, which it could draw upon in the event of liquidity needs. At September 30, 2020, the Council had financial assets and financing available to meet cash needs for general expenditure within one year that were equivalent to roughly 177 days of average operating expenses before depreciation and accretion.

**16 SUBSEQUENT EVENTS**

The COVID-19 pandemic has developed rapidly in 2020, with a significant number of cases in the region. Measures taken by various governments to contain the virus, as well as changes in behavior by regular donors and event participants in response to the pandemic, have affected economic activity in our area. The Council has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for the Council's stakeholders.

Since April 2020, the impact on the Council has been significant, with significant shifts in revenue streams and a general shift towards social distancing practices and working from home for many Council employees as a result of measures intended to mitigate the pandemic. These disruptions have continued into the new fiscal year, and it is uncertain as to when the Council will be able to resume normal, routine operations. As such, it is difficult to predict the impact the pandemic might have on the Council's finances, other than the fact that temporary declines in certain revenues and expenses may continue into the new fiscal year. The Council will continue to follow government and expert advice and, in parallel, the Council will do its utmost to continue its operations in the best and safest way possible.

**SUPPLEMENTARY INFORMATION**



**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**COMBINING STATEMENT OF FINANCIAL POSITION**

**September 30, 2020**

	APTC			KLRN Endowment Fund, Inc.	Eliminations	Total
	Operating Fund	Plant Fund	Subtotal			
<b>ASSETS</b>						
<b>Assets:</b>						
Cash and cash equivalents	\$ 1,611,521	\$ 103,378	\$ 1,714,899	\$ 246,918	\$ -	\$ 1,961,817
Accounts receivable, net of allowance of \$5,296	88,311	-	88,311	14,964	-	103,275
Unconditional promises, bequests, and grants receivable, net of allowance and discount of \$2,044	229,500	122,956	352,456	466,488	-	818,944
Interfund transfers	44,645	(44,645)	-	-	-	-
Program rights	1,246,753	-	1,246,753	-	-	1,246,753
Prepaid expenses and other assets	278,478	-	278,478	24,000	-	302,478
Investments	-	-	-	9,240,793	-	9,240,793
Property and equipment, net	-	3,384,459	3,384,459	-	-	3,384,459
<b>Total assets</b>	<b>\$ 3,499,208</b>	<b>\$ 3,566,148</b>	<b>\$ 7,065,356</b>	<b>\$ 9,993,163</b>	<b>\$ -</b>	<b>\$ 17,058,519</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	516,657	92,309	608,966	787	-	609,753
Deferred revenues	-	-	-	-	-	-
Program rights payable	836,254	-	836,254	-	-	836,254
Lease payable	-	148,115	148,115	-	-	148,115
Note payable	459,600	-	459,600	-	-	459,600
<b>Total liabilities</b>	<b>1,812,511</b>	<b>240,424</b>	<b>2,052,935</b>	<b>787</b>	<b>-</b>	<b>2,053,722</b>
<b>Net assets:</b>						
Without donor restrictions:						
Unrestricted	1,286,512	-	1,286,512	-	-	1,286,512
Board designated unrestricted	-	-	-	219,291	-	219,291
Board designated for property and equipment	-	3,236,344	3,236,344	-	-	3,236,344
<b>Total net assets without donor restrictions</b>	<b>1,286,512</b>	<b>3,236,344</b>	<b>4,522,856</b>	<b>219,291</b>	<b>-</b>	<b>4,742,147</b>
With donor restrictions:						
Time or purpose restrictions	400,185	89,380	489,565	2,512,768	-	3,002,333
Restrictions that are perpetual in nature	-	-	-	7,260,317	-	7,260,317
<b>Total net assets with donor restrictions</b>	<b>400,185</b>	<b>89,380</b>	<b>489,565</b>	<b>9,773,085</b>	<b>-</b>	<b>10,262,650</b>
<b>Total net assets</b>	<b>1,686,697</b>	<b>3,325,724</b>	<b>5,012,421</b>	<b>9,992,376</b>	<b>-</b>	<b>15,004,797</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,499,208</b>	<b>\$ 3,566,148</b>	<b>\$ 7,065,356</b>	<b>\$ 9,993,163</b>	<b>\$ -</b>	<b>\$ 17,058,519</b>

**ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE**

**COMBINING STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2020**

	<b>Without Donor Restrictions</b>					
	<b>APTC</b>					
	Operating Fund	Plant Fund	Subtotal	KLRN Endowment Fund, Inc.	Eliminations	<b>Subtotal</b>
<b>Support and revenue:</b>						
Special events:						
Gross revenue	\$ 252,007	\$ -	\$ 252,007	\$ -	\$ -	\$ 252,007
Less direct expenses	(50,915)	-	(50,915)	-	-	(50,915)
Net special events support	201,092	-	201,092	-	-	201,092
Membership contributions	2,166,425	-	2,166,425	-	-	2,166,425
Community service grants	973,657	-	973,657	-	-	973,657
CPB CARES grant	200,000	-	200,000	-	-	200,000
Contributions	589,455	-	589,455	505	-	589,960
Investment return	(37)	378	341	7,774	-	8,115
Education and outreach	152,010	-	152,010	-	-	152,010
Production	102,743	-	102,743	-	-	102,743
Program underwriting	186,461	-	186,461	-	-	186,461
Other	128,042	50	128,092	-	-	128,092
	<u>4,699,848</u>	<u>428</u>	<u>4,700,276</u>	<u>8,279</u>	<u>-</u>	<u>4,708,555</u>
Net assets released from restrictions	415,329	386,241	801,570	350,822	-	1,152,392
Total support and revenue	<u>5,115,177</u>	<u>386,669</u>	<u>5,501,846</u>	<u>359,101</u>	<u>-</u>	<u>5,860,947</u>
<b>Expenses:</b>						
Program services:						
Production	575,803	-	575,803	-	-	575,803
Programming	1,253,309	-	1,253,309	-	-	1,253,309
Public relations	335,424	-	335,424	-	-	335,424
Educational services	392,288	-	392,288	-	-	392,288
Engineering	515,080	338,103	853,183	-	-	853,183
Total program services expenses	<u>3,071,904</u>	<u>338,103</u>	<u>3,410,007</u>	<u>-</u>	<u>-</u>	<u>3,410,007</u>
Supporting services:						
Development	941,068	-	941,068	-	-	941,068
General and administrative	424,377	8,408	432,785	-	-	432,785
Total supporting services expenses	<u>1,365,445</u>	<u>8,408</u>	<u>1,373,853</u>	<u>-</u>	<u>-</u>	<u>1,373,853</u>
Total expenses	<u>4,437,349</u>	<u>346,511</u>	<u>4,783,860</u>	<u>-</u>	<u>-</u>	<u>4,783,860</u>
Change in net assets before transfers	677,828	40,158	717,986	359,101	-	1,077,087
Intracompany transfers	(141,835)	141,835	-	-	-	-
Transfer of endowment earnings	356,484	-	356,484	(356,484)	-	-
Change in net assets	892,477	181,993	1,074,470	2,617	-	1,077,087
<b>Net assets at beginning of year</b>	<u>394,035</u>	<u>3,054,351</u>	<u>3,448,386</u>	<u>216,674</u>	<u>-</u>	<u>3,665,060</u>
<b>Net assets at end of year</b>	<u>\$ 1,286,512</u>	<u>\$ 3,236,344</u>	<u>\$ 4,522,856</u>	<u>\$ 219,291</u>	<u>\$ -</u>	<u>\$ 4,742,147</u>

**With Donor Restrictions**

APTC						
Operating Fund	Plant Fund	Subtotal	KLRN Endowment Fund, Inc.	Eliminations	Subtotal	Total
\$ 25,500	\$ -	\$ 25,500	\$ -	\$ -	\$ 25,500	\$ 277,507
						(50,915)
25,500	-	25,500	-	-	25,500	226,592
-	-	-	-	-	-	2,166,425
-	-	-	-	-	-	973,657
-	-	-	-	-	-	200,000
20,800	142,874	163,674	10,615	-	174,289	764,249
-	-	-	335,511	-	335,511	343,626
207,310	-	207,310	-	-	207,310	359,320
29,500	-	29,500	-	-	29,500	132,243
222,194	-	222,194	-	-	222,194	408,655
-	-	-	-	-	-	128,092
505,304	142,874	648,178	346,126	-	994,304	5,702,859
(415,329)	(386,241)	(801,570)	(350,822)	-	(1,152,392)	-
89,975	(243,367)	(153,392)	(4,696)	-	(158,088)	5,702,859
-	-	-	-	-	-	575,803
-	-	-	-	-	-	1,253,309
-	-	-	-	-	-	335,424
-	-	-	-	-	-	392,288
-	-	-	-	-	-	853,183
-	-	-	-	-	-	3,410,007
-	-	-	-	-	-	941,068
-	-	-	-	-	-	432,785
-	-	-	-	-	-	1,373,853
-	-	-	-	-	-	4,783,860
89,975	(243,367)	(153,392)	(4,696)	-	(158,088)	918,999
-	-	-	-	-	-	-
-	-	-	-	-	-	-
89,975	(243,367)	(153,392)	(4,696)	-	(158,088)	918,999
310,210	332,747	642,957	9,777,781	-	10,420,738	14,085,798
\$ 400,185	\$ 89,380	\$ 489,565	\$ 9,773,085	\$ -	\$ 10,262,650	\$ 15,004,797