

KUAC TV9 FM 89.9

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

JUNE 30, 2015 AND 2014

KUAC TV9 FM 89.9

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Introduction

The following discussion and analysis provides an overview of the financial position and activities of KUAC TV9 & FM89.9 (KUAC) for the years ended June 30, 2015 and June 30, 2014. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

Using the Financial Statements

The KUAC financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These statements are prepared in accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements. During 2002, KUAC implemented GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis – for Public Colleges and Universities*. This statement is applicable for KUAC since KUAC is a public telecommunications entity operated by the University of Alaska Fairbanks.

Statement of Net Position

The Statement of Net Position presents the financial position of KUAC at the end of the fiscal year and includes all assets and liabilities of KUAC. The difference between total assets and total liabilities (net position) is one indicator of the financial condition of KUAC, while the change in net position is an indicator of whether the financial condition has improved or declined during the year. KUAC's assets, liabilities and net position at June 30, 2015, 2014 and 2013 are summarized as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current assets	\$2,008,824	\$1,540,686	\$1,615,750
Capital assets, net of depreciation	<u>1,337,622</u>	<u>1,618,548</u>	<u>1,719,316</u>
Total assets	<u>3,346,446</u>	<u>3,159,234</u>	<u>3,335,066</u>
Liabilities:			
Current liabilities	328,881	211,649	340,858
Noncurrent liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	<u>328,881</u>	<u>211,649</u>	<u>340,858</u>
Net position:			
Invested in capital assets	1,337,622	1,618,548	1,719,316
Unrestricted	<u>1,679,943</u>	<u>1,329,037</u>	<u>1,274,892</u>
Total net position	<u>\$3,017,565</u>	<u>\$2,947,585</u>	<u>\$2,994,208</u>

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position present the results of operations for KUAC as a whole. Revenues, expenses and other changes in net position are reported as either operating or nonoperating. All significant revenue

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

sources for KUAC are reported as operating revenue. KUAC has defined significant revenue sources as all operating grant revenue, state appropriations-operating, contributions, other operating revenues, underwriting revenues, and in-kind contributed support.

KUAC's revenues, expenses and changes in net position for the years ended June 30, 2015, 2014 and 2013 are summarized as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$4,513,143	\$4,487,110	\$4,317,711
Operating expenses	<u>4,301,968</u>	<u>4,525,094</u>	<u>4,807,054</u>
Operating profit (loss)	211,175	(37,984)	(489,343)
Net non-operating revenues (expenses)	<u>276,588</u>	<u>122,744</u>	<u>145,585</u>
Increase (decrease) in net position, before other revenues	487,763	84,730	(343,757)
Other revenues and expenses	<u>(417,783)</u>	<u>(131,383)</u>	<u>(114,609)</u>
Increase (decrease) in net position	69,980	(46,623)	(458,366)
Net position at beginning of year	<u>2,947,585</u>	<u>2,994,208</u>	<u>3,452,574</u>
Net position at end of year	<u>\$3,017,565</u>	<u>\$2,947,585</u>	<u>\$2,994,208</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects an overall increase in net position of \$69,980 or 2.4 percent for the year ended June 30, 2015. The increase in net position compared with FY 2014 is a reflection of several items.

As a department of the University of Alaska Fairbanks, KUAC is experiencing the effects of reduced State of Alaska funding to the University of Alaska. In FY 2015, KUAC had a reduction of \$144,688 in state appropriation or 11.3 percent for the year ended June 30, 2015. A variety of strategies to reduce expenditures have been used to address this reduction including reconfiguring and/or eliminating positions, delaying recruitments, and a stringent review of expenditures. In FY 2015, we had an increase of \$206,512 in contributions or 36 percent from \$579,354 in FY 2014. This reflects the success of KUAC's strategies to increase revenue with the increased engagement of the KUAC listening and viewing community (see the section on "Other Economic and Financial Conditions").

In FY 2015, we had an increase of \$245 in our Corporation for Public Broadcasting (CPB) grants due to a small increase in the CPB budget from the federal government. In FY 2014, we had an increase of \$69,577 in our Corporation for Public Broadcasting (CPB) grants from the federal government. Note 11 to the financial statement includes information as to what types of revenue qualify for Non-Federal Financial Support (NFFS) standing. The importance of the NFFS calculation is that this number is a major factor in the calculation of our CPB grants as well as Public Broadcasting Service (PBS) and National Public Radio (NPR) dues.

FY 2014 had underwriting revenue of \$396,175, an increase of \$72,299 which included \$100,000 underwriting revenue from the University of Alaska Fairbanks. FY 2015 had underwriting revenue of \$369,510, a decline of \$26,665.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The increased depreciation expense of our capital equipment is the biggest single item affecting the net increase (decrease) in net position. For the period 2006 through 2009, KUAC acquired capital grant funding totaling approximately \$2 million to purchase equipment for the transition to digital television completed in 2009. Due to the rapid advances in technology, KUAC has adjusted the planned upgrade and equipment schedule down to 5 to 7 years as compared to the traditional 10 to 20 years. To keep the equipment current, we used \$492,580 in general grant and contribution funds to purchase capital equipment in 2013. Depreciation expense increased \$209,005 in 2013 from \$397,814 in 2012 to \$606,819 in 2013. In FY 2014, depreciation expense decreased from \$606,819 to \$356,015 due to assets purchased in 2008 and 2009 becoming fully depreciated, and in FY 2015, depreciation expense decreased an additional \$43,207 to \$312,808.

In FY 2015 and 2014, KUAC continued to replace and upgrade TV automation equipment for a total cost of \$173,077 and \$49,470 respectively. In FY 2014, KUAC partnered with UAF Athletics to purchase and operate a mobile TV production broadcasting package at a cost of \$214,416. This joint venture included KUAC purchasing the equipment and UAF Athletics hiring operational personnel to be supervised by KUAC. In FY 2015, the mobile TV production broadcasting system used by UAF Athletics became operational, and depreciation was recorded in the amount of \$41,810. Late in FY 2015, a decision was made to transfer all authority over this equipment to UAF Athletics, which is reflected on the disposal of assets. This resulted in a loss on the disposal of assets of \$141,195 in FY 2015 (see Note 6).

In FY 2015, we had a large increase in our non-operational revenue, due to a much larger State of Alaska on-behalf pension contribution of \$417,783. This is an increase of \$286,400 or 220% from the FY 2014 pension contribution of \$131,383. In addition, in FY 2015 the University implemented a new accounting standard, GASB 68, which required recording the future net pension liability. KUAC's FY 2015 audit reflects a qualified opinion, as KUAC has not recorded its net pension liability due to the inability to obtain the needed separate liability information for KUAC from the State of Alaska (see Note 10).

Other Economic and Financial Conditions

The continuing increase in donor contributions serves as a good sign--reflecting the strong and consistent level of KUAC community engagement, even in these hard economic times. In FY 2015, KUAC started a sustaining gift program for donors with over 500 donors responding. Another sustaining program was started for the KUAC Kids Club, building upon the Public Broadcasting System (PBS) kids educational programs, including partnerships with community organizations for specific KUAC Kids Club events. It is these factors, in conjunction with KUAC's continuing conservative operational management, which allow KUAC to focus upon meeting their mission.

Contacting KUAC's Financial Management

This financial report is designed to provide residents of the State of Alaska and our customers and creditors with a general overview of KUAC's finances, and to demonstrate KUAC's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact KUAC TV/FM, University of Alaska Fairbanks, P.O. Box 755620, Fairbanks, Alaska 99175-5620.

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Regents
University of Alaska
KUAC TV9 FM 89.9

We have audited the accompanying financial statements of KUAC TV9 FM 89.9, (a public telecommunications entity operated by the University of Alaska), which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibility

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

Basis for Qualified Opinion

As more fully described in Note 10 to the financial statements, KUAC TV9 FM 89.9 has not recorded its net pension liability as required by accounting principles generally accepted in the United States of America. Quantification of the effects of that departure on the financial statements is not practicable.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of KUAC TV9 FM 89.9 as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in note 1, the financial statements present only KUAC TV9 FM 89.9, and do not purport to, and do not, present fairly the financial position of the University of Alaska as of June 30, 2015 and 2014, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information in Schedules I through IV 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.

RJG

RJG, A Professional Corporation

January 12, 2016
Fairbanks, Alaska

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF NET POSITION

JUNE 30, 2015 AND 2014

	2015	2014
Assets		
Current assets		
Cash (note 3)	\$ -	\$ -
Cash position held at University of Alaska Foundation (note 4)	1,796,609	1,281,327
Accounts receivable (note 5)	82,651	101,461
Prepaid expenses	129,564	157,898
Total current assets	2,008,824	1,540,686
Capital assets, net of accumulated depreciation (note 6)	1,337,622	1,618,548
Total assets	3,346,446	3,159,234
Liabilities		
Current liabilities		
Accounts payable	18,000	20,707
Due to University of Alaska (note 3)	261,778	98,344
Unearned underwriting revenue	49,103	92,598
Total current liabilities	328,881	211,649
Net position		
Net investment in capital assets	1,337,622	1,618,548
Unrestricted	1,679,943	1,329,037
Total net position	\$ 3,017,565	\$ 2,947,585

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Operating revenues		
Corporation for Public Broadcasting		
Community service grants	\$ 960,402	\$ 961,010
Other	51,776	50,923
Alaska Public Broadcasting Commission	241,395	242,560
State appropriations and University funding - operating	1,140,512	1,285,200
Contributions	785,866	579,354
Other operating revenues	58,251	49,185
Underwriting revenues	369,510	396,175
Facilities and administrative support - UAF (note 7)	597,318	628,823
In-kind contributions (note 7)	308,113	293,880
Total operating revenues	4,513,143	4,487,110
Operating expenses		
Program services		
Programming and production	1,361,524	1,557,373
Broadcasting	963,511	1,010,203
Program information	218,062	237,703
Supporting services		
Management and general	768,444	738,455
Fundraising	472,040	411,716
Underwriting	205,579	213,629
Depreciation	312,808	356,015
Total operating expenses	4,301,968	4,525,094
Operating profit (loss)	211,175	(37,984)
Non-operating revenues (expenses)		
State of Alaska on-behalf contributions - pension	417,783	131,383
Loss on disposal of capital assets	(141,195)	(8,639)
Total non-operating revenues (expenses)	276,588	122,744
Change in net position before other revenues, expenses, gains or losses	487,763	84,760
Capital grants, contracts and donations	-	-
Pension expense - net pension and OPEB	(417,783)	(131,383)
Change in net position	69,980	(46,623)
Net position		
Beginning of year	2,947,585	2,994,208
End of year	\$ 3,017,565	\$ 2,947,585

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Cash flows from operating activities		
Cash received from operating grants	\$ 1,280,381	\$ 1,227,685
Cash received from state appropriations	1,140,512	1,285,200
Cash received from contributions	789,052	569,660
Cash received from underwriting contracts	306,722	450,400
Other operating revenues received	58,251	49,185
Cash paid to employees and suppliers	(3,049,993)	(3,187,366)
Net cash provided by operating activities	524,925	394,764
Cash flows from non-capital financing activities		
Net advances from (repayments to) University of Alaska	163,434	(161,607)
Net cash provided by (used in) non-capital financing activities	163,434	(161,607)
Cash flows from capital and related financing activities		
Purchase of infrastructure and equipment	(173,077)	(263,886)
Net cash (used in) capital and related financing activities	(173,077)	(263,886)
Cash flows from investing activities		
(Increase) decrease in cash position held at University of Alaska Foundation	(515,282)	30,729
Net cash provided by investing activities	(515,282)	30,729
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of year	-	-
End of year	\$ -	\$ -

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

STATEMENTS OF CASH FLOWS (Continued)

YEARS ENDED JUNE 30, 2015 AND 2014

Reconciliation of operating profit (loss) to net cash provided by operating activities

	2015	2014
Operating profit (loss)	\$ 211,175	\$ (37,984)
Adjustments to reconcile operating profit to net cash provided by operating activities:		
Depreciation expense	312,808	356,015
Changes in assets and liabilities:		
Grants receivable	26,808	(26,808)
Underwriting receivable	(19,293)	26,034
Contributions receivable	3,186	(9,694)
Prepaid expenses	36,443	54,803
Accounts payable	(2,707)	4,207
Unearned underwriting revenue	(43,495)	28,191
Net cash provided by operating activities	\$ 524,925	\$ 394,764
 Noncash activities		
In-kind contributions of expenses and prepaid expenses	\$ 308,113	\$ 293,880
In-kind contributions of facilities and administrative support	\$ 597,318	\$ 628,823
Direct payment by State of Alaska of pension obligation	\$ 417,783	\$ 131,838

See accompanying notes and independent auditor's report.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

Reporting entity and business activities - KUAC TV9 FM 89.9 (KUAC) is a unit of the University of Alaska Fairbanks (UAF), which is a component unit of the State of Alaska. KUAC is the licensee of one public television station and one public radio station. The financial statements present only the activities of KUAC and do not include any other activities of the University of Alaska or the State of Alaska.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Basis of presentation - The financial statements of KUAC have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

KUAC follows the "business-type" activities of GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. KUAC also adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*, effective for the fiscal year ending June 30, 2013. These Statements requires the following components of KUAC's financial statements: Management's Discussion and Analysis; basic financial statements including a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows – Direct Method; and Notes to the Financial Statements. It also requires the classification of net position into three components - net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 also requires separate reporting of deferred outflows and inflows of resources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared on the economic resources measurement focus and accrual bases of accounting. All significant intra-organization transactions have been eliminated.

KUAC TV9 FM 89.9
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred outflows of resources represent the consumption of net assets by KUAC in one period that is applicable to future periods. KUAC has no deferred outflows of resources.

Deferred inflows of resources represent the acquisition of net assets in one period that is applicable to future periods. KUAC has no deferred inflows of resources.

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources and is required to be classified for accounting and reporting purposes into the following categories:

Unrestricted net position is the net amount of assets, net of related liabilities that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties.

Restricted net position:

Expendable net position is subject to externally-imposed restrictions that may or will be met by actions of KUAC and/or that expire with the passage of time.

Non-expendable net position is subject to externally-imposed restrictions requiring that they be maintained permanently by the university.

Net investment in capital assets - Capital assets, net of accumulated depreciation, reduced by outstanding balances of debt attributable to the acquisition, construction or improvement of those assets.

Operating activities - KUAC's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services. Revenues associated with, or restricted by donors to use for, capital improvements are recorded as non-operating revenues.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition - State appropriations and University funding are recorded in the statement of revenues, expenses and changes in net position as operating revenue if provided for regular operations of the stations, as resources are committed by the University.

Membership contributions are recognized as operating revenue in the period they are received. Revenue related to program underwriting for subsequent fiscal years is reflected as unearned revenues in the accompanying statement of net position. Revenue is recognized when the sponsored program is aired. Contributed support represents expenses paid on behalf of a public telecommunications entity by others outside the reporting entity, and includes contributed travel, advertising, transponder rental, and indirect administrative support. Donated personal services of nonprofessional volunteers are not recorded as revenue and expense as there is no objective basis to measure the value of such services.

Public Broadcasting grants - The Corporation for Public Broadcasting is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) 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). Each grant must be fully expended within two years of the initial grant authorization.

Indirect Administrative Support - Facilities and administrative support - UAF consists of allocated institutional support and physical plant costs incurred by the University of Alaska for which KUAC receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses, and Changes in Net Position as indirect administrative support and also as expense as allocated in functional expense categories. For the years ended June 30, 2015 and 2014, indirect support was calculated using UAF's Other Sponsored Activities indirect cost rate negotiated with United States Department of the Navy. The approved rate was modified to exclude certain cost components that do not benefit KUAC.

Advertising costs - Advertising costs are expensed in the period in which they are incurred.

Functional allocation of expenses - The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position and in a footnote detailing functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

KUAC TV9 FM 89.9
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets - Capital assets consist primarily of television and radio production, broadcasting, and transmitting equipment. The equipment is stated at acquisition cost or fair value at date of donation in the case of gifts. Depreciation is recognized on a straight-line basis, with useful lives ranging from 4 to 20 years.

Income taxes - KUAC is wholly-owned by the University of Alaska and is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

Subsequent events - Management has evaluated subsequent events through January 12, 2016, the date the financial statements were available to be issued. No events were identified that required accrual or disclosure.

NOTE 3 - CASH, DUE TO UNIVERSITY OF ALASKA, AND UNDERWRITING COMMITMENT

Cash represents the equity of KUAC in the respective pooled cash resources of the University of Alaska. Disclosure information required under GASB No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), Reverse Repurchase Agreements*, is not available.

Due to University of Alaska, with balances of \$261,778 and \$98,344 at June 30, 2015 and 2014, represents funds the University has paid out for KUAC expenditures in excess of reimbursements received from KUAC grants and other funds. This does not represent a loan from University of Alaska but merely gap funding necessitated by the timing of receiving grant and other cash versus paying organization expenses.

KUAC TV9 FM 89.9
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 4 - CASH POSITION HELD AT UNIVERSITY OF ALASKA FOUNDATION

KUAC invests its contributed funds through the University of Alaska Foundation. These funds are generated mainly through annual TV and FM fundraising membership drives and program underwriting, and are pooled for payment of both TV and FM expenditures. The University of Alaska Foundation supports KUAC and other university programs. The Foundation does not pay interest on invested balances and charges a 1% gift fee to compensate for managing the funds. KUAC is not at risk for market declines in regard to these funds.

NOTE 5 - ACCOUNTS RECEIVABLE

	2015	2014
Underwriting accounts receivable	\$ 56,518	\$ 37,225
Grants receivable	-	26,808
Miscellaneous receivables	-	8,109
Pledges receivable	26,133	29,319
	\$ 82,651	\$ 101,461

Management has estimated all receivables are carried at their estimated collectible value and no allowances are required.

KUAC TV9 FM 89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 6 - CAPITAL ASSETS

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2015</u>
Infrastructure	\$ 3,140,377	\$ 142,924	\$ -	\$ 3,283,301
Equipment	<u>1,562,795</u>	<u>30,153</u>	<u>(221,805)</u>	<u>1,371,143</u>
Total	<u>4,703,172</u>	<u>173,077</u>	<u>(221,805)</u>	<u>4,654,444</u>
Accumulated depreciation:				
Infrastructure	(1,885,336)	(207,395)	-	(2,092,731)
Equipment	<u>(1,199,288)</u>	<u>(79,368)</u>	<u>54,565</u>	<u>(1,224,091)</u>
Total	<u>(3,084,624)</u>	<u>(286,763)</u>	<u>54,565</u>	<u>(3,316,822)</u>
Capital assets, net	<u>\$ 1,618,548</u>	<u>\$ (113,686)</u>	<u>\$ (167,240)</u>	<u>\$ 1,337,622</u>
	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
Infrastructure	\$ 3,090,907	\$ 49,470	\$ -	\$ 3,140,377
Equipment	<u>1,379,332</u>	<u>214,416</u>	<u>(30,953)</u>	<u>1,562,795</u>
Total	<u>4,470,239</u>	<u>263,886</u>	<u>(30,953)</u>	<u>4,703,172</u>
Accumulated depreciation:				
Infrastructure	(1,585,535)	(299,801)	-	(1,885,336)
Equipment	<u>(1,165,388)</u>	<u>(55,914)</u>	<u>22,014</u>	<u>(1,199,288)</u>
Total	<u>(2,750,923)</u>	<u>(355,715)</u>	<u>22,014</u>	<u>(3,084,624)</u>
Capital assets, net	<u>\$ 1,719,316</u>	<u>\$ (91,829)</u>	<u>\$ (8,939)</u>	<u>\$ 1,618,548</u>

KUAC TV9 FM 89.9
(A public telecommunications entity
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 7 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT

Facilities and administrative support consists of allocated institutional support and physical plant costs incurred by the University of Alaska Fairbanks on behalf of KUAC. The fair value of this support is recognized in the Statement of Activities as indirect facilities and administrative support and also as expense. For the years ended June 30, 2015 and 2014, indirect support is calculated using the University's Other Sponsored Activities indirect cost rate negotiated with the United States Department of the Navy. The approved rate of 37.2% in 2015 and 2014 was modified to exclude certain cost components that do not benefit KUAC, resulting in an applied rate of 19.37% for 2015 and 2014. The total indirect expenses are allocated among expenditure categories based upon the expenditure category percentage of the total expenditures.

Contributed in-kind support represents principally in-kind support received from Alaska Public Broadcasting Corporation, primarily for use of APBC's broad band transmitters. Contributed in-kind support is recorded as revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

	2015		
	Indirect facilities and administrative support	Satellite transmitter support and other	Totals
TV:			
Programming and production	\$ 106,288	\$ -	\$ 106,288
Broadcasting	94,955	177,748	272,703
Program information	18,452	27,263	45,715
Management and general	55,675	4,331	60,006
Fundraising	23,091	1,640	24,731
Underwriting	3,142	3,374	6,516
Total TV	<u>301,603</u>	<u>214,356</u>	<u>515,959</u>
FM:			
Programming and production	114,515	801	115,316
Broadcasting	23,294	57,043	80,337
Program information	8,197	26,568	34,765
Management and general	67,613	4,331	71,944
Fundraising	52,974	1,640	54,614
Underwriting	29,122	3,374	32,496
Total FM	<u>295,715</u>	<u>93,757</u>	<u>389,472</u>
Total	<u>\$ 597,318</u>	<u>\$ 308,113</u>	<u>\$ 905,431</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 7 - INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT AND CONTRIBUTED IN-KIND SUPPORT (continued)

	2014		
	Indirect facilities and administrative support	Satellite transmitter support and other	Totals
TV:			
Programming and production	\$ 121,777	\$ -	\$ 121,777
Broadcasting	101,207	175,592	276,799
Program information	21,934	24,531	46,465
Management and general	43,749	2,928	46,677
Fundraising	17,338	7,115	24,453
Underwriting	3,229	1,161	4,390
Total TV	<u>309,234</u>	<u>211,327</u>	<u>520,561</u>
FM:			
Programming and production	130,935	-	130,935
Broadcasting	25,150	55,923	81,073
Program information	10,073	15,931	26,004
Management and general	75,120	2,984	78,104
Fundraising	47,251	6,554	53,805
Underwriting	31,060	1,161	32,221
Total FM	<u>319,589</u>	<u>82,553</u>	<u>402,142</u>
Total	<u>\$ 628,823</u>	<u>\$ 293,880</u>	<u>\$ 922,703</u>

NOTE 8 - CONCENTRATIONS AND ECONOMIC DEPENDENCE

In addition to receiving the in-kind facilities and administrative support as discussed in Note 7, KUAC is dependent on its sponsoring organization, University of Alaska Fairbanks (UAF), for cash operating revenues. During the years ended June 30, 2015 and 2014, UAF provided the following cash support to KUAC, totaling 32 percent and 36 percent, respectively, of KUAC's cash operating revenues.

	<u>2015</u>	<u>2014</u>
State appropriation	\$ 940,512	\$ 1,085,200
Transfer from Office of Information Technology for transponder	<u>200,000</u>	<u>200,000</u>
	<u>\$ 1,140,512</u>	<u>\$ 1,285,200</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 8 - CONCENTRATIONS AND ECONOMIC DEPENDENCE (continued)

During each of the years ended June 30, 2015 and 2014, KUAC received 28 percent of its cash operating revenues from grants from the Corporation for Public Broadcasting.

NOTE 9 - RETIREMENT PLANS

Participation in one of the various pension plans generally depends on when an employee was originally hired by the University. Substantially all regular employees hired before July 1, 2006 participate in the State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB), a cost-sharing, multiple-employer public employee retirement plan.

In addition, substantially all eligible employees participate in the University of Alaska Pension Plan, a supplemental single-employer defined contribution plan. Employees hired on or after July 1, 2006 have a choice to participate in the University of Alaska Retirement Program or the applicable state defined contribution plan. The University of Alaska Retirement Program consists of ORP (Tier 3) and the University of Alaska Pension Plan. The state's defined contribution plan is the Public Employees' Retirement System - Defined Contribution (PERS-DC).

KUAC provides elective deferral options for employee contributions to deferred annuity plans in accordance with Internal Revenue Code sections 403(b) and 457(b), subject to eligibility criteria.

Each of the plans noted above are described in more detail in the sections that follow.

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB)

Plan Description

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska. The plan was originally established as an agent multiple-employer plan, but was converted by legislation to a cost-sharing plan, effective July 1, 2008. This change provided for an integrated system of accounting for all employers. Under the integrated system, the PERS-DB plans' unfunded liability will be shared among all employers with each contributing 22 percent of their covered payroll.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 9 - RETIREMENT PLANS (continued)

State of Alaska Public Employees' Retirement System - Defined Benefit (PERS-DB) (continued)

Plan Description

PERS provides pension, postemployment healthcare, death, and disability benefits to eligible participants. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. Effective July 1, 2006, the state legislature closed PERS-DB to new members and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DC), disclosed later in this note.

Each fiscal year, PERS-DB issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

Funding Policy and Annual Pension Cost

Employee contribution rates are 6.75 percent, as required by state statute. The funding policy for PERS provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The 2015 and 2014 actuarially determined rates were 44.03 percent and 35.68 percent of applicable gross pay, respectively. However, the employer contribution rate for the University was capped by the state at 22 percent for fiscal years 2015 and 2014.

The state appropriated funding directly to the PERS-DB plan as a relief payment to employers' contributions for fiscal year 2015. KUAC recognized \$417,783 and \$131,383 of state-appropriated contributions during the years ended June 30, 2015 and 2014, respectively, in state on-behalf pension payments for the PERS-DB plan. The amounts contributed to PERS-DB by KUAC during the years ended June 30, 2015 and 2014 were \$184,282 and \$186,288 respectively, equal to the required employer contributions for each year.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 9 - RETIREMENT PLANS (continued)

State of Alaska Public Employees' Retirement System - Defined Contribution (PERS-DC)

Plan Description

PERS-DC is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established and administered by the State of Alaska to provide pension and postemployment healthcare benefits for eligible employees. Benefit and contribution provisions are established by state law and may be amended only by the state legislature. PERS-DC was created by the state effective July 1, 2006. Plan savings are accumulated in individual retirement accounts for the exclusive benefit of each member or beneficiary.

Funding Policy and Annual Pension Cost

Employee contribution rates are 8 percent of covered payroll, and the employer effective contribution rate is 22 percent of covered payroll. For the years ended June 30, 2015 and 2014, KUAC's total covered payroll was \$96,248 and \$99,439. Employer contributions were \$21,175 and \$21,877 for the years ended June 30, 2015 and 2014, respectively, for pension and postemployment healthcare.

Each fiscal year, PERS-DC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by calling (907) 465-4460.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 9 - RETIREMENT PLAN (continued)

University of Alaska Optional Retirement Plan - Defined Contribution (ORP)

Plan Description

The ORP is an employer funded defined contribution plan which operates in conjunction with a companion mandatory tax-deferred annuity plan. The ORP is comprised of three layers of participants, the original ORP or ORP Tier 1 which was created for participants hired prior to July 1, 2005, ORP Tier 2 which was created for participants hired between July 1, 2005 and June 30, 2006, and ORP Tier 3 which was created for participants hired on or after July 1, 2006. For ORP Tier 1 and ORP Tier 2, faculty classified as regular, and certain administrators, made a one-time election to participate in the ORP as an alternative to participation in the defined benefit plan, PERS-DB. For ORP Tier 3, each new eligible employee may make a one-time election to participate in the University of Alaska Retirement Program (includes ORP Tier 3 and the University of Alaska Pension Plan) as an alternative to participation in the State of Alaska defined contribution plans, PERS-DC.

ORP Tier 1 and Tier 2

There were no KUAC employees participating in ORP Tier 1 or 2 during either years ended June 30, 2015 and June 30, 2014.

ORP Tier 3

The ORP Tier 3 is for eligible employees hired on or after July 1, 2006. Employee contribution rates are 8 percent and KUAC's contribution rate, through the University of Alaska, is 14 percent. Total ORP Tier 3 retirement expense was \$16,979 and \$22,305 for the years ended June 30, 2015 and June 30, 2014, respectively. KUAC contributions for ORP Tier 3 participants are 100 percent vested after three years of service.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 9 - RETIREMENT PLAN (continued)

University of Alaska Pension Plan (Pension)

Plan Description

In addition to the other retirement plans, substantially all regular employees (hired before July 1, 2006), and faculty classified as temporary, participate in the Pension plan which was established effective January 1, 1982, when the University withdrew from the federal social security program. Eligible employees, hired on or after July 1, 2006 and electing to participate in the University of Alaska Retirement program, also participate in the Pension plan.

Funding Policy and Annual Pension Cost

Effective January 1, 2015 and 2014, employer contributions for regular employees were 7.65 percent of covered wages up to a maximum of \$42,000. For certain faculty classified as temporary, the employer contributions were 7.65 percent of covered wages up to \$118,500 and \$117,000 in 2015 and 2014, respectively. The plan provides for employer contributions to be invested in accordance with participant-directed investment elections. Participants hired before July 1, 2006, are 100 percent vested at all times. KUAC contributions for participants hired on or after July 1, 2006, are 100 percent vested after 3 years of service. Total pension expense was \$40,956 and \$47,224 for the years ended June 30, 2015 and June 30, 2014, respectively.

NOTE 10 - NET PENSION LIABILITY DEPARTURE FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Government Accounting Standards Board adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* effective for years beginning after June 14, 2014. University of Alaska, the sponsor of KUAC, implemented this standard in fiscal year 2015. As a result of the implementation, it restated its beginning net position as of July 1, 2014 to recognize the fiscal year 2014 net pension liability, representing the University's proportionate share of the net pension liability of State of Alaska PERS-DB plan, and recorded the change in the net pension liability for the year ended June 30, 2015.

As a public broadcasting entity owned by public university, the financial statements of KUAC have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*. However, KUAC has not adopted GASB Statement No. 68 for the year ended June 30, 2015. Management of KUAC has been unable to obtain needed information from State of Alaska PERS-DB plan or University of Alaska to quantify the amount of its net pension liability as a component of the overall University of Alaska net pension liability.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 11 - NONFEDERAL FINANCIAL SUPPORT (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on 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 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 any 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 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 broadcast station.

However, to eliminate distortions in the TV Community Service Grant (CSG) grant program precipitated by large infusions of new capital investments in Digital Television (DTV), all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities, regardless of source or form of the contribution, are not included in calculating NFFS. This change excludes all revenues received for any TV capital purchases.

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, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Revenue reported for NFFS in relation to net pension liability is limited only to actual contributions to the plan, reported as "State of Alaska on-behalf contributions - pension." It does not include changes in net pension liability.

The operations of KUAC are accounted for using the following funds for CPB purposes:

Television Fund - This fund includes the revenues and expenses of KUAC TV9, the television transmission operations through Alaska One.

Radio Fund - This fund includes the revenues and expenses of KUAC FM 89.9.

Reported NFFS for KUAC were \$1,745,686 and \$1,548,322 for KUAC TV9, and \$2,122,034 and \$2,016,306 for KUAC FM 89.9 for the years ended June 30, 2015 and 2014, respectively.

KUAC TV9 FM 89.9
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

NOTE 12 - FUNCTIONAL CLASSIFICATIONS WITH NATURAL CLASSIFICATIONS

	Compensation & Benefits	Contractual Services	Supplies & Materials	Travel & Other	In-kind Facilities Support	In-kind Administrative Support	Total	Depreciation
2015								
Program services								
Programming and production	\$ 491,185	\$ 635,933	\$ 7,701	\$ 5,101	\$ 118,894	\$ 102,710	\$ 1,361,524	\$ -
Broadcasting	182,867	367,058	58,437	2,109	289,914	63,126	963,511	312,808
Program information	<u>137,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,350</u>	<u>66,131</u>	<u>218,062</u>	<u>-</u>
Total program services	<u>811,633</u>	<u>1,002,991</u>	<u>66,138</u>	<u>7,210</u>	<u>423,158</u>	<u>231,967</u>	<u>2,543,097</u>	<u>312,808</u>
Supporting services								
Management and general	425,995	175,691	29,925	4,883	66,386	65,564	768,444	-
Fundraising	274,914	74,121	19,199	24,461	40,958	38,387	472,040	-
Underwriting	<u>161,932</u>	<u>4,346</u>	<u>95</u>	<u>194</u>	<u>17,373</u>	<u>21,639</u>	<u>205,579</u>	<u>-</u>
Total supporting services	<u>862,841</u>	<u>254,158</u>	<u>49,219</u>	<u>29,538</u>	<u>124,717</u>	<u>125,590</u>	<u>1,446,063</u>	<u>-</u>
Total 2015	<u>\$ 1,674,474</u>	<u>\$ 1,257,149</u>	<u>\$ 115,357</u>	<u>\$ 36,748</u>	<u>\$ 547,875</u>	<u>\$ 357,557</u>	<u>\$ 3,989,160</u>	<u>\$ 312,808</u>
2014								
Program services								
Programming and production	\$ 608,719	\$ 686,675	\$ 5,352	\$ 3,914	\$ 136,076	\$ 116,637	\$ 1,557,373	\$ -
Broadcasting	152,141	379,751	115,660	4,779	295,315	62,557	1,010,203	356,015
Program information	<u>164,689</u>	<u>540</u>	<u>6</u>	<u>-</u>	<u>17,234</u>	<u>55,234</u>	<u>237,703</u>	<u>-</u>
Total program services	<u>925,549</u>	<u>1,066,966</u>	<u>121,018</u>	<u>8,693</u>	<u>448,625</u>	<u>234,428</u>	<u>2,805,279</u>	<u>356,015</u>
Supporting services								
Management and general	448,775	116,251	28,476	20,172	64,006	60,775	738,455	-
Fundraising	234,612	52,644	18,265	27,937	34,779	43,479	411,716	-
Underwriting	<u>165,029</u>	<u>9,816</u>	<u>1,233</u>	<u>940</u>	<u>18,464</u>	<u>18,147</u>	<u>213,629</u>	<u>-</u>
Total supporting services	<u>848,416</u>	<u>178,711</u>	<u>47,974</u>	<u>49,049</u>	<u>117,249</u>	<u>122,401</u>	<u>1,363,800</u>	<u>-</u>
Total 2014	<u>\$ 1,773,965</u>	<u>\$ 1,245,677</u>	<u>\$ 168,992</u>	<u>\$ 57,742</u>	<u>\$ 565,874</u>	<u>\$ 356,829</u>	<u>\$ 4,169,079</u>	<u>\$ 356,015</u>

SUPPLEMENTARY INFORMATION

KUAC TV9 FM 89.9
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SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2015

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 960,402	\$ 718,966	\$ 241,436
Other	51,776	51,776	-
Alaska Public Broadcasting Commission	241,395	102,100	139,295
State appropriations and University funding	1,140,512	463,078	677,434
Contributions	785,866	375,609	410,257
Other operating revenues	58,251	51,368	6,883
Underwriting revenue	369,510	68,012	301,498
Facilities and administrative support from University of Alaska	597,318	301,602	295,716
In-kind contributions, services and other	308,113	214,356	93,757
	<u>4,513,143</u>	<u>2,346,867</u>	<u>2,166,276</u>
Operating expenses			
Program services			
Programming and production	1,361,524	655,011	706,513
Broadcasting	963,511	762,919	200,592
Program information	218,062	140,975	77,087
Supporting services			
Management and general	768,444	347,433	421,011
Fundraising	472,040	143,941	328,099
Underwriting	205,579	22,736	182,843
Depreciation	312,808	285,437	27,371
	<u>4,301,968</u>	<u>2,358,452</u>	<u>1,943,516</u>
Total operating expenses			
	<u>4,301,968</u>	<u>2,358,452</u>	<u>1,943,516</u>
Operating profit (loss)	<u>211,175</u>	<u>(11,585)</u>	<u>222,760</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contributions - pension	417,783	215,576	202,207
Loss on disposal of capital assets	(141,195)	(141,195)	-
	<u>276,588</u>	<u>74,381</u>	<u>202,207</u>
Total non-operating revenues (expenses)			
	<u>276,588</u>	<u>74,381</u>	<u>202,207</u>
Change in net position before other revenues, expenses, gains or losses	487,763	62,796	424,967
Capital grants, contracts, and donations	-	-	-
Pension expense - net pension, OPEB, and state on-behalf payment	(417,783)	(215,576)	(202,207)
	<u>69,980</u>	<u>(152,780)</u>	<u>222,760</u>
Change in net position	69,980	(152,780)	222,760
Net position			
Beginning of year	<u>2,947,585</u>	<u>1,778,766</u>	<u>1,168,819</u>
End of year	<u>\$ 3,017,565</u>	<u>\$ 1,625,986</u>	<u>\$ 1,391,579</u>

See independent auditor's report.

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SCHEDULE OF TV AND FM REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2014

	Total per Financial Statements	TV	FM
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 961,010	\$ 704,722	\$ 256,288
Other	50,923	50,923	-
Alaska Public Broadcasting Commission	242,560	102,100	140,460
State appropriations and University funding	1,285,200	480,427	804,773
Contributions	579,354	253,565	325,789
Other operating revenues	49,185	40,929	8,256
Underwriting revenue	396,175	134,516	261,659
Facilities and administrative support from University of Alaska	628,823	309,233	319,590
In-kind contributions, services and other	293,880	211,327	82,553
	<u>4,487,110</u>	<u>2,287,742</u>	<u>2,199,368</u>
Operating expenses			
Program services			
Programming and production	1,557,373	750,463	806,910
Broadcasting	1,010,203	799,289	210,914
Program information	237,703	159,699	78,004
Supporting services			
Management and general	738,455	272,538	465,917
Fundraising	411,716	113,967	297,749
Underwriting	213,629	21,059	192,570
Depreciation	356,015	328,644	27,371
	<u>4,525,094</u>	<u>2,445,659</u>	<u>2,079,435</u>
Total operating expenses	<u>4,525,094</u>	<u>2,445,659</u>	<u>2,079,435</u>
Operating profit (loss)	<u>(37,984)</u>	<u>(157,917)</u>	<u>119,933</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contributions - pension	131,383	51,602	79,781
Loss on disposal of capital assets	(8,639)	(8,639)	-
	<u>122,744</u>	<u>42,963</u>	<u>79,781</u>
Total non-operating revenues (expenses)	<u>122,744</u>	<u>42,963</u>	<u>79,781</u>
Change in net position before other revenues, expenses, gains or losses			
	84,760	(114,954)	199,714
Capital grants, contracts, and donations	-	-	-
Pension expense - net pension, OPEB, and state on-behalf payment	(131,383)	(51,602)	(79,781)
	<u>(46,623)</u>	<u>(166,556)</u>	<u>119,933</u>
Change in net position	<u>(46,623)</u>	<u>(166,556)</u>	<u>119,933</u>
Net position			
Beginning of year	<u>2,994,208</u>	<u>1,945,322</u>	<u>1,048,886</u>
End of year	<u>\$ 2,947,585</u>	<u>\$ 1,778,766</u>	<u>\$ 1,168,819</u>

See independent auditor's report.

KUAC TV9 FM89.9
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SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2015

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 960,402	\$ -	\$ 960,402
Other	51,776	-	51,776
Alaska Public Broadcasting Commission	241,395	-	241,395
State appropriations and University funding	1,140,512	-	1,140,512
Contributions	785,866	-	785,866
Other operating revenues	58,251	-	58,251
Underwriting revenue	369,510	-	369,510
Facilities and administrative support from University of Alaska	597,318	597,318	-
In-kind contributions, services and other	308,113	308,113	-
	<u>4,513,143</u>	<u>905,431</u>	<u>3,607,712</u>
Operating expenses			
Program services			
Local programming and production	1,361,524	221,604	1,139,920
Broadcasting	963,511	353,040	610,471
Program information	218,062	80,480	137,582
Supporting services			
Management and general	768,444	131,950	636,494
Fundraising	472,040	79,345	392,695
Underwriting	205,579	39,012	166,567
Depreciation	312,808	-	312,808
	<u>4,301,968</u>	<u>905,431</u>	<u>3,396,537</u>
Total operating expenses	<u>4,301,968</u>	<u>905,431</u>	<u>3,396,537</u>
Operating profit (loss)	<u>211,175</u>	<u>-</u>	<u>211,175</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contribution - pension	417,783	-	417,783
Loss on disposal of capital assets	(141,195)	-	(141,195)
	<u>276,588</u>	<u>-</u>	<u>276,588</u>
Total non-operating revenues (expenses)	<u>276,588</u>	<u>-</u>	<u>276,588</u>
Change in net position before other revenues, expenses, gains or losses			
	487,763	-	487,763
Capital grants, contracts, and donations	-	-	-
Pension expense - net pension and OPEB obligations	(417,783)	-	(417,783)
	<u>69,980</u>	<u>-</u>	<u>69,980</u>
Change in net position	<u>69,980</u>	<u>-</u>	<u>69,980</u>
Net position			
Beginning of year	<u>2,947,585</u>	<u>-</u>	<u>2,947,585</u>
End of year	<u>\$ 3,017,565</u>	<u>\$ -</u>	<u>\$ 3,017,565</u>

See independent auditor's report.

KUAC TV9 FM89.9
(A public telecommunications entity
operated by the University of Alaska Fairbanks)

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MONETARY AND NONMONETARY

YEAR ENDED JUNE 30, 2014

	<u>Total per Financial Statements</u>	<u>Nonmonetary transactions</u>	<u>Monetary</u>
Operating revenues			
Corporation for Public Broadcasting			
Community service grants	\$ 961,010	\$ -	\$ 961,010
Other	50,923	-	50,923
Alaska Public Broadcasting Commission	242,560	-	242,560
State appropriations and University funding	1,285,200	-	1,285,200
Contributions	579,354	-	579,354
Other operating revenues	49,185	-	49,185
Underwriting revenue	396,175	-	396,175
Facilities and administrative support from University of Alaska	628,823	628,823	-
In-kind contributions, services and other	293,880	293,880	-
	<u>4,487,110</u>	<u>922,703</u>	<u>3,564,407</u>
Operating expenses			
Program services			
Local programming and production	1,557,373	252,712	1,304,661
Broadcasting	1,010,203	357,872	652,331
Program information	237,703	72,469	165,234
Supporting services			
Management and general	738,455	124,781	613,674
Fundraising	411,716	78,258	333,458
Underwriting	213,629	36,611	177,018
Depreciation	356,015	-	356,015
	<u>4,525,094</u>	<u>922,703</u>	<u>3,602,391</u>
Total operating expenses	<u>4,525,094</u>	<u>922,703</u>	<u>3,602,391</u>
Operating profit (loss)	<u>(37,984)</u>	<u>-</u>	<u>(37,984)</u>
Non-operating revenues (expenses)			
State of Alaska on-behalf contribution - pension	131,383	-	131,383
Loss on disposal of capital assets	(8,639)	-	(8,639)
	<u>122,744</u>	<u>-</u>	<u>122,744</u>
Total non-operating revenues (expenses)	<u>122,744</u>	<u>-</u>	<u>122,744</u>
Change in net position before other revenues, expenses, gains or losses			
	84,760	-	84,760
Capital grants, contracts, and donations	-	-	-
Pension expense - net pension and OPEB obligations	(131,383)	-	(131,383)
	<u>(46,623)</u>	<u>-</u>	<u>(46,623)</u>
Change in net position	<u>(46,623)</u>	<u>-</u>	<u>(46,623)</u>
Net position			
Beginning of year	<u>2,994,208</u>	<u>-</u>	<u>2,994,208</u>
End of year	<u>\$ 2,947,585</u>	<u>\$ -</u>	<u>\$ 2,947,585</u>

See independent auditor's report.