

**ALAMO PUBLIC TELECOMMUNICATIONS
COUNCIL**

**COMBINED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022

**ALAMO PUBLIC TELECOMMUNICATIONS
COUNCIL**

**COMBINED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2022

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Schuh|Browne

CERTIFIED PUBLIC
ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
of Alamo Public Telecommunications Council

Opinion

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, 2022 and 2021, the related combined statements of activities and functional expenses for the year ended September 30, 2022 and cash flows for the years ended September 30, 2022 and 2021, and the related notes to the combined financial statements.

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, 2022 and 2021, and the changes in net assets for the year ended September 30, 2022, and its cash flows for the years ended September 30, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alamo Public Telecommunications Council and affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Public Telecommunications Council and affiliate's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alamo Public Telecommunications Council and affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Public Telecommunications Council and affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Alamo Public Telecommunications Council and affiliate's 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated January 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

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.

Schul Browne, P.C.

San Antonio, Texas
January 11, 2023

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2022 and 2021

ASSETS	<u>2022</u>	<u>2021</u>
Assets:		
Cash and cash equivalents	\$ 3,668,983	\$ 2,781,391
Accounts receivable, net of allowance of \$5,546 and \$5,546	185,959	153,324
Unconditional promises, bequests, and grants receivable, net of allowance and discount	22,000	2,497,289
Program rights	1,497,288	1,283,279
Prepaid expenses and other assets	373,076	329,617
Investments	9,437,897	11,205,462
Property held for sale	1,900,000	-
Property and equipment, net	3,230,585	3,417,076
Total assets	<u>\$ 20,315,788</u>	<u>\$ 21,667,438</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 599,000	\$ 475,262
Deferred revenues	22,800	-
Program rights payable	1,084,324	878,770
Lease payable	-	96,947
Total liabilities	<u>1,706,124</u>	<u>1,450,979</u>
 Net assets:		
Without donor restrictions:		
Undesignated	2,968,598	2,674,392
Board designated for endowment	213,824	256,813
Board designated for property and equipment	3,240,586	3,257,446
Total net assets without donor restrictions	<u>6,423,008</u>	<u>6,188,651</u>
With donor restrictions:		
Time or purpose restrictions	2,267,737	4,437,127
Restrictions that are perpetual in nature	9,918,919	9,590,681
Total net assets with donor restrictions	<u>12,186,656</u>	<u>14,027,808</u>
Total net assets	<u>18,609,664</u>	<u>20,216,459</u>
 Total liabilities and net assets	 <u>\$ 20,315,788</u>	 <u>\$ 21,667,438</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, 2022

(With Comparative Totals For Year Ended September 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	<u>Total</u>	
			<u>2022</u>	<u>2021</u>
Support and revenue:				
Special events:				
Gross revenue	\$ -	\$ 54,500	\$ 54,500	\$ 3,680
Less direct expenses	-	-	-	-
Net special events support	-	54,500	54,500	3,680
Membership contributions	2,385,737	-	2,385,737	2,244,057
Community service grants	1,096,318	-	1,096,318	1,018,104
Paycheck Protection Program grant	-	-	-	459,600
CPB ARPA and CARES Act grants	-	-	-	432,595
Contributions	102,760	442,897	545,657	912,126
Investment income, net of fees	11,275	522,860	534,135	270,368
Education and outreach	174,627	265,958	440,585	335,815
Production	91,739	123,505	215,244	254,311
Program underwriting	329,463	176,485	505,948	469,144
In-kind contributions	130,564	3,132	133,696	2,010,968
Other	114,567	107,263	221,830	92,313
	<u>4,437,050</u>	<u>1,696,600</u>	<u>6,133,650</u>	<u>8,503,081</u>
 Net assets released from restrictions	 1,282,569	 (1,282,569)	 -	 -
Total support and revenue	<u>5,719,619</u>	<u>414,031</u>	<u>6,133,650</u>	<u>8,503,081</u>
 Expenses:				
Program services:				
Production	672,254	-	672,254	592,904
Programming	1,311,759	-	1,311,759	1,264,271
Public relations	472,148	-	472,148	361,062
Educational services	576,324	-	576,324	432,894
Engineering	979,276	-	979,276	939,771
Total program services expenses	<u>4,011,761</u>	<u>-</u>	<u>4,011,761</u>	<u>3,590,902</u>
Supporting services:				
Development	954,098	-	954,098	884,516
General and administrative	470,348	-	470,348	399,998
Total supporting services expenses	<u>1,424,446</u>	<u>-</u>	<u>1,424,446</u>	<u>1,284,514</u>
Total expenses	<u>5,436,207</u>	<u>-</u>	<u>5,436,207</u>	<u>4,875,416</u>
 Change in net assets before unrealized gains (losses)	 283,412	 414,031	 697,443	 3,627,665
 Unrealized gains (losses) on investments	 (49,055)	 (2,255,183)	 (2,304,238)	 1,583,997
 Change in net assets	 234,357	 (1,841,152)	 (1,606,795)	 5,211,662
 Net assets at beginning of year	 <u>6,188,651</u>	 <u>14,027,808</u>	 <u>20,216,459</u>	 <u>15,004,797</u>
 Net assets at end of year	 <u>\$ 6,423,008</u>	 <u>\$ 12,186,656</u>	 <u>\$ 18,609,664</u>	 <u>\$ 20,216,459</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, 2022

(With Comparative Totals For Year Ended September 30, 2021)

	Program Services					
	<u>Production</u>	<u>Programming</u>	<u>Public Relation</u>	<u>Educational Services</u>	<u>Engineering</u>	<u>Subtotal</u>
Salaries	\$ 364,549	\$ 69,998	\$ 256,494	\$ 306,590	\$ 317,408	\$ 1,315,039
Benefits	98,703	21,973	79,247	91,807	61,692	353,422
Total salary and benefits	<u>463,252</u>	<u>91,971</u>	<u>335,741</u>	<u>398,397</u>	<u>379,100</u>	<u>1,668,461</u>
Professional services	54,045	48,580	5,279	8,646	304	116,854
Supplies	2,402	-	4,467	53,868	931	61,668
Telephone	10,887	3,686	7,874	12,646	10,072	45,165
Postage and shipping	25	-	49	5,283	137	5,494
Occupancy	62,614	3,479	4,142	27,677	35,348	133,260
Equipment rental and maintenance	43,002	2,824	3,452	17,954	103,347	170,579
Printing and publications	-	10	1,293	18,310	42	19,655
Travel	387	548	2,418	6,051	879	10,283
Conferences, conventions, and meetings	2,468	130	738	6,456	264	10,056
Programming	5,511	946,082	-	-	-	951,593
Advertising and promotional	5,567	-	94,565	3,487	350	103,969
Dues and subscriptions	4,447	207,803	8,911	9,196	1,482	231,839
Insurance	12,614	6,646	3,219	8,302	40,546	71,327
Interest	-	-	-	-	-	-
Banking fees and service charges	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
Miscellaneous	5,033	-	-	51	6,392	11,476
Total expenses before depreciation and accretion	<u>672,254</u>	<u>1,311,759</u>	<u>472,148</u>	<u>576,324</u>	<u>579,194</u>	<u>3,611,679</u>
Depreciation and accretion	-	-	-	-	400,082	400,082
Total expenses	<u>\$ 672,254</u>	<u>\$ 1,311,759</u>	<u>\$ 472,148</u>	<u>\$ 576,324</u>	<u>\$ 979,276</u>	<u>\$ 4,011,761</u>

Supporting Services			Total	
<u>Development</u>	<u>General and Administrative</u>	<u>Subtotal</u>	<u>2022</u>	<u>2021</u>
\$ 434,194	\$ 179,366	\$ 613,560	\$ 1,928,599	\$ 1,782,082
95,014	48,331	143,345	496,767	455,653
<u>529,208</u>	<u>227,697</u>	<u>756,905</u>	<u>2,425,366</u>	<u>2,237,735</u>
30,850	117,429	148,279	265,133	175,222
12,949	3,786	16,735	78,403	38,944
12,979	4,297	17,276	62,441	48,645
51,930	5,521	57,451	62,945	67,768
10,923	8,560	19,483	152,743	139,389
9,820	14,557	24,377	194,956	167,763
37,767	(6,366)	31,401	51,056	20,015
3,262	1,627	4,889	15,172	3,176
2,979	9,731	12,710	22,766	12,245
-	-	-	951,593	896,560
108,116	700	108,816	212,785	218,661
70,173	26,706	96,879	328,718	314,315
6,427	6,730	13,157	84,484	65,733
-	3,400	3,400	3,400	6,560
57,294	3,517	60,811	60,811	59,650
-	-	-	-	550
<u>9,421</u>	<u>42,456</u>	<u>51,877</u>	<u>63,353</u>	<u>14,714</u>
954,098	470,348	1,424,446	5,036,125	4,487,645
-	-	-	400,082	387,771
<u>\$ 954,098</u>	<u>\$ 470,348</u>	<u>\$ 1,424,446</u>	<u>\$ 5,436,207</u>	<u>\$ 4,875,416</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, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,606,795)	\$ 5,211,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and accretion expense	400,082	387,771
Bad debt expense	-	550
Purchases of program rights	(1,090,338)	(869,486)
Amortization of program rights	876,329	832,960
Contributions restricted for long-term use	(397,897)	(2,467,700)
Realized and unrealized (gains) and losses, net	2,215,204	(1,520,754)
Forgiveness of debt	-	(459,600)
Change in:		
Accounts receivable	(32,635)	(50,599)
Grants and unconditional promises and bequests	575,289	(1,678,345)
Prepaid expenses and other assets	(43,459)	(27,139)
Accounts payable and accrued liabilities	115,268	(142,300)
Deferred revenues and support	22,800	-
Program rights payable	205,554	42,516
Net cash provided (used) by operating activities	<u>1,239,402</u>	<u>(740,464)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(205,121)	(412,579)
Proceeds from sales and maturities of investments	551,954	709,991
Purchases of investments	(999,593)	(1,153,906)
Net cash used by investing activities	<u>(652,760)</u>	<u>(856,494)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term use	397,897	2,467,700
Principal payments on capital leases	(96,947)	(51,168)
Net cash provided by financing activities	<u>300,950</u>	<u>2,416,532</u>
Net increase in cash and cash equivalents	887,592	819,574
Cash and cash equivalents at beginning of year	<u>2,781,391</u>	<u>1,961,817</u>
Cash and cash equivalents at end of year	<u>\$ 3,668,983</u>	<u>\$ 2,781,391</u>
Schedule of supplemental cash flow information:		
Noncash donation of real estate in satisfaction of pledge	\$ 1,900,000	\$ -
Other noncash donations	133,696	110,968
Total noncash donations received	<u>\$ 2,033,696</u>	<u>\$ 110,968</u>
Interest paid	<u>\$ 3,400</u>	<u>\$ 6,560</u>
Income taxes paid (refunded), net	<u>\$ 23,386</u>	<u>\$ (17,668)</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:

- 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.
- 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, 2021, from which the summarized information was derived.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees, underwriting, and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, programs are aired, or expenditures are incurred, respectively. Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue with and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

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.

Deferred Revenues

Deferred revenues represent cash received in advance of services which have not yet been provided.

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, 2022 and 2021, 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.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

(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, 2022. 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 net assets without donor restriction unless their use is 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 net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss reduces net assets without donor restrictions. 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 net assets without donor restrictions. 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 Assets

Donated investments, real property, and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Council. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

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 \$8,548 and \$11,753 on unrelated business income in 2022 and 2021, 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 2017. However, the Council is still open to examination by taxing authorities from fiscal year 2017 forward. For the years ended September 30, 2022 and 2021, 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, 2022 and 2021, the Council incurred expenses related to advertising and promotional costs of \$212,785 and \$218,661, 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, based on estimates of time and effort.

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

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.

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.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Council has evaluated subsequent events through January 11, 2023, 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, 2022, the Council's cash and cash equivalents held in federally-insured depository accounts exceeded insured limits by \$2,588,672 across two financial institutions. At September 30, 2022, the Council's cash and cash equivalents held in uninsured accounts totaled \$376,901. 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.

4 ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Accounts receivable at September 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 191,505	\$ 158,870
Allowance for doubtful accounts	<u>(5,546)</u>	<u>(5,546)</u>
Accounts receivable, net	<u>\$ 185,959</u>	<u>\$ 153,324</u>

Contributions receivable consist of the following unconditional promises to give as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Grants and contributions receivable	\$ 22,000	\$ 2,497,289
Allowance for uncollectible pledges and unamortized discount	<u>-</u>	<u>-</u>
Grants and contributions receivable, net	<u>\$ 22,000</u>	<u>\$ 2,497,289</u>

The maturities of contributions receivable are as follows at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year:		
Grants receivable	\$ -	\$ -
Contributions receivable	<u>22,000</u>	<u>2,497,289</u>
Grants and contributions receivable	<u>\$ 22,000</u>	<u>\$ 2,497,289</u>

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

5 INVESTMENTS

Investments, including endowment investments, consisted of the following at September 30, 2022 and 2021:

	2022		2021	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed income securities	\$ 4,182,132	\$ 3,744,748	\$ 4,196,362	\$ 4,253,590
Capital appreciation securities	4,927,508	5,693,149	4,376,604	6,951,872
Total investments	<u>\$ 9,109,640</u>	<u>\$ 9,437,897</u>	<u>\$ 8,572,966</u>	<u>\$ 11,205,462</u>

Investment return is summarized as follows:

	2022		
	<u>APTC</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 433	\$ 456,686	\$ 457,119
Realized gains (losses)	(68)	89,102	89,034
Investment management fees	-	(12,018)	(12,018)
Investment income, net	<u>365</u>	<u>533,770</u>	<u>534,135</u>
Unrealized gains (losses)	-	(2,304,238)	(2,304,238)
Total investment return	<u>365</u>	<u>(1,770,468)</u>	<u>(1,770,103)</u>

Net asset classification of investment return:

Without restrictions	365	(38,145)	(37,780)
With restrictions	-	(1,732,323)	(1,732,323)
Total investment return	<u>\$ 365</u>	<u>\$ (1,770,468)</u>	<u>\$ (1,770,103)</u>

	2021		
	<u>APTC</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 10	\$ 344,788	\$ 344,798
Realized gains (losses)	(45)	(63,198)	(63,243)
Investment management fees	-	(11,187)	(11,187)
Investment income, net	<u>(35)</u>	<u>270,403</u>	<u>270,368</u>
Unrealized gains (losses)	-	1,583,997	1,583,997
Total investment return	<u>(35)</u>	<u>1,854,400</u>	<u>1,854,365</u>

Net asset classification of investment return:

Without restrictions	(35)	42,194	42,159
With restrictions	-	1,812,206	1,812,206
Total investment return	<u>\$ (35)</u>	<u>\$ 1,854,400</u>	<u>\$ 1,854,365</u>

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, 2022 and 2021, the Council's investments were reported at fair value using a Level 1 measure.

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>2022</u>	<u>2021</u>
Land	\$ 497,456	\$ 497,456
Buildings and improvements	4,776,657	4,722,802
Transmitter, antenna, and tower	2,958,749	2,958,749
Studio and other broadcasting equipment, including \$216,764 in capital leases at September 30, 2021	4,132,273	5,511,578
Office and transportation equipment	583,238	1,161,626
Construction in progress	-	136,493
Property and equipment, gross	<u>12,948,373</u>	<u>14,988,704</u>
Accumulated depreciation	<u>(9,717,788)</u>	<u>(11,571,628)</u>
Property and equipment, net	<u>\$ 3,230,585</u>	<u>\$ 3,417,076</u>

Depreciation expense for the years ended September 30, 2022 and 2021 amounted to \$391,612 and \$379,962, respectively.

The accumulated depreciation for property and equipment under capital leases for the year ended September 30, 2021 was \$138,534. All outstanding capital leases were paid off during the year ended September 30, 2022.

Property Held for Sale

During the year ended September 30, 2022, the Council received a donation of real estate, in satisfaction of a promise to give that had been recognized by the Council during the year ended September 30, 2021. The Council intends to sell the property rather than utilize it, has plans in place to sell the property, and believes that the property can be sold within the upcoming year. As such, that property has been classified as held for sale.

7 DEFERRED REVENUE

The change in the Council's deferred revenue for the years ended September 30, 2022 and 2021 is comprised of the following:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ -	\$ -
Additions:		
Prepayments for program production	22,800	-
Reductions		
Production revenue earned	-	-
Balance at end of year	<u>\$ 22,800</u>	<u>\$ -</u>

8 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 August 25, 2023. Interest on funds drawn is at the Wall Street Journal prime rate plus 0.750 percent (7.00% percent at September 30, 2022). The line is collateralized by accounts receivable and equipment. At September 30, 2022 and 2021, no amounts were outstanding on the line.

Note Payable

Note payable consisted of a loan received in April 2020 under the Small Business Administration Paycheck Protection Program (PPP). In May 2021, this loan was forgiven in full since the Council met certain criteria for the purpose and timing of expenditures of the proceeds from the loan. The forgiven loan amount is recorded as government grant income in the year ended September 30, 2021.

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

9 ASSET RETIREMENT OBLIGATION

The Council has an asset retirement obligation of \$108,588 and \$100,118 as of September 30, 2022 and 2021, 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>2022</u>	<u>2021</u>
Asset retirement obligation, beginning of year	\$ 100,118	\$ 92,309
Accretion expense	8,470	7,809
	<hr/>	<hr/>
Asset retirement obligation, end of year	<u>\$ 108,588</u>	<u>\$ 100,118</u>

10 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Subject to expenditures for specified purpose or time periods:		
Returns on endowment for support of KLRN	\$ 1,880,577	\$ 3,947,670
Local production and programming	193,055	254,346
Education and outreach	184,105	202,811
Pledge matching gifts	10,000	-
Facility and equipment costs	-	32,300
	<hr/>	<hr/>
Total net assets subject to expenditures for specified purpose or time periods	2,267,737	4,437,127
Subject to restrictions that are perpetual in nature:		
Endowment corpus for support of KLRN	9,918,919	9,590,681
	<hr/>	<hr/>
Total net assets with donor restrictions	<u>\$ 12,186,656</u>	<u>\$ 14,027,808</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	\$ 442,033	\$ 377,304
Local production and programming	361,282	278,182
Education and outreach	284,663	615,389
Pledge matching gifts	35,000	25,000
Auction and special events	54,500	2,282
Facility and equipment costs	105,091	194,416
	<hr/>	<hr/>
Net assets released from restriction	<u>\$ 1,282,569</u>	<u>\$ 1,492,573</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)

11 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 retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment and (c) accumulations to the perpetual 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 that is not retained in perpetuity are subject to appropriation 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. Deficiencies of this nature exist in three donor-restricted endowment funds, which together have an original gift value of \$1,943,581, a current fair value of \$1,797,357, and a deficiency of \$146,224 as of September 30, 2022. Management expects these amounts to be recovered during 2023 due to favorable market fluctuations. There were no such deficiencies of this nature at September 30, 2021.

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.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

11 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, 2022 and 2021 is as follows:

	2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Donor-restricted endowment funds	\$ -	\$ 1,880,577	\$ 9,918,919	\$ 11,799,496
Board-designated endowment funds	213,824	-	-	213,824
Total endowment funds	\$ 213,824	\$ 1,880,577	\$ 9,918,919	\$ 12,013,320

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Donor-restricted endowment funds	\$ -	\$ 3,947,670	\$ 9,590,681	\$ 13,538,351
Board-designated endowment funds	256,813	-	-	256,813
Total endowment funds	\$ 256,813	\$ 3,947,670	\$ 9,590,681	\$ 13,795,164

Changes in endowment net assets for the years ended September 30, 2022 and 2021 were as follows:

	2022			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Endowment net assets, beginning of year	\$ 256,813	\$ 3,947,670	\$ 9,590,681	\$ 13,795,164
Interest and dividends	9,551	447,135	-	456,686
Realized gains (losses)	1,359	87,743	-	89,102
Unrealized gains (losses)	(49,055)	(2,255,183)	-	(2,304,238)
Investment management fees	-	(12,018)	-	(12,018)
Investment return, net	(38,145)	(1,732,323)	-	(1,770,468)
Contributions	1,499	-	328,238	329,737
Other income	-	107,263	-	107,263
Distributions	(448,376)	-	-	(448,376)
Appropriation for expenditure	442,033	(442,033)	-	-
Endowment net assets, end of year	\$ 213,824	\$ 1,880,577	\$ 9,918,919	\$ 12,013,320

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

11 ENDOWMENT (Continued)

	2021			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Endowment net assets, beginning of year	\$ 219,291	\$ 2,512,768	\$ 7,260,317	\$ 9,992,376
Interest and dividends	7,817	336,971	-	344,788
Realized gains (losses)	(1,437)	(61,761)	-	(63,198)
Unrealized gains (losses)	36,066	1,547,931	-	1,583,997
Investment management fees	(252)	(10,935)	-	(11,187)
Investment return, net	42,194	1,812,206	-	1,854,400
Contributions	1,107	-	2,330,364	2,331,471
Distributions	(383,083)	-	-	(383,083)
Appropriation for expenditure	377,304	(377,304)	-	-
Endowment net assets, end of year	<u>\$ 256,813</u>	<u>\$ 3,947,670</u>	<u>\$ 9,590,681</u>	<u>\$ 13,795,164</u>

12 DONATED ASSETS AND SERVICES

The council received gifts-in-kind for the years ended September 30, 2022 and 2021, as follows:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 31,820	\$ 30,228
Vehicles	98,744	80,740
Stocks and other investment assets	3,132	-
Promise to give real estate	-	1,900,000
	<u>\$ 133,696</u>	<u>\$ 2,010,968</u>

The Council's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Council, where possible, and to monetize any assets given that do not relate directly to the mission of the Council. If an asset is provided that does not allow the Council to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset. The Council uses a third-party vendor to assist with the sales of used vehicles donated to the Council, and records revenue from those donations net of the costs incurred by the third-party to sell those assets.

Donations of assets restricted by the donor include a donation of real estate with an appraised value of \$1,900,000. That donation was booked as revenue during the year ended September 30, 2021, as the Council received notice of the donation during that year, but the property did not come into the Council's possession until the year ended September 30, 2022. That donation was restricted to the Endowment, and the asset is currently classified as held for sale as the Council intends to sell the property within the upcoming year.

13 LEASES

The Council leases certain equipment under operating leases which expire through 2024. The Council also leased equipment under two capital leases, both of which were paid off during the year ended September 30, 2022.

Total rent expense paid by the Council for the years ended September 30, 2022 and 2021, was \$40,102 and \$40,982, respectively.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

13 LEASES (Continued)

Future minimum lease payments under these leases are:

<u>Year Ending June 30,</u>	
2023	\$ 12,521
2024	12,020
2025	4,757
2026	4,947
2027	5,145
Thereafter	1,299
	<u>\$ 40,689</u>

The Council subleases equipment under various sublease agreements which run through 2027. Total rental income under these subleases was \$83,500 and \$81,540 for the years ended September 30, 2022 and 2021, respectively, and is included in other revenue on the statement of activities. Total future minimum lease payments due to the Council under these agreements are:

<u>Year Ending June 30,</u>	
2023	\$ 43,981
2024	45,740
2025	47,570
2026	49,473
2027	51,451
Thereafter	12,988
	<u>\$ 251,203</u>

14 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, 2022 and 2021, are \$64,602 and \$61,864, respectively.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

15 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. No revenue was received from this trust during the years ended September 30, 2022 and 2021.

During the year ended September 30, 2021, the Council learned that it was the beneficiary of a charitable remainder trust that is in the process of distributing its assets. The Council is to receive a plot of land from this trust. As a result, contribution revenue of \$1,900,000 was recorded during the year ended September 30, 2021, and a corresponding receivable was included in the statement of financial position as of September 30, 2021. The value of that receivable was based on an appraisal of the plot, which management believes approximates fair value of the plot at the time that the Council learned of the gift. The Council took possession of the property during the year ended September 30, 2022. See Note 6.

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. To date, the Council has received \$615,000 in distributions from this estate, and recorded revenue of \$65,000 and \$100,000 during the years ended September 30, 2022 and 2021, respectively. Subsequent to year end, the Council was notified of and received the final distribution from this estate in the amount of \$5,845, which will be recorded as contribution income in the upcoming year.

16 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.

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.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

16 SIGNIFICANT ESTIMATES AND CONCENTRATIONS (Continued)

Revenue and Support Concentrations

For the years ended September 30, 2022 and 2021, approximately 17.9% and 12.0%, respectively, or \$1,096,318 and \$1,018,104, respectively, of the Council's support and revenue came from CSGs distributed by the CPB.

In addition to CSGs distributed by CPB, the Council received additional funding from the CPB under the CARES Act (2020) and American Rescue Plan Act (2021), as well as federal support through the Paycheck Protection Program loan that was forgiven during the year ended September 30, 2021. Total federal support for the years ended September 30, 2022 and 2021 amounted to approximately 17.9% and 22.5%, respectively, or \$1,096,318 and \$1,910,299, respectively, of the Council's support and revenue.

During the year ended September 30, 2021, the Council recorded a receivable for a bequest valued at \$1,900,000, which amounted to approximately 22.3% of the Council's support and revenue for that year.

17 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	\$ 3,668,983
Accounts receivable, net	185,959
Unconditional promises, bequests, and grants receivable, net	22,000
Investments	9,437,897
Financial assets at year end	<u>13,314,839</u>
Less those unavailable for general expenditure within one year, due to:	
Donor-restricted to expenditure for specific purpose	(2,267,737)
Investments with donor restrictions that are perpetual in nature	<u>(8,018,919)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,028,183</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 8, 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, 2022, the Council had financial assets and financing available to meet cash needs for general expenditure within one year that were equivalent to roughly 219 days of average operating expenses before depreciation and accretion.

SUPPLEMENTARY INFORMATION

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2022

	APTC			KLRN Endowment Fund, Inc.	Eliminations	Total
	Operating Fund	Plant Fund	Subtotal			
ASSETS						
Assets:						
Cash and cash equivalents	\$ 2,913,249	\$ 108,001	\$ 3,021,250	\$ 647,733	\$ -	\$ 3,668,983
Accounts receivable, net of allowance of \$5,546	167,002	-	167,002	18,957	-	185,959
Unconditional promises, bequests, and grants receivable, net of allowance and discount of \$-0-	4,000	-	4,000	18,000	-	22,000
Interfund transfers	(10,588)	10,588	-	-	-	-
Program rights	1,497,288	-	1,497,288	-	-	1,497,288
Prepaid expenses and other assets	349,076	-	349,076	24,000	-	373,076
Investments	-	-	-	9,437,897	-	9,437,897
Property held for sale	-	-	-	1,900,000	-	1,900,000
Property and equipment, net	-	3,230,585	3,230,585	-	-	3,230,585
Total assets	\$ 4,920,027	\$ 3,349,174	\$ 8,269,201	\$ 12,046,587	\$ -	\$ 20,315,788
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	457,145	108,588	565,733	33,267	-	599,000
Deferred revenues	22,800	-	22,800	-	-	22,800
Program rights payable	1,084,324	-	1,084,324	-	-	1,084,324
Total liabilities	1,564,269	108,588	1,672,857	33,267	-	1,706,124
Net assets:						
Without donor restrictions:						
Undesignated	2,968,598	-	2,968,598	-	-	2,968,598
Board designated for endowment	-	-	-	213,824	-	213,824
Board designated for property and equipment	-	3,240,586	3,240,586	-	-	3,240,586
Total net assets without donor restrictions	2,968,598	3,240,586	6,209,184	213,824	-	6,423,008
With donor restrictions:						
Time or purpose restrictions	387,160	-	387,160	1,880,577	-	2,267,737
Restrictions that are perpetual in nature	-	-	-	9,918,919	-	9,918,919
Total net assets with donor restrictions	387,160	-	387,160	11,799,496	-	12,186,656
Total net assets	3,355,758	3,240,586	6,596,344	12,013,320	-	18,609,664
Total liabilities and net assets	\$ 4,920,027	\$ 3,349,174	\$ 8,269,201	\$ 12,046,587	\$ -	\$ 20,315,788

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES

Year Ended September 30, 2022

	Without Donor Restrictions					
	APTC			KLRN Endowment Fund, Inc.	Eliminations	Subtotal
	Operating Fund	Plant Fund	Subtotal			
Support and revenue:						
Special events:						
Gross revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less direct expenses	-	-	-	-	-	-
Net special events support	-	-	-	-	-	-
Membership contributions	2,385,737	-	2,385,737	-	-	2,385,737
Community service grants	1,096,318	-	1,096,318	-	-	1,096,318
Contributions	101,270	-	101,270	1,490	-	102,760
Investment income, net of fees	-	365	365	10,910	-	11,275
Education and outreach	174,627	-	174,627	-	-	174,627
Production	91,739	-	91,739	-	-	91,739
Program underwriting	329,463	-	329,463	-	-	329,463
In-kind contributions	130,564	-	130,564	-	-	130,564
Other	102,961	11,597	114,558	9	-	114,567
	<u>4,412,679</u>	<u>11,962</u>	<u>4,424,641</u>	<u>12,409</u>	<u>-</u>	<u>4,437,050</u>
Net assets released from restrictions	735,445	105,091	840,536	442,033	-	1,282,569
Total support and revenue	<u>5,148,124</u>	<u>117,053</u>	<u>5,265,177</u>	<u>454,442</u>	<u>-</u>	<u>5,719,619</u>
Expenses:						
Program services:						
Production	672,254	-	672,254	-	-	672,254
Programming	1,311,759	-	1,311,759	-	-	1,311,759
Public relations	472,148	-	472,148	-	-	472,148
Educational services	576,324	-	576,324	-	-	576,324
Engineering	579,194	400,082	979,276	-	-	979,276
Total program services expenses	<u>3,611,679</u>	<u>400,082</u>	<u>4,011,761</u>	<u>-</u>	<u>-</u>	<u>4,011,761</u>
Supporting services:						
Development	954,098	-	954,098	-	-	954,098
General and administrative	425,589	3,392	428,981	41,367	-	470,348
Total supporting services expenses	<u>1,379,687</u>	<u>3,392</u>	<u>1,383,079</u>	<u>41,367</u>	<u>-</u>	<u>1,424,446</u>
Total expenses	<u>4,991,366</u>	<u>403,474</u>	<u>5,394,840</u>	<u>41,367</u>	<u>-</u>	<u>5,436,207</u>
Change in net assets before unrealized gains (losses) and transfers	156,758	(286,421)	(129,663)	413,075	-	283,412
Unrealized gains (losses)	-	-	-	(49,055)	-	(49,055)
Intracompany transfers	(269,561)	269,561	-	-	-	-
Transfer of endowment earnings	407,009	-	407,009	(407,009)	-	-
Change in net assets	294,206	(16,860)	277,346	(42,989)	-	234,357
Net assets at beginning of year	<u>2,674,392</u>	<u>3,257,446</u>	<u>5,931,838</u>	<u>256,813</u>	<u>-</u>	<u>6,188,651</u>
Net assets at end of year	<u>\$ 2,968,598</u>	<u>\$ 3,240,586</u>	<u>\$ 6,209,184</u>	<u>\$ 213,824</u>	<u>\$ -</u>	<u>\$ 6,423,008</u>

With Donor Restrictions

APTC						
Operating Fund	Plant Fund	Subtotal	KLRN Endowment Fund, Inc.	Eliminations	Subtotal	Total
\$ 54,500	\$ -	\$ 54,500	\$ -	\$ -	\$ 54,500	\$ 54,500
54,500	-	54,500	-	-	54,500	54,500
-	-	-	-	-	-	2,385,737
-	-	-	-	-	-	1,096,318
45,000	72,791	117,791	325,106	-	442,897	545,657
-	-	-	522,860	-	522,860	534,135
265,958	-	265,958	-	-	265,958	440,585
123,505	-	123,505	-	-	123,505	215,244
176,485	-	176,485	-	-	176,485	505,948
-	-	-	3,132	-	3,132	133,696
-	-	-	107,263	-	107,263	221,830
665,448	72,791	738,239	958,361	-	1,696,600	6,133,650
(735,445)	(105,091)	(840,536)	(442,033)	-	(1,282,569)	-
(69,997)	(32,300)	(102,297)	516,328	-	414,031	6,133,650
-	-	-	-	-	-	672,254
-	-	-	-	-	-	1,311,759
-	-	-	-	-	-	472,148
-	-	-	-	-	-	576,324
-	-	-	-	-	-	979,276
-	-	-	-	-	-	4,011,761
-	-	-	-	-	-	954,098
-	-	-	-	-	-	470,348
-	-	-	-	-	-	1,424,446
-	-	-	-	-	-	5,436,207
(69,997)	(32,300)	(102,297)	516,328	-	414,031	697,443
-	-	-	(2,255,183)	-	(2,255,183)	(2,304,238)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(69,997)	(32,300)	(102,297)	(1,738,855)	-	(1,841,152)	(1,606,795)
457,157	32,300	489,457	13,538,351	-	14,027,808	20,216,459
<u>\$ 387,160</u>	<u>\$ -</u>	<u>\$ 387,160</u>	<u>\$ 11,799,496</u>	<u>\$ -</u>	<u>\$ 12,186,656</u>	<u>\$ 18,609,664</u>