

ALASKA PUBLIC MEDIA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

ALASKA PUBLIC MEDIA, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Alaska Public Media, Inc.:

We have audited the accompanying financial statements of Alaska Public Media, Inc. (the "Corporation"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Public Media, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

2020 Financial Statements

The financial statements of Alaska Public Media for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on February 12, 2021.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

James Moore & Co., P.L.

Gainesville, Florida
February 11, 2022

ALASKA PUBLIC MEDIA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 1,810,215	\$ 2,921,285
Restricted cash and cash equivalents	1,037,804	-
Accounts and pledges receivable, net	667,550	391,952
Prepaid expenses	194,743	272,230
Total current assets	3,710,312	3,585,467
Non-current assets		
Investments	2,142,632	1,396,168
Beneficial interest in AKPM Designated Endowment Fund	252,317	162,697
Investment in transmission facilities	346,916	346,259
Property and equipment, net	1,775,002	1,739,641
Total non-current assets	4,516,867	3,644,765
Total Assets	\$ 8,227,179	\$ 7,230,232
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 106,040	\$ 116,204
Accrued payroll and related taxes	326,958	306,749
Refundable advance	-	627,396
Deferred revenue	221,305	678,683
Total current liabilities	654,303	1,729,032
Net assets		
Without donor restrictions		
Designated for investment in property and equipment	1,775,002	1,739,641
Designated for AKPM Designated Endowment Fund	252,317	162,697
Undesignated	4,257,753	3,598,862
With donor restrictions	1,287,804	-
Total net assets	7,572,876	5,501,200
Total Liabilities and Net Assets	\$ 8,227,179	\$ 7,230,232

The accompanying notes to financial statements
are an integral part of these statements.

ALASKA PUBLIC MEDIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Operations:			
Sustaining memberships	\$ 3,270,423	\$ -	\$ 3,270,423
Program sponsorships	1,066,804	-	1,066,804
CPB grants	1,529,209	871,059	2,400,268
Other grants	418,601	416,745	835,346
In-kind contributions	11,699	-	11,699
Alaska Public Radio Network station dues	94,625	-	94,625
Investment return, net	395,763	-	395,763
Tower rental revenue	72,443	-	72,443
Other income	217,754	-	217,754
Federal debt forgiveness	627,396	-	627,396
Total public support and revenues	<u>7,704,717</u>	<u>1,287,804</u>	<u>8,992,521</u>
Expenses			
Program services:			
Programming and production	3,024,033	-	3,024,033
Broadcasting and engineering	1,176,366	-	1,176,366
Total program services	<u>4,200,399</u>	<u>-</u>	<u>4,200,399</u>
Supporting services:			
Development and underwriting	1,311,521	-	1,311,521
Management and general	1,050,756	-	1,050,756
Total supporting services	<u>2,362,277</u>	<u>-</u>	<u>2,362,277</u>
Total expenses before depreciation	<u>6,562,676</u>	<u>-</u>	<u>6,562,676</u>
Change in net assets before depreciation and loss on investment in transmission facilities	<u>1,142,041</u>	<u>1,287,804</u>	<u>2,429,845</u>
Other changes in net assets			
Depreciation expense	307,710	-	307,710
Loss on investment in transmission facilities	50,459	-	50,459
Change in net assets	<u>783,872</u>	<u>1,287,804</u>	<u>2,071,676</u>
Net assets, beginning of year	5,501,200	-	5,501,200
Net assets, end of year	<u>\$ 6,285,072</u>	<u>\$ 1,287,804</u>	<u>\$ 7,572,876</u>

The accompanying notes to financial statements
are an integral part of this statement.

ALASKA PUBLIC MEDIA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Operations:			
Sustaining memberships	\$ 3,396,481	\$ -	\$ 3,396,481
Program sponsorships	962,837	-	962,837
CPB grants	1,228,612	-	1,228,612
Other grants	535,935	-	535,935
In-kind contributions	4,330	-	4,330
Alaska Public Radio Network station dues	86,750	-	86,750
Investment return, net	42,280	-	42,280
Tower rental revenue	93,997	-	93,997
Other income	184,942	-	184,942
Total public support and revenues	<u>6,536,164</u>	<u>-</u>	<u>6,536,164</u>
Expenses			
Program services:			
Programming and production	2,461,054	-	2,461,054
Broadcasting and engineering	1,052,178	-	1,052,178
Total program services	<u>3,513,232</u>	<u>-</u>	<u>3,513,232</u>
Supporting services:			
Development and underwriting	1,205,295	-	1,205,295
Management and general	1,392,215	-	1,392,215
Total supporting services	<u>2,597,510</u>	<u>-</u>	<u>2,597,510</u>
Total expenses before depreciation	<u>6,110,742</u>	<u>-</u>	<u>6,110,742</u>
Change in net assets before depreciation and loss on investment in transmission facilities	<u>425,422</u>	<u>-</u>	<u>425,422</u>
Other Changes in Net Assets			
Depreciation expense	295,207	-	295,207
Loss on investment in transmission facilities	36,854	-	36,854
Change in net assets	<u>93,361</u>	<u>-</u>	<u>93,361</u>
Net assets, beginning of year, as restated (Note 19)	5,407,839	-	5,407,839
Net assets, end of year	<u>\$ 5,501,200</u>	<u>\$ -</u>	<u>\$ 5,501,200</u>

The accompanying notes to financial statements
are an integral part of this statement.

ALASKA PUBLIC MEDIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals</u>
	<u>Programming and Production</u>	<u>Broadcasting and Engineering</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	
Salaries, wages, and employee benefits	\$ 1,729,886	\$ 473,963	\$ 880,791	\$ 529,110	\$ 3,613,750
Program acquisition	990,782	-	-	-	990,782
Purchased services	209,356	53,123	53,915	190,340	506,734
Utilities	16,763	279,693	249	90,570	387,275
Maintenance	156	269,770	21,412	31,957	323,295
Travel and training	12,395	12,516	4,359	6,200	35,470
Promotion and advertising	6,330	3,340	114,953	14,420	139,043
Dues and subscriptions	36,286	67,125	32,026	11,676	147,113
Property rent/lease	-	-	-	75,625	75,625
Public and employee relations	8,613	170	1,506	14,014	24,303
Equipment and furniture	10,553	12,488	-	-	23,041
Printing	225	119	90,163	2,174	92,681
Supplies and minor equipment	1,120	2,251	1,128	14,185	18,684
Shipping and postage	481	1,808	19,669	2,560	24,518
Taxes, insurance and other	1,087	-	91,350	67,925	160,362
Total expenses before depreciation	<u>3,024,033</u>	<u>1,176,366</u>	<u>1,311,521</u>	<u>1,050,756</u>	<u>6,562,676</u>
Depreciation	147,700	40,002	73,851	46,157	307,710
Total expenses	<u>\$ 3,171,733</u>	<u>\$ 1,216,368</u>	<u>\$ 1,385,372</u>	<u>\$ 1,096,913</u>	<u>\$ 6,870,386</u>

The accompanying notes to financial statements
are an integral part of this statement.

ALASKA PUBLIC MEDIA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Totals</u>
	<u>Programming and Production</u>	<u>Broadcasting and Engineering</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	
Salaries, wages, and employee benefits	\$ 1,334,514	\$ 535,682	\$ 708,456	\$ 846,207	\$ 3,424,859
Program acquisition	821,124	434	-	-	821,558
Purchased services	165,035	5,190	65,858	186,614	422,697
Utilities	14,671	188,606	95,866	90,928	390,071
Maintenance	8,826	232,298	16,742	22,491	280,357
Promotion and advertising	13,242	-	105,664	6,160	125,066
Travel and training	36,762	16,874	6,951	35,922	96,509
Dues and subscriptions	36,524	11,140	25,908	18,435	92,007
Property rent/lease	693	-	-	74,374	75,067
Printing	315	-	61,378	2,889	64,582
Equipment and furniture	8,883	47,423	-	1,618	57,924
Public and employee relations	13,167	2,148	5,695	17,153	38,163
Shipping and postage	-	2,970	19,940	8,140	31,050
Supplies and minor equipment	3,077	5,561	531	17,005	26,174
Bad debt recovery	-	-	(750)	-	(750)
Taxes, insurance and other	4,221	3,852	93,056	64,279	165,408
Total expenses before depreciation	<u>2,461,054</u>	<u>1,052,178</u>	<u>1,205,295</u>	<u>1,392,215</u>	<u>6,110,742</u>
Depreciation	-	119,356	10,580	165,271	295,207
Total expenses	<u><u>\$ 2,461,054</u></u>	<u><u>\$ 1,171,534</u></u>	<u><u>\$ 1,215,875</u></u>	<u><u>\$ 1,557,486</u></u>	<u><u>\$ 6,405,949</u></u>

The accompanying notes to financial statements
are an integral part of this statement.

ALASKA PUBLIC MEDIA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 2,071,676	\$ 93,361
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gains on investments	(325,069)	(8,496)
Gain on beneficial interest in AKPM Designated Endowment Fund	(89,620)	(14,521)
Depreciation expense	307,710	295,207
Bad debt recovery	-	(750)
Loss on investment in transmission facilities	50,459	36,854
Changes in operating assets and liabilities		
Accounts and pledges receivable, net	(275,598)	(188,750)
Prepaid expenses	77,487	6,234
Accounts payable	(10,164)	18,806
Accrued payroll and related taxes	20,209	60,183
Deferred revenue	(457,378)	325,345
Refundable advance	(627,396)	627,396
Net cash provided by operating activities	742,316	1,250,869
Cash flows from investing activities		
Purchases of property and equipment	(343,071)	(122,903)
Purchase of investments	(766,248)	(282,983)
Sale of investments	344,853	274,616
Investments in transmission facilities	(51,116)	(53,252)
Net cash used in investing activities	(815,582)	(184,522)
Change in cash and cash equivalents	(73,266)	1,066,347
Cash and cash equivalents, beginning of year	2,921,285	1,854,938
Cash and cash equivalents, end of year	\$ 2,848,019	\$ 2,921,285
Cash and cash equivalents are presented on the Statements of Financial Position as:		
Cash and cash equivalents	\$ 1,810,215	\$ 2,921,285
Restricted cash and cash equivalents	1,037,804	-
	\$ 2,848,019	\$ 2,921,285

The accompanying notes to financial statements
are an integral part of these statements.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:**

(a) **Organization**—Alaska Public Media, Inc. (the “Corporation”) is a nonprofit corporation organized to provide educational television and radio broadcasting in the State of Alaska. In previous years, the Corporation operated as Alaska Public Telecommunications, Inc. dba Alaska Public Media. The Corporation is licensed to operate television station KAKM, channel 7, and radio station KSKA, FM 91.1 in Anchorage, Alaska. The Corporation also operates Statewide News which provides Alaska news programming to all of the public radio stations in the state.

(b) **Basis of accounting**—The accounts of the Corporation are maintained in conformity with the principles of accounting of not-for-profit accounting and have been prepared on the accrual basis.

(c) **Basis of presentation**—The Corporation reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Corporation and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Corporation reports the support as unrestricted.

At June 30, 2021, net assets with donor restrictions included unspent Community Service Grants (“CSG”) and American Rescue Plan Act (“ARPA”) Stabilization grant funds. CSG funds are restricted as described in the General Provisions. ARPA Stabilization grant funds are restricted to maintain programming and services and preserve the ability of stations to respond to the global pandemic, coronavirus disease “COVID-19”. There were no net assets with donor restrictions at June 30, 2020.

(d) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash and cash equivalents**—For purposes of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(f) **Accounts and pledges receivable**—Accounts and pledges receivable are carried at original amounts billed or pledged, less an estimate for doubtful accounts based on periodic review by management. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to certain types of receivables. The Corporation does not require collateral or other security on accounts receivable.

(g) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 5 for further information on fair value reporting.

(h) **Investment in transmission facilities**—The Corporation uses the cost or equity methods to account for all its investments in transmission facilities. See Note 7 for further information.

(i) **Property and equipment**—Property and equipment are reported at historical costs. Contributed assets are reported at fair value as of the date received. The Corporation capitalizes all equipment costing \$5,000 or more. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation for financial reporting purposes is computed using the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Buildings and improvements	5 – 35 years
Equipment	3 – 20 years
Furniture and fixtures	3 – 10 years

Property and equipment are analyzed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. There were no impaired assets at June 30, 2021 and 2020.

Property acquired under capital leases is capitalized at the net present value of the lease including any bargain purchase option. Assets are amortized over the life of similar purchased assets.

Property purchased with certain grant funds will revert to the funding agency if the Corporation is dissolved or the property is declared a surplus. Proceeds for the sale of assets originally purchased with state or federal grant funds may be required to be returned to the granting agency.

(j) **Deferred revenue**—Income received to underwrite programs or facilitate programming not yet broadcasted as of the end of the fiscal year is deferred and recognized over the period in which the programming is aired. Grant and service contract awards received in excess of recognized revenues are reflected as deferred revenue in the statements of financial position.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **Revenue recognition**—The Corporation recognizes support and revenue from a variety of sources, including but not limited to the following:

Contributions, including membership, pledges, and major gifts, are recognized when cash, securities or other assets; an unconditional promise to give or bequest; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Program sponsorships are contributions to the Corporation to support its programming or activities in the form of underwriting credit. Nothing of commensurate value is exchanged for underwriting credit, and the Corporation provides refunds for any underwriting revenues collected if the spots are not aired. Therefore, underwriting revenues contain a barrier to overcome and a right of return or a right of release of the obligation, and are recognized as revenue when the related underwriting credits are aired.

Grants for specific projects and activities are recognized as revenue when awarded and all conditions have been met.

Revenues from production contracts, lease agreements, other rentals and services are recognized in the period earned or stipulated in the agreement, as performance obligations are satisfied.

(l) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Corporation reports gifts of equipment, professional services, materials and other nonmonetary contributions as support in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

(m) **Pledges and contributions**—The Corporation engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Corporation. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions, including unconditional promises to give and membership receipts, are recognized as revenue in the period received or given. Collected contributions and pledges are components of net assets without donor restrictions inasmuch as their usage is not limited to specific activities of the Corporation. This usage is consistent with appeals for contributions and pledges. Contributions receivable are a component of net assets with donor restrictions as they are subject to implied time restrictions.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Conditional promises to give are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized as pledges receivable until the conditions and barriers on which they depend are met.

(n) **Functional expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time or effort.

(o) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$21,198 and \$20,111, respectively.

(p) **Income taxes**—The Corporation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Corporation files income tax returns in the U.S. Federal and state jurisdictions. The Corporation's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Corporation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Corporation.

(q) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting ("CPB") is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants ("CSG") to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions mainly pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(r) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board ("FASB") issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2021. The Corporation has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Corporation's reported financial position or operations in the near term.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

In May 2014, the FASB issued ASU 2014-09: *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively “ASC 606”). These standards outline a five-step framework that supersedes the principles for recognizing revenue (previously “ASC 605”) and eliminated industry-specific guidance. The core principle of the guidance of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. The transaction price is allocated to identified performance obligations and recognized as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Corporation adopted ASC 606 for fiscal year 2021. There were no material impacts to the financial statements as a result of implementing ASC 606.

In February 2016, the FASB issued Accounting Standards Update 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. The standard (as amended) is effective for the Corporation’s fiscal year ending June 30, 2023, and may be adopted early. The Corporation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In August 2018, the FASB issued Accounting Standards Update 2018-13: *Fair Value Measurement* (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement, to improve the effectiveness of disclosures in the notes to the financial statements. The Corporation adopted ASU 2018-13 effective for its financial statements as of and for the year ended June 30, 2021. There were no material impacts to the financial statements as a result of implementing ASU 2018-13.

In September 2020, the FASB issued Accounting Standards Update 2020-07: *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU should be applied on a retrospective basis and is effective for the Corporation’s fiscal year ending June 30, 2022. Early adoption is permitted. The Corporation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(s) **Subsequent events**—The Corporation has evaluated subsequent events through February 11, 2022, the date on which the financial statements were available to be issued. No subsequent events have been identified or disclosed.

(t) **Reclassifications**—Certain amounts in the prior year financials have been reclassified to conform to the current year presentation. These reclassifications had no effect on total net position.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) **Liquidity and Availability:**

The Corporation manages liquidity and availability by monitoring all cash accounts. The process is completed on an as needed basis depending on the cash requirements of the business as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Corporation has a line of credit which it can draw on, as detailed in Note 11. Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Financial assets available within on year, at year end:		
Cash and cash equivalents	\$ 2,848,019	\$ 2,921,285
Accounts and pledges receivable	667,550	391,952
Less those unavailable for general expenditures within one year, due to:		
With donor restrictions	1,287,804	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,227,765	\$ 3,313,237

The Corporation has investments of \$2,142,632 and \$1,396,168 at June 30, 2021 and 2020, respectively. The Corporation structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Corporation does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. See Note 5 for additional information regarding investments.

(3) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Corporation, except as otherwise disclosed, is as follows:

- (a) **Cash and cash equivalents**—The Corporation maintains its cash accounts at financial institutions which at times may exceed federally insured limits. The Corporation has not experienced any losses in such accounts. As of June 30, 2021, and 2020 the uninsured cash balance totaled \$2,000,813 and \$2,171,035, respectively.
- (b) **Revenues**—The CPB provided approximately 27% and 19% of revenue during each of the fiscal years ended June 30, 2021 and 2020, respectively.

(4) **Receivables:**

At June 30, 2021 and 2020, accounts receivable consists of the following:

	2021	2020
Sponsorships	\$ 216,771	\$ 189,223
Contributions (pledges)	-	12,081
Grants receivable	450,779	193,311
	667,550	394,615
Less allowance for doubtful accounts	-	(2,663)
Total receivables	\$ 667,550	\$ 391,952

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
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(5) **Investments:**

The Corporation invests in various securities primarily based on its investment policy and liquidity needs.

Net investment return on the statements of activities is comprised of the following for the years ended June 30:

	2021	2020
Interest and dividends	\$ 41,191	\$ 44,362
Realized and unrealized gains	364,230	8,496
Investment expense	(9,658)	(10,578)
Investment return, net	\$ 395,763	\$ 42,280

The following is a summary of investment funds at June 30, 2021 and 2020:

Year	Cost	Fair Value
2021	\$ 1,759,406	\$ 2,142,632
2020	\$ 1,267,609	\$ 1,396,168

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides 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 and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(5) **Investments:** (Continued)

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes to the methodology used at June 30, 2021 and 2020.

Exchange Traded Funds – Valued at quoted market prices in active markets (Level 1 inputs).

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The investments (all level 1 measurements) are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(6) **Beneficial Interest in AKPM Designated Endowment Fund:**

The Corporation established a board designated endowment fund with the Alaska Community Foundation (the “Foundation”) known as the AKPM Designated Endowment Fund (the “Fund”). The assets of the Fund are held and owned by the Foundation in its corporate capacity and are not deemed to be held by the Foundation as trustee of a separate trust for the Fund. The assets of the Fund may be co-mingled with other Foundation property for investment purposes. The Foundation shall distribute not less than annually an appropriate percentage of the fair market value of the unrestricted portion of the Fund to the Corporation to be used as the Corporation’s Board of Directors deem necessary.

Upon written request, the Corporation’s Board of Directors can indicate that it deems it in the best interest of the Corporation to distribute the Fund in total to the Corporation. Such a request will be subject to any restrictions placed on the gifted assets in the Fund as described in the advice of instruction documents from the contributors.

Investments are stated at fair value and realized and unrealized gains and losses are recorded in the statements of activities. The balance of the Fund was \$252,317 and \$162,697 at June 30, 2021 and 2020, respectively.

(7) **Investment in Transmission Facilities:**

Investment in Transmission Tower

The Corporation is a partner and has an ownership interest (34%) in Goose Bay Joint Venture. Goose Bay Joint Venture was formed for operating and maintaining a transmission tower. Goose Bay Joint Venture had a net loss of \$148,409 and \$108,394 at June 30, 2021 and 2020. The Corporation’s allocable share of net loss at June 30, 2021 and 2020 was \$50,459 and \$36,854.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(7) **Investment in Transmission Facilities:** (Continued)

Investment in Anchorage Broadcast Television Consortium, Inc. (ABTC)

The Corporation purchased 5,000 shares of stock in a corporation formed for the purpose of purchasing, maintaining, and operating antennas and related equipment in order to transmit and provide television broadcast services to the Kenai and Soldotna communities. The investment recorded at cost was \$10,294 at June 30, 2021 and 2020, respectively. The Corporation paid user fees of \$24,184 to ABTC during the years ended June 30, 2021 and 2020.

The following details the investment activity:

	Goose Bay Joint Venture	ABTC	Total
Year Ended June 20, 2021			
Carrying value of investment, July 1, 2020	\$ 335,965	\$ 10,294	\$ 346,259
Investment in transmission facilities	51,116	-	51,116
Loss on investment in transmission facilities	(50,459)	-	(50,459)
Total investment in Transmission Facilities	\$ 336,622	\$ 10,294	\$ 346,916

	Goose Bay Joint Venture	ABTC	Total
Year Ended June 20, 2020			
Carrying value of investment, July 1, 2019	\$ 319,567	\$ 10,294	\$ 329,861
Investment in transmission facilities	53,252	-	53,252
Loss on investment in transmission facilities	(36,854)	-	(36,854)
Total investment in Transmission Facilities	\$ 335,965	\$ 10,294	\$ 346,259

(8) **Property and Equipment:**

At June 30, 2021 and 2020, property and equipment consist of the following:

	2021	2020
Buildings and improvements	\$ 5,549,556	\$ 5,549,556
Equipment	6,109,310	5,879,389
Furniture and fixtures	138,518	138,518
Land	15,716	15,716
	11,813,100	11,583,179
Less: Accumulated depreciation	(10,151,250)	(10,072,628)
Construction in process	113,152	-
Property and equipment, net	\$ 1,775,002	\$ 1,510,551

For the years ended June 30, 2021 and 2020, depreciation expense was \$307,710 and \$295,207, respectively.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(9) **Accrued Payroll and Related Taxes:**

At June 30, 2021 and 2020, accrued payroll and related taxes consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued payroll and related taxes	\$ 178,597	\$ 151,661
Accrued vacation	148,361	155,088
Accrued payroll and related taxes	<u>\$ 326,958</u>	<u>\$ 306,749</u>

(10) **Deferred Revenue:**

At June 30, 2021 and 2020, deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Sponsorships	\$ 112,552	\$ 95,477
Grants	55,138	536,770
Other	53,615	46,436
Deferred revenue	<u>\$ 221,305</u>	<u>\$ 678,683</u>

(11) **Line of Credit:**

As of June 30, 2021 and 2020, the Corporation had an available line of credit with a financial institution in the amount of \$370,000. Stated interest on the line of credit is the greater of a floating rate, equal to the prime rate (3.25% at June 30, 2021 and 2020), plus 1%, or the floor rate of 5%. As of June 30, 2021 and 2020, there was no outstanding balance on this line of credit.

(12) **Refundable Advance:**

On April 21, 2020, the Corporation received loan proceeds in the amount of \$627,396, pursuant to the Paycheck Protection Program (“PPP”) established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Corporation maintains its payroll levels over a specified period of time as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. In December 2021, the Corporation received notice the forgiveness application had been approved in full. Debt forgiveness of \$627,396 has been recognized on the statement of activities for the fiscal year ended June 30, 2021.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(13) **Operating Lease Commitments:**

Headquarters

The Corporation is obligated under a long-term land lease for the site of its headquarters building. Lease payments are based upon the fair market value of the land. Currently, this land has a minimum annual rent payment of \$43,124 and expires in the year 2058.

Goose Bay Tower Site

The Corporation also leases the tower site at Goose Bay from the University of Alaska. That lease terminates on December 31, 2037. The lease commitments per year are as follows:

Years Ending June 30:	Amount
2022	\$ 32,500
2023	32,500
2024	32,500
2025	35,000
2026	35,000
Thereafter	412,500
Total	\$ 580,000

The Corporation had sublease revenue of \$72,443 and \$93,997 during the years ended June 30, 2021 and 2020, respectively.

Rental expense under all operating leases was \$75,625 and \$74,374 for the years ended June 30, 2021 and 2020, respectively.

(14) **Community Service Grants:**

The Corporation receives a CSG from the CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

Years of Grant	Grants Received	Expended		Uncommitted Balance at June 30, 2021
		2019-20	2020-21	
2020-21	\$ 1,022,870	\$ -	\$ 906,155	\$ 116,715
2019-20	928,294	928,294	-	-

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(15) **Pension Plan:**

The Corporation participates in a defined contribution pension plan. At the discretion of the Board of Directors, the Corporation may make contributions to the plan. Contributions are based on a percentage of the employee's annual salary. Contributions for the years ended June 30, 2021 and 2020 were \$45,932 and \$39,577, respectively.

(16) **Risks and Uncertainties:**

The Corporation is exposed to various risks of loss arising from litigation and claims in the normal course of business. The Corporation maintains insurance coverage to provide for risks of loss.

In the event that Goose Bay Joint Venture partnership were to cease operations, the Corporation could be liable for certain liabilities and expenses belonging to the partnership at that time.

(17) **Services and Programming Agreement:**

Effective July 1, 2012, the Corporation signed an agreement with Capital Community Broadcasting, Inc. (KTOO) and Bethel Broadcasting, Inc. (KYUK), collectively "the Parties", to work together for the purpose of unifying public television in Alaska. The Corporation provides certain master control, operational, fundraising and back-office services to the Parties. The costs of these services are shared by all the Parties based on an annual budget and are included in program and support services in the statements of activities.

(18) **Nonfederal Financial Support:**

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support ("NFFS"). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A "contribution" is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station.

A "payment" is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Corporation was \$2,978,280 and \$2,855,054 for the years ended June 30, 2021 and 2020, respectively.

ALASKA PUBLIC MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(19) **Prior Period Adjustment:**

The financial statements for fiscal year 2020 have been restated to remove accumulated depreciation that was overstated. This resulted in an overstatement of accumulated depreciation and understatement of net assets in the previously issued financial statements. This correction resulted in the following restatement for the fiscal year ended June 30, 2020:

Statement of Financial Position:

2020 Net position, beginning of year as previously stated	\$ 5,178,749
Add the fiscal year 2019 overstated accumulated depreciation	229,090
2020 Net position, beginning of year as restated	<u>\$ 5,407,839</u>

SUPPLEMENTARY INFORMATION

ALASKA PUBLIC MEDIA, INC.
SCHEDULE OF ACTIVITIES BY DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Radio</u>	<u>Television</u>	<u>Total</u>
Public Support and Revenue			
Operations:			
Sustaining memberships	\$ 1,639,854	\$ 1,630,569	\$ 3,270,423
Program sponsorships	796,545	270,259	1,066,804
CPB grants	620,958	1,779,310	2,400,268
Other grants	476,573	358,773	835,346
In-kind contributions	11,699	-	11,699
APRN station dues	94,625	-	94,625
Tower rental revenue	-	72,443	72,443
Gains on investment	197,882	197,881	395,763
Other income	95,156	122,598	217,754
Federal debt forgiveness	418,264	209,132	627,396
Total Public Support and Revenue	<u>4,351,556</u>	<u>4,640,965</u>	<u>8,992,521</u>
Expenses			
Salaries, wages and employee benefits	2,191,092	1,422,658	3,613,750
Program acquisitions	303,935	686,847	990,782
Purchased services	328,945	177,789	506,734
Utilities	187,057	200,218	387,275
Maintenance	158,978	164,317	323,295
Travel and training	20,861	14,609	35,470
Promotion and advertising	29,410	109,633	139,043
Dues and subscriptions	89,854	57,259	147,113
Property rent / lease	28,750	46,875	75,625
Public and employee relations	13,716	10,587	24,303
Equipment and furniture	12,129	10,912	23,041
Printing	46,596	46,085	92,681
Supplies and minor equipment	11,856	6,828	18,684
Shipping and postage	12,640	11,878	24,518
Taxes, insurance and other	88,413	71,949	160,362
Total Expenses Before Depreciation	<u>3,524,232</u>	<u>3,038,444</u>	<u>6,562,676</u>
Changes in Net Assets before Depreciation and loss on investments in Transmission Facilities	<u>827,324</u>	<u>1,602,521</u>	<u>2,429,845</u>
Other Changes in Net Assets			
Depreciation expense	206,032	101,678	307,710
Loss on investment in transmission facilities	-	50,459	50,459
Change in Net Assets	<u>\$ 621,292</u>	<u>\$ 1,450,384</u>	<u>\$ 2,071,676</u>

The accompanying notes to financial statements
are an integral part of this statement.