CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Financial Statements

For the Nine-Months Ended September 30, 2019 and the Year Ended December 31, 2018

Waugh & Goodwin, LLP
Certified Public Accountants

TABLE OF CONTENTS

Independent Auditor's Report 1

Consolidated Statements of Financial Position 3

Consolidated Statements of Activities
and Changes in Net Assets 4

Consolidated Statement of Functional Expenses - 2019 5

Consolidated Statement of Functional Expenses - 2018 6

Consolidated Statements of Cash Flows 7

Notes to Consolidated Financial Statements 8

WAUGH & GOODWIN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cheyenne Mountain Public Broadcast
House, Inc. and affiliate
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Cheyenne Mountain Public Broadcast House, Inc. (a nonprofit organization) and CRN Services, Inc. (a corporation), which comprise the consolidated statements of financial position as of September 30, 2019 and December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the periods 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

1365 Garden of the Gods Road, Suite 150 • Colorado Springs, CO 80907 • (719) 590-9777 • Fax: (719) 590-7689 • www.waughgoodwinllp.com

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 Cheyenne Mountain Public Broadcast House, Inc. and CRN Services, Inc. as of September 30, 2019 and December 31, 2018, and the changes in its net assets and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the financial statements, in 2019, Cheyenne Mountain Public Broadcast House, Inc. adopted Accounting Standards Update (ASU) 2014-09, (Topic 606): Revenue from Contracts with Customers and ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. Our opinion is not modified with respect to these matters.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
November 27, 2019

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Financial Position

September 30, 2019 and December 31, 2018

ASSETS

	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	$ 179,985	$ 337,631
Accounts and pledges receivable	5,330	27,343
Grants receivable	19,503	59,026
Prepaid expenses	19,888	19,528
Total current assets	224,706	443,528
PROPERTY AND EQUIPMENT:		
Equipment	700,746	696,762
Jazz equipment	25,239	25,239
Building and improvements	158,844	158,844
Land	51,600	51,600
Less accumulated depreciation	(742,943)	(702,785)
Property and equipment, net	193,486	229,660
LONG-TERM INVESTMENTS	472,215	436,278
ENDOWMENT AND QUASI-ENDOWMENT	258,253	228,674
TOTAL ASSETS	$ 1,148,660	$ 1,338,140

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 34,403	$ 35,028
Deferred revenue	20,361	61,781
Total current liabilities	54,764	96,809
NET ASSETS:		
Without donor restrictions	238,175	284,911
Without donor restrictions - Board designated	717,374	678,613
With donor restrictions	138,347	277,807
Total net assets	1,093,896	1,241,331
TOTAL LIABILITIES AND NET ASSETS	$ 1,148,660	$ 1,338,140

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Activities and Changes in Net Assets

For the Nine-Months Ended September 30, 2019 and the Year Ended December 31, 2018

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
SUPPORT AND REVENUE:						
Contributions and grants	$ 397,188	$ 14,333	$ 411,521	$ 635,940	$ 8,240	$ 644,180
Corporate sponsorship	184,787		184,787	236,855		236,855
Corporation for Public Broadcasting grant					111,238	111,238
Investment income (loss), net	65,882		65,882	(26,360)		(26,360)
Program service revenue - in kind	44,252		44,252	46,851		46,851
Miscellaneous income	1,790		1,790	2,724		2,724
Satisfied program restrictions	153,793	(153,793)		158,197	(158,197)	
Total support and revenue	847,692	(139,460)	708,232	1,054,207	(38,719)	1,015,488
EXPENSES:						
Program services:						
Broadcasting	300,468		300,468	452,924		452,924
Programming and production	153,928		153,928	255,988		255,988
Jazz	128,039		128,039	61,036		61,036
Total program services	582,435		582,435	769,948		769,948
Supporting services:						
General and administrative	164,323		164,323	167,938		167,938
Fundraising and membership development	108,909		108,909	185,069		185,069
Total supporting services	273,232		273,232	353,007		353,007
Total expenses	855,667		855,667	1,122,955		1,122,955
CHANGE IN NET ASSETS	(7,975)	(139,460)	(147,435)	(68,748)	(38,719)	(107,467)
NET ASSETS, beginning of year	963,524	277,807	1,241,331	1,032,272	316,526	1,348,798
NET ASSETS, end of year	$ 955,549	$ 138,347	$ 1,093,896	$ 963,524	$ 277,807	$ 1,241,331

See Notes to Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statement of Functional Expenses

For the Nine-Months Ended September 30, 2019

	Broadcasting	Programming and Production	Jazz	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bank charges & credit card fees	$	$ 950	$ 124	$ 1,074	$ 864	$ 7,161	$ 9,099
Contract labor			1,324	1,324	10,419		11,743
Corporation for Public Broadcasting	18,085	14,609	2,693	35,387	9,610		44,997
Critical karaoke distribution	930	5,550		6,480			6,480
Depreciation	37,503		2,655	40,158			40,158
Engineering	7,235		299	7,534			7,534
Facility maintenance	27	724		751	2,756		3,507
In-kind items from vendors		23,377	16,370	39,747	4,800		44,547
Insurance	1,839			1,839	11,879		13,718
Licenses & taxes		10		10	187		197
Memberships, dues, & subscriptions	437	2,180		2,617	1,689	1,134	5,440
Office expense	1,092	3,938	400	5,430	6,516	7,563	19,509
Other expenses	3,954	6,565	2,731	13,250	681	4,882	18,813
Printing and postage		135		135		15,664	15,799
Production	705	3,979		4,684			4,684
Professional fees	71			71	8,190		8,261
Promotional expense			941	941	132	11,095	12,168
Rent and occupancy	47,144		9,585	56,729			56,729
Salaries, payroll taxes & benefits	157,780	91,461	89,243	338,484	102,422	61,410	502,316
Transmitter	3,611			3,611			3,611
Utilities & telephone	15,182			15,182	3,728		18,910
Webstreaming	4,873	450	1,674	6,997	450		7,447
	$ 300,468	$ 153,928	$ 128,039	$ 582,435	$ 164,323	$ 108,909	$ 855,667
	35.12%	17.99%	14.96%	68.07%	19.20%	12.73%	100.00%

See Notes to Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2018

	Broadcasting	Programming and Production	Jazz	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bank charges & credit card fees	$	$ 1,594	$ 525	$ 2,119	$ 120	$ 10,333	$ 12,572
Corporation for Public Broadcasting	25,916	2,094		28,010	2,298		30,308
Critical karaoke distribution		10,230		10,230			10,230
Depreciation	3,543	50,052		53,595			53,595
Engineering	2,893	6,749		9,642			9,642
Facility maintenance	1,780	208		1,988	6,417	123	8,528
In-kind items from vendors			46,851	46,851			46,851
Insurance			69	69	13,653		13,722
Licenses & taxes					360		360
Memberships, dues, & subscriptions		3,487		3,487	1,774	1,789	7,050
Office expense	5,447	1,473	246	7,166	5,323	3,782	16,271
Other expenses		40,333	241	40,574	1,370	486	42,430
Printing and postage		1,287	360	1,647	253	20,704	22,604
Production	507	8,165		8,672			8,672
Professional fees	4,783			4,783	16,927		21,710
Promotional expense						10,998	10,998
Rent and occupancy	79,091			79,091			79,091
Salaries, payroll taxes & benefits	293,514	121,478	10,706	425,698	114,186	136,750	676,634
Transmitter		6,888		6,888			6,888
Utilities & telephone	21,451			21,451	5,141		26,592
Webstreaming	13,999	1,950	2,038	17,987	116	104	18,207
	$ 452,924	$ 255,988	$ 61,036	$ 769,948	$ 167,938	$ 185,069	$ 1,122,955
	40.33%	22.80%	5.44%	68.56%	14.96%	16.48%	100.00%

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Cash Flows
For the Nine-Months Ended September 30, 2019
and the Year Ended December 31, 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (147,435)	$ (107,467)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	40,158	53,595
Net unrealized (gains) losses on investments	(58,258)	38,677
Decrease (increase) in assets:		
Accounts and pledges receivable	22,013	(34,012)
Grants receivable	39,523	5,887
Prepaid expenses	(360)	(9,931)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(625)	(29,289)
Deferred revenue	(41,420)	8,390
Total adjustments	1,031	33,317
Net cash used by operating activities	(146,404)	(74,150)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(3,984)	(37,924)
Decrease in endowment and quasi-endowment	1,152	(53,641)
Change in long-term investments, net	(8,410)	48,650
Net cash used by investing activities	(11,242)	(42,915)
NET DECREASE IN CASH	(157,646)	(117,065)
CASH AND CASH EQUIVALENTS, beginning of year	337,631	454,696
CASH AND CASH EQUIVALENTS, end of year	$ 179,985	$ 337,631

See Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

Cheyenne Mountain Public Broadcast House, Inc. (the Corporation) was incorporated in the state of Colorado in 1977 as a not-for-profit corporation. The Corporation is organized exclusively for educational purposes through the operation of two non-commercial educational radio broadcasting stations presenting educational, cultural, and public interest programs in the state of Colorado. The Corporation is a trusted source of quality classical music, jazz music, and arts content for the people of Colorado Springs and Southern Colorado. The Corporation is dedicated to a vital cultural community by sharing the artistic voices of Colorado Springs and the world, through broadcasting, digital platforms, and community engagement. CRN Services, Inc. (CRN) was incorporated in the State of Colorado, February 23, 2017, and is wholly owned by Cheyenne Mountain Public Broadcast House, Inc.

Accounting Standards Update

On January 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), (ASU 2014-09) and FASB ASU 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively for all periods presented. Accordingly, there is no effect on net assets in connection with implementation of the two ASUs.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and activities of Cheyenne Mountain Public Broadcast House, Inc. and CRN Services, Inc. collectively referred to as the "Corporation". All significant intercompany transactions and balances have been eliminated in consolidation.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting

The accounting records of Cheyenne Mountain Public Broadcast House, Inc. are maintained in conformity with the principles of nonprofit accounting. The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking and savings accounts.

Investments

Investments are carried at market value. Realized and unrealized gains and losses are reflected in the statement of activities and are available for current operations.

Revenue Recognition from Customers

Corporate sponsorship - Corporate sponsor contracts are generally six to twelve months. On-air acknowledgements of the sponsorship occur during the contract period and revenue is recognized ratably over the contract period.

Program service revenue - in kind - The Corporation records revenue and expense for barter transactions based on the estimated fair value of goods and services exchanged. Revenue is recognized at the time the goods are received or services performed.

Contributions

Contributions are recorded when received as with donor restriction or without donor restriction, depending on the existence or nature of any donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions. Gifts of land, buildings and equipment are reported as support without donor restrictions unless explicit donor restrictions specify how the donated assets must be used. Restrictions met in the same period are reported as support without donor restrictions.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Corporation for Public Broadcasting Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking 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). 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 the application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions 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 in the accompanying financial statements as increases in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with donor restrictions and an increase in net assets without donor restrictions.

Accounts and Pledges Receivable

As of September 30, 2019 and December 31, 2018, the Corporation had net accounts and pledges receivable of $5,330 and $27,343, respectively. The pledges are scheduled to be received by the Corporation during the next year. At September 30, 2019 and December 31, 2018, Management believes all accounts and pledges receivable are fully collectible, therefore no allowance for uncollectible amounts is considered necessary.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are recorded at cost when purchased or fair market value if donated. Depreciation of equipment is provided on a straight-line basis over estimated useful lives of three to 35 years. The Corporation capitalizes acquisitions of property and equipment with an initial cost in excess of $2,500 and a useful life of greater than one year. Expenditures for maintenance and repairs that materially prolong the useful life are capitalized if they meet these criteria.

During the year ended December 31, 2010, the National Telecommunications and Information Administration awarded funds to the Corporation under the Public Telecommunications Facilities Program (PTFP) to be used for equipment and related costs. As a result of the funding, the Federal Government retains a lien against the purchased equipment for a period of ten years commencing September 30, 2010. During this time, the Federal Government retains a priority reversionary interest in the equipment. The amount of equipment purchased with these funds was $114,551.

Depreciation expense for the nine-month period ended September 30, 2019 and the year ended December 31, 2018 was $40,158 and $53,595, respectively.

Income Taxes

The Corporation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income tax. The Corporation does not engage in activities not directly related to its tax-exempt purpose which would be subject to income tax. Accordingly, no income tax provision has been recorded. CRN qualifies as a taxable corporation but had minimal revenue during the nine-month period ended September 30, 2019. Accordingly, no income tax provision has been recorded.

The Corporation's form 990, Return of Organization Exempt from Income Tax, and CRN's form 1120, U.S. Corporation, Income Tax Return, are subject to examination by various taxing authorities, generally for three years after the date filed.

Management of the Corporation and CRN believe that they do not have any uncertain tax positions that are material to the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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, the disclosure of contingent liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Donated Services

A substantial number of volunteers donated time to the Corporation's program services and its fundraising activities; however, the estimated value was not recorded because they did not meet the criteria for recognition under FASB ASC 605.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs such as salaries, payroll taxes and employee benefits have been allocated among the programs and supporting services benefited based an estimate of time and effort expended.

B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Corporation considers all expenditures related to its ongoing activities of classical and jazz broadcasts, production of special programming and promotion of the arts as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Corporation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenses not covered by donor-restricted resources.

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The following table reflects the Corporation's financial assets as of September 30, 2019 and December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal Board designations or donor-restrictions. Amounts not available include certain alternative investments that are designated by the Board as special projects funds intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the Board designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2019	2018
Cash and cash equivalents	$ 179,985	$ 337,631
Accounts and pledges receivable	5,330	27,343
Grants receivable	19,503	59,026
Long-term investments	472,215	436,278
Endowment and quasi-endowment	258,253	228,674
Total financial assets	935,286	1,088,952
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(138,347)	(277,807)
Available within one year	$ 796,939	$ 811,145

The Corporation's governing board has designated a portion of its unrestricted resources for endowment and other purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. At September 30, 2019, the following amounts were designated for specific purposes by the Board:

	2019	2018
Long-term savings	$ 288,341	$ 252,918
Property and equipment	180,244	206,486
Quasi-endowment	248,789	219,209
Total financial assets	$ 717,374	$ 678,613

The Corporation's investment portfolio is held by Pikes Peak Community Foundation and are subject only to Board approval for withdrawal with no penalties. There are no constraints placed upon the funds listed above that limit the amount available for withdrawal at a given redemption date.

C. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through November 27, 2019, the date that the financial statements were available to be issued.

D. CONTRACT RECEIVABLES AND LIABILITIES

The following table reflects the beginning and ending balances of the receivables and liabilities from contracts with customers. The receivables are reflected as part of accounts and pledges receivable and the liabilities are reflected as deferred revenue on the statement of financial position.

	2019	2018	2017
Contract receivables	$ 5,330	$ 27,343	$ 2,322
Contract liabilities	$ 20,361	$ 61,781	$ 53,391

E. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the asset or liability.

E. FAIR VALUE MEASUREMENTS - Continued

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels are recorded at the end of the period.

The following tables present assets that are measured at fair value on a recurring basis at September 30, 2019 and December 31, 2018:

Assets at Fair Value as of September 30, 2019

	Level 1	Level 2	Level 3	Total
Money market funds	$ 183,874	$	$	$ 183,874
PPCF pooled funds		546,594		546,594
	$ 183,874	$ 546,594	$	$ 730,468

Assets at Fair Value as of December 31, 2018

	Level 1	Level 2	Level 3	Total
Money market funds	$ 183,360	$	$	$ 183,360
PPCF pooled funds		481,592		481,592
	$ 183,360	$ 481,592	$	$ 664,952

The PPCF pooled funds consists of units in a pooled portfolio managed by Pikes Peak Community Foundation. Some investments are exposed to various risks that may cause their reported fair values to fluctuate from period to period and could materially affect the recorded amount of investments in the Corporation's financial statements. Though the market values of investments are subject to fluctuation, management and the investment committee believe that the investment policy is prudent for the long-term welfare of the Corporation.

Investment income (loss) for the nine-months ended September 30, 2019 and the year ended December 31, 2018 consist of the following:

	2019	2018
Interest and dividends	10,824	17,596
Realized and unrealized gains (losses)	57,674	(38,677)
Investment fees	(2,616)	(5,279)
	$ 65,882	$ (26,360)

F. ENDOWMENT AND QUASI-ENDOWMENT

The Corporation has adopted investment and spending policies based on the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of the Corporation's interpretation of UPMIFA, and in accordance with donor restrictions, contributions to this fund are classified as donations with donor restrictions - perpetual. The historic dollar value of those contributions must be maintained intact. Income from the fund is classified with Board designated quasi-endowment net assets until such time as the Board authorizes use of these funds to support operations or capital requirements.

These funds are held and invested in a pooled fund at Pikes Peak Community Foundation, an unrelated not-for-profit organization, pursuant to the Corporation's spending objectives of subjecting the fund to low investment risk and providing its operations with current income.

	Without Donor Restrictions Board Designated Quasi-Endowment	With Donor Restrictions Perpetually Restricted	Total
Endowment net assets, January 1, 2018	$ 211,038	$ 9,465	$ 220,503
Investment loss	10,471		10,471
Expenditures	(2,300)		(2,300)
Endowment net assets, December 31, 2018	219,209	9,465	228,674
Investment gain	30,779		30,779
Expenditures	(1,199)		(1,199)
Endowment net assets, September 30, 2019	$ 248,789	$ 9,465	$ 258,254

G. NET ASSETS WITHOUT DONOR RESTRICICIONS - BOARD DESIGNATED

The Board of Directors of the Corporation has designated a portion of the net assets without donor restrictions for the following purposes:

	2019	2018
Long-term savings	$ 288,341	$ 252,918
Property and equipment	180,244	206,486
Quasi-endowment	248,789	219,209
Total financial assets	$ 717,374	$ 678,613

H. NET ASSETS WITH DONOR RESTRICTIONS

Net asset with donor restrictions are available for the following purposes:

	2019	2018
PTFP Equipment	$ 114,551	$ 114,551
Jazz equipment	9,500	
Classics for Kids	4,831	10,171
Corporation for Public Broadcasting		110,719
ENT Center Series		30,901
Opera Theater Recital		2,000
Total financial assets	$ 128,882	$ 268,342

As mentioned in Note A, the Corporation acquired equipment through a grant from PTFP during the year ended December 31, 2010. The terms of this grant required the Corporation to provide matching funds. The Federal Government maintains a lien on this equipment for a period of ten years, which will expire September 30, 2020.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the nine-month period ended September 30, 2019 and the year ended December 31, 2018, net assets with donor restrictions were released from restriction for the following programs:

	2019	2018
Corporation for Public Broadcasting	$ 110,719	$ 97,530
Classics for Kids	10,173	8,543
ENT Center Series	30,901	52,124
Opera Theater Recital	2,000	
Total financial assets	$ 153,793	$ 158,197

I. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL

At September 30, 2019 and December 31, 2018, net assets in the amount of $9,465 for both years are restricted in perpetuity as part of the endowment account. As discussed in Note E, earnings on these net assets are available to be used for general operations or capital improvements.

J. OPERATING LEASES

The Corporation leases the premises at the location of its transmitter equipment under a noncancelable operating lease that expired October 2018 and was renewed through October 2023. Rent expense on the lease amounted to $39,448 and $50,916 during the nine-months ended September 30, 2019 and the year ended December 31, 2018, respectively.

The Corporation also entered into an operating lease for a tower site under an operating lease which commenced in May 2015 and expires May 2020. The Corporation has the option to renew this lease for an additional five years. Rent expense on the lease amounted to $2,700 and $3,600 during the nine-months ended September 30, 2019 and the year ended December 31, 2018, respectively.

The Corporation entered into a tower lease agreement under an operating lease which commenced December 2017. The initial term is five years. Rent expense on the lease amounted to $4,500 and $6,000 for the nine-months ended September 30, 2019 and the year ended December 31, 2018, respectively.

The Corporation entered into an operating lease for a copier which commenced in August 2016 and expires July 2020. Rent expense on the lease amounted to $992 and $2,803 during the nine-months ended September 30, 2019 and the year ended December 31, 2018, respectively.

Future minimum lease payments under these leases are:

2020	$ 62,099
2021	58,597
2022	58,597
2023	53,597
2024	4,383

K. RETIREMENT PLAN

The Corporation has adopted a SIMPLE IRA retirement plan that covers all employees meeting specific age and length of service requirements. Employees may make elective contributions to the plan. The Corporation matches each employee's contribution up to 3% of their earnings.

For the nine-months ended September 30, 2019 and the year ended December 31, 2018, employer contributions to the plan amounted to $5,277 and $8,119, respectively.

L. COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2017, the Corporation entered into a cancellable agreement to potentially provide classical programming to others through CRN in future years. This agreement was still in place during the nine-months ended September 30, 2019.