

**ALAMO PUBLIC TELECOMMUNICATIONS
COUNCIL**

**COMBINED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2024

**ALAMO PUBLIC TELECOMMUNICATIONS
COUNCIL**

**COMBINED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

Year Ended September 30, 2024

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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, 2024 and 2023, the related combined statements of activities and functional expenses for the year ended September 30, 2024 and cash flows for the years ended September 30, 2024 and 2023, 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, 2024 and 2023, and the changes in net assets for the year ended September 30, 2024, and its cash flows for the years ended September 30, 2024 and 2023, 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 2023 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated January 10, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, 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 23 and 24 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 23 and 24 is fairly stated in all material respects in relation to the combined financial statements as a whole.



San Antonio, Texas
February 28, 2025

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2024 and 2023

ASSETS	<u>2024</u>	<u>2023</u>
Assets:		
Cash and cash equivalents	\$ 9,173,604	\$ 1,230,599
Accounts receivable, net of allowance for credit losses of \$11,872 in 2024 and \$4,672 in 2023	211,091	193,571
Unconditional promises, contributions, and grants receivable, net	648,946	10,000
Prepaid program rights	1,416,757	1,441,679
Prepaid expenses and other assets	293,386	307,910
Investments	12,689,293	12,781,464
Property held for sale	-	1,900,000
Lease right-of-use assets, operating	34,883	-
Property and equipment, net	3,326,371	3,466,902
Total assets	<u>\$ 27,794,331</u>	<u>\$ 21,332,125</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 450,305	\$ 471,172
Deferred revenues	6,075	6,075
Program rights payable	931,592	906,692
Lease liabilities, operating	33,519	-
Asset retirement obligation	127,739	117,775
Total liabilities	<u>1,549,230</u>	<u>1,501,714</u>
 Net assets:		
Without donor restrictions:		
Undesignated	3,466,518	2,958,204
Board designated for endowment	466,441	232,867
Board designated for property and equipment	3,472,913	3,482,889
Total net assets without donor restrictions	<u>7,405,872</u>	<u>6,673,960</u>
With donor restrictions:		
Time or purpose restrictions	4,992,186	3,152,302
Restrictions that are perpetual in nature	13,847,043	10,004,149
Total net assets with donor restrictions	<u>18,839,229</u>	<u>13,156,451</u>
Total net assets	<u>26,245,101</u>	<u>19,830,411</u>
 Total liabilities and net assets	 <u>\$ 27,794,331</u>	 <u>\$ 21,332,125</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, 2024

(With Comparative Totals For Year Ended September 30, 2023)

	Without Donor Restrictions	With Donor Restrictions	<u>Total</u>	
			<u>2024</u>	<u>2023</u>
Support and revenue:				
Membership contributions	\$ 2,328,502	\$ -	\$ 2,328,502	\$ 2,328,278
Community service grants	1,302,272	-	1,302,272	1,223,066
Contributions	615,039	946,981	1,562,020	580,665
Investment income, net of fees	157,290	413,144	570,434	478,316
Education and outreach	227,168	326,112	553,280	477,236
Production	53,123	171,294	224,417	312,781
Program underwriting	273,086	122,304	395,390	507,426
In-kind contributions	115,847	-	115,847	156,870
Other	56,765	-	56,765	173,792
	<u>5,129,092</u>	<u>1,979,835</u>	<u>7,108,927</u>	<u>6,238,430</u>
Net assets released from restrictions	<u>1,520,676</u>	<u>(1,520,676)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,649,768</u>	<u>459,159</u>	<u>7,108,927</u>	<u>6,238,430</u>
Expenses:				
Program services:				
Production	725,028	-	725,028	701,961
Programming	1,453,122	-	1,453,122	1,453,973
Public relations	416,879	-	416,879	444,659
Educational services	682,555	-	682,555	653,374
Engineering	992,870	-	992,870	973,050
Total program services expenses	<u>4,270,454</u>	<u>-</u>	<u>4,270,454</u>	<u>4,227,017</u>
Supporting services:				
Development	1,048,063	-	1,048,063	968,660
General and administrative	633,382	-	633,382	622,081
Total supporting services expenses	<u>1,681,445</u>	<u>-</u>	<u>1,681,445</u>	<u>1,590,741</u>
Total expenses	<u>5,951,899</u>	<u>-</u>	<u>5,951,899</u>	<u>5,817,758</u>
Change in net assets before unrealized gains (losses)	697,869	459,159	1,157,028	420,672
Unrealized gains on investments	34,043	1,732,893	1,766,936	810,075
Gain on sale of property, net	-	3,490,726	3,490,726	-
Loss on uncollectible restricted pledges	-	-	-	(10,000)
Change in net assets	731,912	5,682,778	6,414,690	1,220,747
Net assets at beginning of year	<u>6,673,960</u>	<u>13,156,451</u>	<u>19,830,411</u>	<u>18,609,664</u>
Net assets at end of year	<u>\$ 7,405,872</u>	<u>\$ 18,839,229</u>	<u>\$ 26,245,101</u>	<u>\$ 19,830,411</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, 2024

(With Comparative Totals For Year Ended September 30, 2023)

	Program Services					
	<u>Production</u>	<u>Programming</u>	<u>Public Relation</u>	<u>Educational Services</u>	<u>Engineering</u>	<u>Subtotal</u>
Salaries	\$ 374,961	\$ 69,484	\$ 259,549	\$ 357,168	\$ 297,571	\$ 1,358,733
Benefits	127,836	21,568	79,491	113,017	79,365	421,277
Total salary and benefits	<u>502,797</u>	<u>91,052</u>	<u>339,040</u>	<u>470,185</u>	<u>376,936</u>	<u>1,780,010</u>
Professional services	74,318	62,889	3,320	4,790	461	145,778
Supplies	7,330	809	2,223	79,113	3,497	92,972
Telephone	9,502	2,422	5,366	8,694	6,617	32,601
Postage and shipping	10	-	-	3,393	30	3,433
Occupancy	54,342	2,859	3,011	22,573	26,035	108,820
Equipment rental and maintenance	35,672	2,124	2,950	14,399	165,299	220,444
Printing and publications	1,180	-	1,560	22,392	90	25,222
Travel	297	1,185	2,819	17,918	3,829	26,048
Conferences, conventions, and meetings	1,174	95	2,059	17,101	927	21,356
Programming	3,955	1,063,924	-	-	-	1,067,879
Advertising and promotional	15,757	-	36,135	1,859	-	53,751
Dues and subscriptions	4,188	218,980	12,429	9,392	1,883	246,872
Insurance	13,783	6,783	3,251	10,746	44,016	78,579
Interest	-	-	-	-	-	-
Banking fees and service charges	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-
Miscellaneous	723	-	2,716	-	(11,117)	(7,678)
Total expenses before depreciation and accretion	<u>725,028</u>	<u>1,453,122</u>	<u>416,879</u>	<u>682,555</u>	<u>618,503</u>	<u>3,896,087</u>
Depreciation and accretion	-	-	-	-	374,367	374,367
Total expenses	<u>\$ 725,028</u>	<u>\$ 1,453,122</u>	<u>\$ 416,879</u>	<u>\$ 682,555</u>	<u>\$ 992,870</u>	<u>\$ 4,270,454</u>

Supporting Services			Total	
<u>Development</u>	<u>General and Administrative</u>	<u>Subtotal</u>	<u>2024</u>	<u>2023</u>
\$ 511,907	\$ 245,782	\$ 757,689	\$ 2,116,422	\$ 2,097,332
116,997	69,100	186,097	607,374	560,725
<u>628,904</u>	<u>314,882</u>	<u>943,786</u>	<u>2,723,796</u>	<u>2,658,057</u>
17,801	124,835	142,636	288,414	265,722
11,190	8,679	19,869	112,841	85,816
8,526	2,854	11,380	43,981	41,785
52,687	4,248	56,935	60,368	62,799
8,972	6,439	15,411	124,231	139,527
18,045	12,638	30,683	251,127	195,643
30,886	(6,206)	24,680	49,902	23,571
8,243	6,387	14,630	40,678	33,351
8,096	8,162	16,258	37,614	34,163
-	-	-	1,067,879	1,069,484
125,511	150	125,661	179,412	193,264
37,479	37,745	75,224	322,096	333,243
6,919	7,432	14,351	92,930	87,639
-	526	526	526	12
60,825	1,988	62,813	62,813	49,029
7,200	-	7,200	7,200	4,000
16,779	102,623	119,402	111,724	159,032
<u>1,048,063</u>	<u>633,382</u>	<u>1,681,445</u>	<u>5,577,532</u>	<u>5,436,137</u>
-	-	-	374,367	381,621
<u>\$ 1,048,063</u>	<u>\$ 633,382</u>	<u>\$ 1,681,445</u>	<u>\$ 5,951,899</u>	<u>\$ 5,817,758</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,414,690	\$ 1,220,747
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and accretion expense	374,367	381,621
Noncash lease expense	(1,364)	-
Bad debt expense	7,200	14,000
Purchases of program rights	(969,538)	(933,681)
Amortization of program rights	994,460	989,290
Contributions restricted for long-term use	(936,981)	(567,230)
Gain on sale of property, net	(3,490,726)	-
Realized and unrealized (gains) and losses, net	(1,811,247)	(916,380)
Change in:		
Accounts receivable	(24,720)	(21,612)
Grants and unconditional promises and bequests	(638,946)	12,000
Prepaid expenses and other assets	14,524	65,166
Accounts payable and accrued liabilities	(30,831)	(28,427)
Deferred revenues and support	-	(16,725)
Program rights payable	24,900	(177,632)
Asset retirement obligation	9,964	9,187
Net cash provided (used) by operating activities	<u>(64,248)</u>	<u>30,324</u>
Cash flows from investing activities:		
Purchases of property and equipment	(223,872)	(608,751)
Proceeds from sales and maturities of investments	6,453,719	5,037,605
Purchases of investments	(4,550,301)	(7,464,792)
Net cash provided (used) by investing activities	<u>1,679,546</u>	<u>(3,035,938)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term use	936,981	567,230
Proceeds from sales of property restricted for long-term use, net	5,390,726	-
Net cash provided by financing activities	<u>6,327,707</u>	<u>567,230</u>
Net increase (decrease) in cash and cash equivalents	7,943,005	(2,438,384)
Cash and cash equivalents at beginning of year	<u>1,230,599</u>	<u>3,668,983</u>
Cash and cash equivalents at end of year	<u>\$ 9,173,604</u>	<u>\$ 1,230,599</u>
Schedule of supplemental cash flow information:		
Noncash donation of advertising	\$ 36,240	\$ 44,691
Other noncash donations	79,607	112,179
Total noncash donations received	<u>\$ 115,847</u>	<u>\$ 156,870</u>
Noncash investing and financing transaction:		
Lease of equipment:		
Equipment	\$ 37,126	\$ -
Operating lease obligation	(37,126)	-
Interest paid	<u>\$ 526</u>	<u>\$ 12</u>
Income taxes paid (refunded), net	<u>\$ -</u>	<u>\$ -</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, 2023, 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, 2024 and 2023, the Council's cash equivalents consisted primarily of money market funds.

Accounts Receivable

Accounts receivable consist primarily of amounts due from program underwriters, which are mainly companies and individuals located in central and south Texas. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Council uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions, as collection practices and the underwriting base has not changed significantly. Uncollectible balances are charged to the allowance once the Council has concluded efforts to collect the receivable.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contributions and Grants Receivable

Contributions receivable, including gifts and bequests from estates and trusts that have been declared but not yet received, and receivables from grants that do not involve any exchange transaction, are recorded net of an allowance for uncollectible accounts. The Council determines its allowances based on historical trends for collectability of similar receivables. Contribution or grant receivables due over more than one year are recorded net of a discount to present value, which is 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.

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, 2024. 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

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Council has elected not to separate lease components from non-lease components when allocating contract consideration for all classes of leased assets. For purposes of valuing lease liabilities, the Council has also elected to use a risk-free rate as the discount rate for all classes of leased assets.

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.

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 \$(11,883) and \$1,423 on unrelated business income in 2024 and 2023, 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 2019. However, the Council is still open to examination by taxing authorities from fiscal year 2019 forward. For the years ended September 30, 2024 and 2023, 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, 2024 and 2023, the Council incurred expenses related to advertising and promotional costs of \$179,412 and \$193,264, 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.

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principle

Adoption of FASB ASC 842 (Leases)

Effective October 1, 2022, the Council adopted FASB ASC 842, *Leases*. The Council determines if an arrangement contains a lease at inception based on whether the Council has the right to control the asset during the contract period and other facts and circumstances. The Council elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The Council has elected not to separate lease components from non-lease components when allocating contract consideration for all classes of leased assets.

The adoption of FASB ASC 842 did not have a material impact on the Council's financial statements.

Adoption of FASB ASC 326 (Financial Instruments – Credit Losses)

Effective October 1, 2023, the Council adopted FASB ASC 326, *Financial Instruments – Credit Losses*. This standard replaces the incurred loss method of measuring financial assets with an expected loss method, which is referred to as the current expected credit loss (CECL) model. CECL requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Council, the standard applies to the measurement of its accounts receivable for program underwriting. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balance to the net amount expected to be collected over the lives of the receivables. The Council adopted the new standard using the modified retrospective approach for accounts receivable, in which the impact of applying the CECL method to prior periods is recorded as an adjustment to net assets in the current year. However, no transition measurement was recorded this year, as application of the CECL method did not result in a material change to the measurement of accounts receivable.

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 February 28, 2025, 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, 2024, the Council's cash and cash equivalents held in federally-insured depository accounts exceeded insured limits by \$463,980 in one financial institution. At September 30, 2024, the Council's cash equivalents held in uninsured accounts totaled \$7,927,452. 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 RECEIVABLES

Accounts Receivable

Accounts receivable at September 30, 2024 and 2023, consisted of the following:

	<u>2024</u>	<u>2023</u>
Accounts receivable:		
Underwriting receivables	\$ 222,963	\$ 198,243
Less allowance for credit losses	<u>(11,872)</u>	<u>(4,672)</u>
Accounts receivable, net	<u>\$ 211,091</u>	<u>\$ 193,571</u>

Changes in the allowance for credit losses for the years ended September 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 4,672	\$ 5,546
Provisions for credit losses	7,200	14,000
Write-offs of uncollectible accounts, net of recoveries	-	<u>(14,874)</u>
Balance, end of year	<u>\$ 11,872</u>	<u>\$ 4,672</u>

Promises to Give, Bequests, and Grants Receivable

Contributions receivable consist of the following unconditional promises to give as of September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Contributions receivable	\$ 557,996	\$ 10,000
Bequests due from estates	90,950	-
Allowance for uncollectible pledges and unamortized discount	-	-
Unconditional promises and contributions receivable, net	<u>\$ 648,946</u>	<u>\$ 10,000</u>

The maturities of contributions receivable are as follows at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Less than one year:		
Contributions receivable	\$ 557,996	\$ -
Bequests due from estates	90,950	10,000
Unconditional promises and contributions receivable	<u>\$ 648,946</u>	<u>\$ 10,000</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, 2024 and 2023:

	2024		2023	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed income securities	\$ 4,111,337	\$ 3,939,275	\$ 6,699,692	\$ 6,383,672
Capital appreciation securities	5,844,920	8,750,018	4,927,508	6,397,792
Total investments	<u>\$ 9,956,257</u>	<u>\$ 12,689,293</u>	<u>\$ 11,627,200</u>	<u>\$ 12,781,464</u>

Investment return is summarized as follows:

	2024		
	<u>APTC</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 144,796	\$ 393,913	\$ 538,709
Realized gains (losses)	-	44,311	44,311
Investment management fees	-	(12,586)	(12,586)
Investment income, net	<u>144,796</u>	<u>425,638</u>	<u>570,434</u>
Unrealized gains (losses)	-	1,766,936	1,766,936
Total investment return	<u>144,796</u>	<u>2,192,574</u>	<u>2,337,370</u>

Net asset classification of investment return:

Without restrictions	144,796	46,537	191,333
With restrictions	-	2,146,037	2,146,037
Total investment return	<u>\$ 144,796</u>	<u>\$ 2,192,574</u>	<u>\$ 2,337,370</u>

	2023		
	<u>APTC</u>	<u>Endowment</u>	<u>Total</u>
Interest and dividends	\$ 89,010	\$ 294,162	\$ 383,172
Realized gains (losses)	-	106,305	106,305
Investment management fees	-	(11,161)	(11,161)
Investment income, net	<u>89,010</u>	<u>389,306</u>	<u>478,316</u>
Unrealized gains (losses)	-	810,075	810,075
Total investment return	<u>89,010</u>	<u>1,199,381</u>	<u>1,288,391</u>

Net asset classification of investment return:

Without restrictions	89,010	25,181	114,191
With restrictions	-	1,174,200	1,174,200
Total investment return	<u>\$ 89,010</u>	<u>\$ 1,199,381</u>	<u>\$ 1,288,391</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, 2024 and 2023, 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>2024</u>	<u>2023</u>
Land	\$ 497,456	\$ 497,456
Buildings and improvements	5,007,637	5,007,637
Transmitter, antenna, and tower	2,213,347	2,213,347
Studio and other broadcasting equipment	3,691,419	3,608,678
Office and transportation equipment	602,909	584,149
Construction in progress	122,370	-
Property and equipment, gross	<u>12,135,138</u>	<u>11,911,267</u>
Accumulated depreciation	<u>(8,808,767)</u>	<u>(8,444,365)</u>
Property and equipment, net	<u>\$ 3,326,371</u>	<u>\$ 3,466,902</u>

Depreciation expense for the years ended September 30, 2024 and 2023 amounted to \$364,403 and \$372,434, respectively.

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 intended to sell the property rather than utilize it, had plans in place to sell the property, and believed that the property could be sold within the upcoming year. As such, that property was classified as held for sale.

During the year ended September 30, 2024, the Council sold the property, which resulted in a net gain of \$3,490,726 after settlement and closing costs of \$359,274.

7 DEFERRED REVENUE

The change in the Council's deferred revenue for the years ended September 30, 2024 and 2023 is comprised of the following:

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 6,075	\$ 22,800
Additions:		
Prepayments for program production	-	6,075
Reductions		
Production revenue earned	-	(22,800)
Balance at end of year	<u>\$ 6,075</u>	<u>\$ 6,075</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 20, 2025. Interest on funds drawn is at the Wall Street Journal prime rate plus 0.750 percent (9.25% percent at September 30, 2022). The line is collateralized by accounts receivable and equipment. At September 30, 2024 and 2023, no amounts were outstanding on the line.

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

9 ASSET RETIREMENT OBLIGATION

The Council has an asset retirement obligation of \$127,739 and \$117,775 as of September 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Asset retirement obligation, beginning of year	\$ 117,775	\$ 108,588
Accretion expense	9,964	9,187
	<u> </u>	<u> </u>
Asset retirement obligation, end of year	<u>\$ 127,739</u>	<u>\$ 117,775</u>

10 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Subject to expenditures for specified purpose or time periods:		
Returns on endowment for support of KLRN	\$ 4,429,647	\$ 2,662,513
Local production and programming	144,745	193,415
Education and outreach	185,111	154,804
Facility and equipment costs	232,683	141,570
	<u> </u>	<u> </u>
Total net assets subject to expenditures for specified purpose or time periods	4,992,186	3,152,302
Subject to restrictions that are perpetual in nature:		
Endowment corpus for support of KLRN	13,847,043	10,004,149
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 18,839,229</u>	<u>\$ 13,156,451</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	\$ 378,905	\$ 492,264
Local production and programming	342,268	364,034
Education and outreach	295,805	323,890
Pledge matching gifts	10,000	13,000
Facility and equipment costs	493,698	330,430
	<u> </u>	<u> </u>
Net assets released from restriction	<u>\$ 1,520,676</u>	<u>\$ 1,523,618</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. There were no such deficiencies as of September 30, 2024. Deficiencies of this nature existed in one donor-restricted endowment fund as of September 30, 2023, which had an original gift value of \$304,995, a fair value of \$299,783, and a deficiency of \$5,212 as of that date.

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, 2024 and 2023 is as follows:

	2024			
	With Donor Restrictions			
	Without Donor Restrictions	Temporary Restrictions	Corpus	Total
Donor-restricted endowment funds	\$ -	\$ 4,429,647	\$ 13,847,043	\$ 18,276,690
Board-designated endowment funds	466,441	-	-	466,441
Total endowment funds	\$ 466,441	\$ 4,429,647	\$ 13,847,043	\$ 18,743,131

	2023			
	With Donor Restrictions			
	Without Donor Restrictions	Temporary Restrictions	Corpus	Total
Donor-restricted endowment funds	\$ -	\$ 2,662,513	\$ 10,004,149	\$ 12,666,662
Board-designated endowment funds	232,867	-	-	232,867
Total endowment funds	\$ 232,867	\$ 2,662,513	\$ 10,004,149	\$ 12,899,529

Changes in endowment net assets for the years ended September 30, 2024 and 2023 were as follows:

	2024			
	With Donor Restrictions			
	Without Donor Restrictions	Temporary Restrictions	Corpus	Total
Endowment net assets, beginning of year	\$ 232,867	\$ 2,662,513	\$ 10,004,149	\$ 12,899,529
Interest and dividends	11,423	382,490	-	393,913
Realized gains (losses)	1,071	43,240	-	44,311
Unrealized gains (losses)	34,043	1,732,893	-	1,766,936
Investment management fees	-	(12,586)	-	(12,586)
Investment return, net	46,537	2,146,037	-	2,192,574
Contributions	1,660	92,828	544,153	638,641
Other income, gains, and losses	-	191,985	3,298,741	3,490,726
Distributions	(478,339)	-	-	(478,339)
Appropriation for expenditure	663,716	(663,716)	-	-
Endowment net assets, end of year	\$ 466,441	\$ 4,429,647	\$ 13,847,043	\$ 18,743,131

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

11 ENDOWMENT (Continued)

	2023			
	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary Restrictions	Corpus	
Endowment net assets, beginning of year	\$ 213,824	\$ 1,880,577	\$ 9,918,919	\$ 12,013,320
Interest and dividends	5,903	288,259	-	294,162
Realized gains (losses)	2,254	104,051	-	106,305
Unrealized gains (losses)	17,024	793,051	-	810,075
Investment management fees	-	(11,161)	-	(11,161)
Investment return, net	25,181	1,174,200	-	1,199,381
Contributions	4,066	-	95,230	99,296
Other income, gains, and losses	-	100,000	(10,000)	90,000
Distributions	(502,468)	-	-	(502,468)
Appropriation for expenditure	492,264	(492,264)	-	-
Endowment net assets, end of year	<u>\$ 232,867</u>	<u>\$ 2,662,513</u>	<u>\$ 10,004,149</u>	<u>\$ 12,899,529</u>

12 DONATED ASSETS AND SERVICES

The council received gifts-in-kind for the years ended September 30, 2024 and 2023, as follows:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 28,840	\$ 43,541
Use of venue space	6,200	1,150
Thank you gifts	1,200	-
Vehicles	79,607	112,179
	<u>\$ 115,847</u>	<u>\$ 156,870</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.

13 LEASING ACTIVITIES

The Council leases certain equipment under operating leases which expire through 2029. The Council also leases property under an agreement that requires no fixed lease payments, but stipulates that the Council must pay the lessor 10% of any sublease income related to the property. That lease is eligible for renewal through 2043, but a renewal has not been formalized yet, and the original lease terms are currently carried forward on a month-to-month basis. Given the lack of fixed lease payments and a formalized renewal agreement, no assets or liabilities related to that lease have been recognized in these financial statements.

The following summarizes the weighted average remaining lease term and discount rate of multi-year operating leases with fixed payments as of September 30:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term:		
Operating leases	4.64 years	not applicable
Weighted Average Discount Rate:		
Operating leases	4.26%	not applicable

(Continued)

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

13 LEASING ACTIVITIES (Continued)

The maturities of lease liabilities as of September 30, 2024 were as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 8,184
2026	8,184
2027	8,184
2028	8,184
2029	<u>4,092</u>
Total lease payments	36,828
Less: interest	<u>(3,309)</u>
Present value of lease liabilities	<u>\$ 33,519</u>

Variable lease costs, which include 10% of sublease income as described above, amounted to \$4,574 and \$4,398 during the years ended September 30, 2024 and 2023, respectively. Total rent expense paid by the Council for the years ended September 30, 2024 and 2023, was \$44,956 and \$40,222, respectively.

Subleases

The Council subleases equipment under a sublease agreement which runs through December 2027. Total rental income under these subleases was \$45,740 and \$43,981 for the years ended September 30, 2024 and 2023, 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 September 30,</u>	
2025	\$ 47,570
2026	49,473
2027	51,451
2028	<u>12,988</u>
	<u>\$ 161,482</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, 2024 and 2023, are \$83,025 and \$77,141, 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, 2024 and 2023.

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, and sold it during the year ended September 30, 2024. See Note 6.

During the year ended September 30, 2023, the Council learned that it was the beneficiary of a charitable remainder trust that is in the process of distributing its assets. However, the trust agreement was disputed by some beneficiaries over unclear language in the agreement and its amendments, leading to litigation over the agreement. Subsequent to year end, a settlement agreement was reached and the Council received a final distribution of \$557,996, which was recorded as revenue and a receivable during the year ended September 30, 2024.

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 final distribution from this estate occurred during the year ended September 30, 2023. To date, the Council has received \$620,845 in distributions from this estate, and recorded revenue of \$-0- and \$5,845 during the years ended September 30, 2024 and 2023, respectively.

During the year ended September 30, 2024, the Council was named as a beneficiary of three other estates, but management does not have enough information to estimate the amounts due from those estates. Distributions from two of those estates totaled \$497,140 during the 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, 2024 and 2023, approximately 18.3% and 19.6%, respectively, or \$1,302,272 and \$1,223,066, respectively, of the Council's support and revenue came from CSGs distributed by the CPB.

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	\$ 9,173,604
Accounts receivable, net	211,091
Unconditional promises, contributions, and grants receivable, net	648,946
Investments	12,689,293
Financial assets at year end	<u>22,722,934</u>
Less those unavailable for general expenditure within one year, due to:	
Donor-restricted to expenditure for specific purpose	(4,992,186)
Investments with donor restrictions that are perpetual in nature	<u>(13,847,043)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 3,883,705</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, 2024, the Council had financial assets and financing available to meet cash needs for general expenditure within one year that were equivalent to roughly 254 days of average operating expenses before depreciation and accretion.

18 SUBSEQUENT EVENTS

Subsequent to year end, the Council reached a settlement agreement regarding the final distribution of assets from a charitable remainder trust of which the Council was a beneficiary. The settlement amount of \$557,996 was recorded as revenue during the year ended September 30, 2024.

SUPPLEMENTARY INFORMATION

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

September 30, 2024

	APTC			KLRN Endowment Fund, Inc.	Eliminations	Total
	Operating Fund	Plant Fund	Subtotal			
ASSETS						
Assets:						
Cash and cash equivalents	\$ 694,395	\$ 3,043,625	\$ 3,738,020	\$ 5,435,584	\$ -	\$ 9,173,604
Accounts receivable, net of allowance for credit losses of \$11,872	153,122	-	153,122	57,969	-	211,091
Unconditional promises, bequests, and grants receivable, net of allowance and discount of \$-0-	90,950	-	90,950	557,996	-	648,946
Interfund receivables (payables)	2,538,025	(2,538,025)	-	-	-	-
Prepaid program rights	1,416,757	-	1,416,757	-	-	1,416,757
Prepaid expenses and other assets	269,386	-	269,386	24,000	-	293,386
Investments	-	-	-	12,689,293	-	12,689,293
Property held for sale	-	-	-	-	-	-
Lease right-of-use assets, operating	-	34,883	34,883	-	-	34,883
Property and equipment, net	-	3,326,371	3,326,371	-	-	3,326,371
Total assets	\$ 5,162,635	\$ 3,866,854	\$ 9,029,489	\$ 18,764,842	\$ -	\$ 27,794,331
LIABILITIES AND NET ASSETS						
Liabilities:						
Accounts payable and accrued expenses	428,594	-	428,594	21,711	-	450,305
Deferred revenues	6,075	-	6,075	-	-	6,075
Program rights payable	931,592	-	931,592	-	-	931,592
Lease liabilities, operating	-	33,519	33,519	-	-	33,519
Asset retirement obligation	-	127,739	127,739	-	-	127,739
Total liabilities	1,366,261	161,258	1,527,519	21,711	-	1,549,230
Net assets:						
Without donor restrictions:						
Undesignated	3,466,518	-	3,466,518	-	-	3,466,518
Board designated for endowment	-	-	-	466,441	-	466,441
Board designated for property and equipment	-	3,472,913	3,472,913	-	-	3,472,913
Total net assets without donor restrictions	3,466,518	3,472,913	6,939,431	466,441	-	7,405,872
With donor restrictions:						
Time or purpose restrictions	329,856	232,683	562,539	4,429,647	-	4,992,186
Restrictions that are perpetual in nature	-	-	-	13,847,043	-	13,847,043
Total net assets with donor restrictions	329,856	232,683	562,539	18,276,690	-	18,839,229
Total net assets	3,796,374	3,705,596	7,501,970	18,743,131	-	26,245,101
Total liabilities and net assets	\$ 5,162,635	\$ 3,866,854	\$ 9,029,489	\$ 18,764,842	\$ -	\$ 27,794,331

ALAMO PUBLIC TELECOMMUNICATIONS COUNCIL AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES

Year Ended September 30, 2024

	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	2,328,502	-	2,328,502	-	-	2,328,502
Community service grants	1,302,272	-	1,302,272	-	-	1,302,272
Contributions	613,379	-	613,379	1,660	-	615,039
Investment income, net of fees	129,811	14,985	144,796	12,494	-	157,290
Education and outreach	227,168	-	227,168	-	-	227,168
Production	53,123	-	53,123	-	-	53,123
Program underwriting	273,086	-	273,086	-	-	273,086
In-kind contributions	115,847	-	115,847	-	-	115,847
Other	56,765	-	56,765	-	-	56,765
	<u>5,099,953</u>	<u>14,985</u>	<u>5,114,938</u>	<u>14,154</u>	<u>-</u>	<u>5,129,092</u>
Net assets released from restrictions	648,073	208,887	856,960	663,716	-	1,520,676
Total support and revenue	<u>5,748,026</u>	<u>223,872</u>	<u>5,971,898</u>	<u>677,870</u>	<u>-</u>	<u>6,649,768</u>
Expenses:						
Program services:						
Production	725,028	-	725,028	-	-	725,028
Programming	1,453,122	-	1,453,122	-	-	1,453,122
Public relations	416,879	-	416,879	-	-	416,879
Educational services	682,555	-	682,555	-	-	682,555
Engineering	618,503	374,367	992,870	-	-	992,870
Total program services expenses	<u>3,896,087</u>	<u>374,367</u>	<u>4,270,454</u>	<u>-</u>	<u>-</u>	<u>4,270,454</u>
Supporting services:						
Development	1,048,063	-	1,048,063	-	-	1,048,063
General and administrative	528,734	-	528,734	104,648	-	633,382
Total supporting services expenses	<u>1,576,797</u>	<u>-</u>	<u>1,576,797</u>	<u>104,648</u>	<u>-</u>	<u>1,681,445</u>
Total expenses	<u>5,472,884</u>	<u>374,367</u>	<u>5,847,251</u>	<u>104,648</u>	<u>-</u>	<u>5,951,899</u>
Change in net assets before unrealized gains (losses) and transfers	275,142	(150,495)	124,647	573,222	-	697,869
Unrealized gains	-	-	-	34,043	-	34,043
Gain on sale of property, net	-	-	-	-	-	-
Intracompany transfers	(140,519)	140,519	-	-	-	-
Transfer of endowment earnings	373,691	-	373,691	(373,691)	-	-
Change in net assets	508,314	(9,976)	498,338	233,574	-	731,912
Net assets at beginning of year	<u>2,958,204</u>	<u>3,482,889</u>	<u>6,441,093</u>	<u>232,867</u>	<u>-</u>	<u>6,673,960</u>
Net assets at end of year	<u>\$ 3,466,518</u>	<u>\$ 3,472,913</u>	<u>\$ 6,939,431</u>	<u>\$ 466,441</u>	<u>\$ -</u>	<u>\$ 7,405,872</u>

With Donor Restrictions

APTC						
Operating Fund	Plant Fund	Subtotal	KLRN Endowment Fund, Inc.	Eliminations	Subtotal	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	2,328,502
-	-	-	-	-	-	1,302,272
10,000	300,000	310,000	636,981	-	946,981	1,562,020
-	-	-	413,144	-	413,144	570,434
326,112	-	326,112	-	-	326,112	553,280
171,294	-	171,294	-	-	171,294	224,417
122,304	-	122,304	-	-	122,304	395,390
-	-	-	-	-	-	115,847
-	-	-	-	-	-	56,765
629,710	300,000	929,710	1,050,125	-	1,979,835	7,108,927
(648,073)	(208,887)	(856,960)	(663,716)	-	(1,520,676)	-
(18,363)	91,113	72,750	386,409	-	459,159	7,108,927
-	-	-	-	-	-	725,028
-	-	-	-	-	-	1,453,122
-	-	-	-	-	-	416,879
-	-	-	-	-	-	682,555
-	-	-	-	-	-	992,870
-	-	-	-	-	-	4,270,454
-	-	-	-	-	-	1,048,063
-	-	-	-	-	-	633,382
-	-	-	-	-	-	1,681,445
-	-	-	-	-	-	5,951,899
(18,363)	91,113	72,750	386,409	-	459,159	1,157,028
-	-	-	1,732,893	-	1,732,893	1,766,936
-	-	-	3,490,726	-	3,490,726	3,490,726
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(18,363)	91,113	72,750	5,610,028	-	5,682,778	6,414,690
348,219	141,570	489,789	12,666,662	-	13,156,451	19,830,411
\$ 329,856	\$ 232,683	\$ 562,539	\$ 18,276,690	\$ -	\$ 18,839,229	\$ 26,245,101