CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Financial Statements

For the Years Ended September 30, 2021 and 2020



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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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, 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 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. procedures selected depend on the auditor0s 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cheyenne Mountain Public Broadcast House, Inc. and CRN Services, Inc. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Waugh & Goodwin, LLP

Colorado Springs, Colorado December 23, 2021

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Statements of Financial Position September 30, 2021 and 2020

ASSETS			
GUDDENE AGGEEG		<u>2021</u>	<u>2020</u>
CURRENT ASSETS: Cash and cash equivalents Accounts and pledges receivable Grants receivable Prepaid expenses	\$	418,657 54,213 2,260 7,479	\$ 211,169 9,142 2,270 16,228
Total current assets		482,609	238,809
PROPERTY AND EQUIPMENT: Equipment Jazz equipment Building and improvements Land Less accumulated depreciation Property and equipment, net LONG-TERM INVESTMENTS	_	735,531 32,978 158,844 51,600 (818,764) 160,189 541,869	 700,746 32,978 158,844 51,600 (789,490) 154,678 493,426
ENDOWMENT AND QUASI-ENDOWMENT		320,568	 278,607
TOTAL ASSETS	\$	1,505,235	\$ 1,165,520
LIABILITIES AND I CURRENT LIABILITIES: Accounts payable and accrued liabilities Deferred revenue Current portion of refundable advance	NET 2	23,736 14,012	\$ 13,284 12,777 135,315
Total current liabilities		37,748	161,376
NET ASSETS: Without donor restrictions Without donor restrictions - Board designated With donor restrictions		590,674 847,355 29,458	 208,758 757,208 38,178
Total net assets		1,467,487	 1,004,144
TOTAL LIABILITIES AND NET ASSETS	\$	1,505,235	\$ 1,165,520

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILITATE

Consolidated Statements of Activities and Changes in Net Assets For the Years Ended September 30, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>2021</u> Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>2020</u> Totals
SUPPORT AND REVENUE:						
Contributions and grants	\$ 650,591	\$ 10,000	\$ 660,591	\$ 483,972	\$ 29,491	\$ 513,463
Employee Retention Credit	241,142		241,142			
Corporation for Public						
Broadcasting grant	224,551		224,551	179,650		179,650
Corporate sponsorship	156,963		156,963	190,117		190,117
PPP grant	135,315		135,315			
Investment income, net	91,153		91,153	41,817		41,817
Program service revenue - in kind	36,950		36,950	85,765		85,765
Miscellaneous income	995		995	2,704		2,704
Satisfied program restrictions	18,720	(18,720)		129,660	(129,660)	-
Total support and						
revenue	1,556,380	(8,720)	1,547,660	1,113,685	(100,169)	1,013,516
	1,330,300	(0,720)	1,347,000	1,113,003	(100,109)	1,013,310
EXPENSES:						
Program services:						
Broadcasting	424,591		424,591	424,346		424,346
Jazz	165,061		165,061	184,756		184,756
Programming and production	91,951	-	91,951	123,431	-	123,431
Total program						
services	681,603		681,603	732,533		732,533
	001,003		001,003	752,555		732,333
Supporting services:	225 222		225 222	070 600		070 600
General and administrative	235,808		235,808	270,608		270,608
Fundraising and membership	166.006		166.006	100 100		100 100
development	166,906		166,906	100,127		100,127
Total supporting						
services	402,714		402,714	370,735		370,735
•						
Total expenses	1,084,317		1,084,317	1,103,268		1,103,268
CHANGE IN NET ASSETS	472,063	(8,720)	463,343	10,417	(100,169)	(89,752)
NET ASSETS,						
beginning of year	965,966	38,178	1,004,144	955,549	138,347	1,093,896
NET ASSETS,						
end of year	\$ 1,438,029	\$ 29,458	\$ 1,467,487	\$ 965,966	\$ 38,178	\$ 1,004,144

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses For the Year Ended September 30, 2021

							Fundraising		
			1	Programming and	Total Program	General and	and Membership		
	Broadcasting	Jazz		Production	Services	Administrative	Development	Total	
Bad debt	\$	\$ 1	96	\$ 1,250	\$ 1,446	\$	\$	\$ 1,	446
Bank charges & credit card fees	12	2	83	2,405	2,700	265	9,896	12,	861
Contract labor		1,1	40		1,140	27		1,	167
Corporation for Public Broadcasting	38,570	7,2	04	1,495	47,269	7,960	11,670	66,	899
Depreciation	24,991	4,2	83		29,274			29,	274
Engineering	14,845	5,6	41		20,486			20,	486
Facility maintenance						8,578		8,	578
In-kind items from vendors		16,4	78	18,672	35,150	1,800		36,	950
Insurance						9,678		9,	678
Licenses & taxes	7,096			345	7,441	95		7,	536
Memberships, dues, & subscriptions	234			538	772	1,829	368	2,	969
Office expense	640	1,9	75	4,880	7,495	6,274	5,863	19,	632
Other expenses	9,421	3,5	81	782	13,784	2,212	1,666	17,	662
Printing & postage	156		42		198		22,952	23,	150
Production				3,790	3,790		476	4,	266
Professional fees	3,828				3,828	1,601		5,	429
Promotional expense							9,986	9,	986
Rent & occupancy	71,146	13,8	74		85,020			85,	020
Salaries, payroll taxes, & benefits	220,219	107,6	61	57,794	385,674	188,104	104,029	677,	807
Training	850				850				850
Transmitter	6,743				6,743			6,	743
Utilities & telephone	21,363				21,363	6,898		28,	261
Webstreaming	4,477	2,7	03		7,180	487		7,	667
	\$ 424,591	\$ 165,0	<u>61</u>	\$ 91,951	\$ 681,603	\$ 235,808	\$ 166,906	\$ 1,084,	317
	39.16%	15.	22%	8.48%	62.86%	21.75%	15.39%	100	.00%

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses For the Year Ended September 30, 2020

	Broadcasting	Jazz	Programming and Production	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bank charges & credit card fees	\$	\$ 477	\$ 2,494	\$ 2,971	\$ 256	\$ 7,770	\$ 10,997
Contract labor		200		200	323	1,020	1,543
Corporation for Public Broadcasting	35,151	2,905	4,243	42,299	7,476		49,775
Depreciation	43,007	3,540		46,547			46,547
Engineering	18,024	4,801		22,825			22,825
Facility maintenance			460	460	7,735		8,195
In-kind items from vendors	250	52,281	31,884	84,415	1,350		85,765
Insurance					14,353		14,353
Licenses & taxes	3,208		325	3,533	271		3,804
Memberships, dues, & subscriptions	156		745	901	2,745	731	4,377
Office expense	1,160	400	7,238	8,798	7,487	8,293	24,578
Other expenses	11,230	8,060	2,369	21,659	3,445	1,964	27,068
Printing & postage						13,159	13,159
Production	2,800		1,162	3,962			3,962
Professional fees	214			214	10,557		10,771
Promotional expense	2,500	874	952	4,326		8,253	12,579
Rent & occupancy	64,450	13,029		77,479			77,479
Salaries, payroll taxes, & benefits	215,149	93,794	70,210	379,153	208,880	58,937	646,970
Transmitter	5,333			5,333			5,333
Utilities & telephone	16,686	1,903	830	19,419	5,159		24,578
Webstreaming	5,028	2,492	519	8,039	571		8,610
	\$ 424,346	\$ 184,756	\$ 123,431	\$ 732,533	\$ 270,608	\$ 100,127	\$ 1,103,268
	38.46%	16.75%	11.19%	66.40%	24.52%	9.08%	100.00%

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Statements of Cash Flows For the Years Ended September 30, 2021 and 2020

	<u>2021</u>	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 463,343	\$ (89,752)
Adjustments to reconcile change		
<pre>in net assets to net cash provided by operating activities:</pre>		
Depreciation	29,274	46,547
PPP grant forgiveness	(135,315)	40,547
Proceeds from PPP refundable advance	(133,313)	135,315
Net unrealized gains on investments	(18,399)	(19,276)
Decrease (increase) in assets:	(10,399)	(19,270)
Accounts and pledges receivable	(45,071)	(3,812)
Grants receivable	10	17,233
Prepaid expenses	8,749	3,660
Increase (decrease) in liabilities:	0,715	3,000
Accounts payable and accrued		
liabilities	10,452	(21,119)
Deferred revenue	1,235	(7,584)
Total adjustments	 (149,065)	 150,964
Net cash provided by		
operating activities	314,278	61,212
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(34,785)	(7,739)
(Increase) decrease in endowment and		
quasi-endowment	(33,497)	(11,487)
Change in long-term investments, net	 (38,508)	 (10,802)
Net cash used by		
investing activities	(106,790)	(30,028)
NET INCREASE IN CASH	207,488	31,184
CASH AND CASH EQUIVALENTS,		
beginning of year	 211,169	 179,985
CASH AND CASH EQUIVALENTS,		
end of year	\$ 418,657	\$ 211,169

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Notes to Consolidated Financial Statements For the Years Ended September 30, 2020

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizations

Cheyenne Mountain Public Broadcast House, Inc. (KCME) was incorporated in the state of Colorado in 1977 as a not-for-KCME is organized exclusively for profit corporation. educational purposes through the operation of two noncommercial educational radio broadcasting stations presenting educational, cultural, and public interest programs in the KCME is a trusted source of quality state of Colorado. classical music, jazz music, and arts content for the people of Colorado Springs and Southern Colorado. KCME 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.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities, net assets, and activities of KCME and CRN are collectively referred to as the "Corporation". All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The accounting records of the Corporation are maintained in conformity with the principles of nonprofit accounting. The accompanying financial statements have been prepared on the accrual basis of accounting.

<u>Cash and Cash Equivalents</u>

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

<u>Investments</u>

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contracts with 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.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

<u>Corporation for Public Broadcasting Community Service Grants -</u> continued

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, recordkeeping, 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, 2021 and 2020, the Corporation had net accounts and pledges receivable \$56,473 and \$11,412, respectively. The pledges are scheduled to be received by the Corporation during the next year. At September 30, 2021 and 2020, Management believes all accounts and pledges receivable are fully collectible, therefore no allowance for uncollectible amounts is considered necessary.

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. This lien was released during the year ended September 30, 2020.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment - continued

Depreciation expense for the year ended September 30, 2021 and 2020 was \$29,274 and \$46,547, respectively.

Income Taxes

KCME 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. KCME 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 years ended September 30, 2021 and 2020. Accordingly, no income tax provision has been recorded.

KCME'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 KCME and CRN believe that they do not have any uncertain tax positions that are material to the financial statements.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through December 23, 2021, the date that the financial statements were available to be issued.

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.

The following table reflects the Corporation's financial assets as of September 30, 2021 and 2020, 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

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

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.

	<u>2021</u>		<u>2020</u>
Cash and cash equivalents	\$ 418,657	\$	211,169
Accounts and pledges receivable	54,213		9,142
Grants receivable	2,260		2,270
Long-term investments	541,869		493,426
Endowment and quasi-endowment	320,568		278,607
Total financial assets	1,337,567		994,614
Less amounts not available to be used within one year:			
Net assets with donor restrictions	(29,458))	(38,178)
Available within one year	\$ 1,308,109	\$	956,436

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, 2021 and 2020, the following amounts were designated for specific purposes by the Board:

	<u>2021</u>	<u> 2020</u>
Long-term savings	\$ 357,260	\$ 309,074
Quasi-endowment	309,851	267,890
Property and equipment	 180,244	 180,244
Total financial assets	\$ 847,355	\$ 757,208

The Corporation's investment portfolio is held by Pikes Peak Community Foundation and is 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. 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.

C. CONTRACT RECEIVABLES AND LIABILITIES - Continued

	2021	2020	<u>2019</u>
Contract receivables	\$ 5,536	\$ 9,142	\$ 5,330
Contract liabilities	\$ 14,012	\$ 12,777	\$ 20,361

D. 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.

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.

The following tables present assets that are measured at fair value on a recurring basis at September 30, 2021 and 2020:

D. FAIR VALUE MEASUREMENTS - Continued

Assets	at	Fair	Value	as	of	September	30,	2021
--------	----	------	-------	----	----	-----------	-----	------

	Level 1	Level 2	Level 3	Total
Money market funds PPCF pooled funds	\$ 184,609	\$ 677,829	\$	\$ 184,609 677,829
	\$ 184,609	\$ 677,829	\$	\$ 862,438
Assets a	at Fair Value	as of September	30, 2020	
	Level 1	Level 2	Level 3	Total
Money market funds PPCF pooled funds	\$ 184,352	\$ 587,681	\$	\$ 184,352 587,681
	\$ 184.352	\$ 587.681	\$	\$ 772.033

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 for the year ended September 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 23,848	\$ 28,056
Realized and unrealized gains	73,896	19,276
Investment fees	 (6,59 <u>1</u>)	 (5,515)
	\$ 91,153	\$ 41,817

E. ENDOWMENT AND QUASI-ENDOWMENT

The Corporation has adopted investment and spending policies based Colorado Uniform Prudent on the Management 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 quasiendowment net assets until such time as the Board authorizes of funds to support operations orthese requirements.

E. ENDOWMENT AND QUASI-ENDOWMENT - Continued

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.

	Res De	nout Donor trictions Board signated Quasi- ndowment	Rest Per	h Donor rictions petually tricted	Total
Endowment net assets, October 1, 2019	\$	248,789	\$	9,465	\$ 258,254
Investment gain Expenditures		21,212 (2,111)			 21,212 (2,111)
Endowment net assets, September 30, 2020		267,890		9,465	277,355
Investment gain Expenditures		44,303 (2,342)			 44,303 (2,342)
Endowment net assets, September 30, 2021	\$	309,851	\$	9,465	\$ 319,316

F. NET ASSETS WITHOUT DONOR RESTRICIONS - BOARD DESIGNATED

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

	<u>2021</u>	<u>2020</u>
Long-term savings	\$ 357,260	\$ 309,074
Quasi-endowment	309,851	248,789
Property and equipment	 180,244	 180,244
	\$ 847,355	\$ 738,107

G. NET ASSETS WITH DONOR RESTRICTIONS

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

		<u>2021</u>	<u>2020</u>
Engineering equipment Solar power Classics for Kids	\$	10,000 9,993	\$ 26,602 2,111
	<u>\$</u>	19,993	\$ 28,713

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 expired on September 30, 2020.

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended September 30, 2021 and 2020, net assets with donor restrictions were released from restriction for the following programs:

	<u>2021</u>	<u> 2020</u>
Solar power	\$ 16,609	\$ 1,722
Classics for Kids	2,111	3,887
PTFP equipment		114,551
Jazz equipment	 	 9,500
	\$ 18,720	\$ 129,660

H. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL

At September 30, 2021 and 2020, 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.

I. 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 \$52,597 during the years ended September 30, 2021 and 2020.

I. OPERATING LEASES - Continued

The Corporation also entered into an operating lease for a tower site which commenced in May 2015 and was renewed through May 2025. Rent expense on the lease amounted to \$3,600 and \$4,154 during the year ended September 30, 2021 and 2020, respectively.

The Corporation entered into a tower lease agreement under an operating lease which commenced in January 2021 for a term of ten years. The lease will automatically renew for two ten-year terms and one nine-year term through December 2049. Rent expense on the lease amounted to \$3,600 and \$840 during the year ended September 30, 2021 and 2020, 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 \$6,000 for the years ended September 30, 2021 and 2020.

The Corporation entered into an operating lease for a copier which commenced in August 2016 and was renewed through May 2023. Rent expense on the lease amounted to \$2,460 and \$2,803 for the year ended September 30, 2021 and 2020, respectively.

Future minimum lease payments under these agreements are:

2022	72,746
2023	65,559
2024	9,210
2025	7,502
2026	5,565

J. 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 years ended September 30, 2021 and 2020, employer contributions to the plan amounted to \$5,105 and \$3,614, respectively.

K. 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 year ended September 30, 2021.

L. COVID-19 GOVERNMENT PROGRAMS

The Corporation obtained \$135,315 of funding from the Small Business Administration (SBA) Paycheck Protection Program (PPP) through Kirkpatrick Bank on April 16, 2020. They also received Employee Retention Credits totaling \$241,142 from the Coronavirus Aid, Relief, and Economic Security Act (CARES).

A portion or all of the PPP loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of not less than two years and an interest rate of 1.0%. Loan payments are deferred for ten months.

The CARES Act provides a refundable credit for payroll tax on qualified wages to retain full-time employees.

Prior to year-end, the Corporation received full PPP loan forgiveness. As a result of the forgiveness, the proceeds from the loan have been included in the statements of activities as PPP grant income. The Corporation has applied for credits through quarterly payroll reports and as a result of meeting the CARES Act requirements, the credits have been included in the statements of activities as Employee Retention Credit income.

M. UNCERTAINTIES

In March 2020, the outbreak of a fast-spreading novel strain of coronavirus (COVID-19) was recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 outbreak has had a notable impact on general economic conditions, including but not limited to the uncertainty in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 outbreak will affect the operations, collections or financial results of the Corporation is uncertain.