CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC. AND AFFILIATE

Consolidated Financial Statements

For the Years Ended September 30, 2022 and 2021

Waugh & Goodwin, LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cheyenne Mountain Public Broadcast House, Inc. and CRN Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about

Cheyenne Mountain Public Broadcast House, Inc.'s and CRN Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cheyenne Mountain Public Broadcast House, Inc.'s and CRN Services, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cheyenne Mountain Public Broadcast House, Inc.'s and CRN Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As described in Note A to the financial statements, during the year ended September 30, 2022, Cheyenne Mountain Public Broadcast House, Inc. adopted Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

Waugh & Goodwin, LLP

Colorado Springs, Colorado
May 1, 2023

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Financial Position

September 30, 2022 and 2021

ASSETS

	2022	2021
CURRENT ASSETS:		
Cash and cash equivalents	462,060	418,657
Accounts and pledges receivable	7,650	54,213
Grants receivable	1,206	2,260
Prepaid expenses	37,426	7,479
Total current assets	508,342	482,609
PROPERTY AND EQUIPMENT:		
Equipment	782,040	735,531
Jazz equipment	32,978	32,978
Building and improvements	158,844	158,844
Land	51,600	51,600
Less accumulated depreciation	(847,119)	(818,764)
Property and equipment, net	178,343	160,189
LONG-TERM INVESTMENTS	480,166	541,869
ENDOWMENT AND QUASI-ENDOWMENT	266,535	320,568
RIGHT-OF-USE ASSETS	137,137	219,358
TOTAL ASSETS	$ 1,570,523	$ 1,724,593

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	25,273	23,736
Deferred revenue	19,231	14,012
Lease liabilities - current portion	67,304	72,148
Total current liabilities	111,808	109,896
Lease liabilities - long-term	71,378	147,947
TOTAL LIABILITIES	183,186	257,843
NET ASSETS:		
Without donor restrictions	645,168	589,937
Without donor restrictions - Board designated	732,702	847,355
With donor restrictions	9,465	29,458
Total net assets	1,387,335	1,466,750
TOTAL LIABILITIES AND NET ASSETS	$ 1,570,521	$ 1,724,593

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Activities and Changes in Net Assets

For the Year Ended September 30, 2022 and 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Totals
SUPPORT AND REVENUE:						
Contributions and grants	$ 714,520	$ 375	$ 714,895	$ 650,591	$ 10,000	$ 660,591
Employee Retention Credit				241,142		241,142
Corporation for Public Broadcasting grant	100,371		100,371	224,551		224,551
Corporate sponsorship	238,251		238,251	156,963		156,963
PPP grant				135,315		135,315
Investment income, net	(115,122)		(115,122)	91,153		91,153
Program service revenue - in kind	29,943		29,943	36,950		36,950
Special events	5,435		5,435			
Miscellaneous income	1,152		1,154	995		995
Satisfied program restrictions	20,368	(20,368)		18,720	(18,720)	
Total support and revenue	994,918	(19,993)	974,927	1,556,380	(8,720)	1,547,660
EXPENSES:						
Program services:						
Broadcasting	412,685		412,685	425,328		425,328
Jazz	146,529		146,529	165,061		165,061
Programming and production	98,405		98,405	91,951		91,951
Total program services	657,619		657,619	682,340		682,340
Supporting services:						
General and administrative	255,000		255,000	235,808		235,808
Fundraising and membership development	141,721		141,721	166,906		166,906
Total supporting services	396,721		396,721	402,714		402,714
Total expenses	1,054,340		1,054,340	1,085,054		1,085,054
CHANGE IN NET ASSETS	(59,422)	(19,993)	(79,413)	471,326	(8,720)	462,606
NET ASSETS, beginning of year	1,437,292	29,458	1,466,750	965,966	38,178	1,004,144
NET ASSETS, end of year	$ 1,377,870	$ 9,465	$ 1,387,337	$ 1,437,292	$ 29,458	$ 1,466,750

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, 2022

	Broadcasting	Jazz	Programming and Production	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bank charges & credit card fees	$	$ 1,016	$ 3,336	$ 4,352	$ 323	$ 8,781	$ 13,456
Contract labor		485	1,210	1,695	2,038	2,000	5,733
Corporation for Public Broadcasting	34,560	3,344	1,870	39,774	9,758	10,000	59,532
Depreciation	24,072	4,283		28,355			28,355
Engineering	14,650	3,860		18,510			18,510
Facility maintenance					5,395		5,395
In-kind items from vendors		10,962	17,481	28,443	1,500		29,943
Insurance					9,146		9,146
Licenses & taxes	12,010			12,010	117		12,127
Memberships, dues, & subscriptions	17		629	646	2,408	645	3,699
Office expense	46	2,226	368	2,640	6,001	3,087	11,728
Other expenses	8,002	3,089	3,496	14,587	9,392	7,585	31,564
Printing & postage	650	942	5,979	7,571	292	22,294	30,157
Production			3,271	3,271		4,435	7,706
Professional fees	383			383	1,931		2,314
Promotional expense		590	858	1,448	262	8,798	10,508
Rent & occupancy	71,089	13,333		84,422			84,422
Salaries, payroll taxes, & benefits	217,317	99,665	57,812	374,794	199,897	72,957	647,648
Training	1,050			1,050		1,139	2,189
Transmitter	6,058			6,058			6,058
Utilities & telephone	18,178		1,660	19,838	5,358		25,196
Webstreaming	4,603	2,734	435	7,772	1,182		8,954
	$ 412,685	$ 146,529	$ 98,405	$ 657,619	$ 255,000	$ 141,721	$ 1,054,340
	39.14%	13.90%	9.33%	62.37%	24.19%	13.44%	100.00%

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statement of Functional Expenses

For the Year Ended September 30, 2021

	Broadcasting	Jazz	Programming and Production	Total Program Services	General and Administrative	Fundraising and Membership Development	Total
Bad debt	$	$ 196	$ 1,250	$ 1,446	$	$	$ 1,446
Bank charges & credit card fees	12	283	2,405	2,700	265	9,896	12,861
Contract labor		1,140		1,140	27		1,167
Corporation for Public Broadcasting	38,570	7,204	1,495	47,269	7,960	11,670	66,899
Depreciation	24,991	4,283		29,274			29,274
Engineering	14,845	5,641		20,486			20,486
Facility maintenance					8,578		8,578
In-kind items from vendors		16,478	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	1,975	4,880	7,495	6,274	5,863	19,632
Other expenses	9,421	3,581	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	71,883	13,874		85,757			85,757
Salaries, payroll taxes, & benefits	220,219	107,661	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	2,703		7,180	487		7,667
	$ 425,328	$ 165,061	$ 91,951	$ 682,340	$ 235,808	$ 166,906	$ 1,085,054
	39.20%	15.21%	8.47%	62.89%	21.73%	15.38%	100.00%

See Notes to Consolidated Financial Statements

CHEYENNE MOUNTAIN PUBLIC BROADCAST HOUSE, INC.
AND AFFILIATE

Consolidated Statements of Cash Flows
For the Year Ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (79,413)	$ 462,606
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,355	29,274
PPP grant forgiveness		(135,315)
Net unrealized gains on investments	114,938	(18,399)
Decrease (increase) in assets:		
Accounts and pledges receivable	46,563	(45,071)
Grants receivable	1,054	10
Prepaid expenses	(29,947)	8,749
Right-of-use assets	82,221	(219,358)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	1,537	10,452
Deferred revenue	5,219	1,235
Lease liabilities	(81,413)	220,095
Total adjustments	168,527	(148,328)
Net cash provided by operating activities	89,114	314,278
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(46,509)	(34,785)
(Increase) decrease in endowment and quasi-endowment	1,162	(33,497)
Change in long-term investments, net	(364)	(38,508)
Net cash used by investing activities	(45,711)	(106,790)
NET INCREASE IN CASH	43,403	207,488
CASH AND CASH EQUIVALENTS, beginning of year	418,657	211,169

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-profit corporation. KCME 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. KCME is a trusted source of quality 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.

New Accounting Standards Update - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new lease guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards Update - Leases - continued

KCME elected to adopt these ASUs using the modified retrospective as of October 1, 2020. KCME elected the package of practical expedients permitted under the transition guidance within the new standard.

The adoption had an impact on the KCME's statements of financial position but did not have an impact on the statements of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required KCME to restate amounts at October 1, 2020. As of adoption of the new standard, Right-of-use assets increased by $236,840 and lease liabilities increased by $236,840.

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.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions - continued

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.

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, 2022 and 2021, the Corporation had net accounts and pledges receivable $8,856 and $56,473, respectively. The pledges are scheduled to be received by the Corporation during the next year. At September 30, 2022 and 2021, 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.

Depreciation expense for the year ended September 30, 2022 and 2021 was $28,355 and $29,274, 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, 2022 and 2021. 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Goods and Services

During the year ended September 30, 2022, The Corporation adopted Accounting Standards Update (ASU) 2020-07, Not-For-Profit Entities (Topic 958): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.*

The Corporation does receive goods and services in-kind that are barter transactions for advertising spots on the radio. These transactions are not covered by the scope of the new standard.

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. The Corporation did not receive any donated assets during the years ending September 30, 2022 and 2021.

The Corporation's policy related to donated assets is to utilize the assets given to carry out their mission. If an asset is provided that does not allow the Corporation to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

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 described above.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through May 1, 2023, 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, 2022 and 2021, 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.

B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

	2022	2021
Cash and cash equivalents	$ 462,060	$ 418,657
Accounts and pledges receivable	7,650	54,213
Grants receivable	1,206	2,260
Long-term investments	480,166	541,869
Endowment and quasi-endowment	266,535	320,568
Total financial assets	1,217,617	1,337,567
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(9,465)	(29,458)
Available within one year	$ 1,208,152	$ 1,308,109

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, 2022 and 2021, the following amounts were designated for specific purposes by the Board:

	2022	2021
Long-term savings	$ 295,210	$ 357,260
Quasi-endowment	257,248	309,851
Property and equipment	180,244	180,244
	$ 732,702	$ 847,355

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.

	2022	2021	2020
Contract receivables	$ 7,650	$ 5,536	$ 9,142
Contract liabilities	$ 19,231	$ 14,012	$ 12,777

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, 2022 and 2021:

Assets at Fair Value as of September 30, 2022

	Level 1	Level 2	Level 3	Total
Money market funds	$ 184,956	$	$	$ 184,956
PPCF pooled funds		561,745		561,745
	$ 184,956	$ 561,745	$	$ 746,701

Assets at Fair Value as of September 30, 2021

	Level 1	Level 2	Level 3	Total
Money market funds	$ 184,609	$	$	$ 184,609
PPCF pooled funds		677,828		677,828
	$ 184,609	$ 677,828	$	$ 862,437

D. FAIR VALUE MEASUREMENTS - Continued

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, 2022 and 2021, consist of the following:

	2022	2021
Interest and dividends	18,605	23,848
Realized and unrealized gains/losses	(127,389)	73,896
Investment fees	(6,338)	(6,591)
	$ (115,122)	$ 91,153

E. 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.

E. ENDOWMENT AND QUASI-ENDOWMENT - Continued

	Without Donor Restrictions Board Designated Quasi-Endowment	With Donor Restrictions Perpetually Restricted	Total
Endowment net assets, October 1, 2020	$ 267,890	$ 9,465	$ 277,355
Investment gain	44,303		44,303
Expenditures	(2,342)		(2,342)
Endowment net assets, September 30, 2021	309,851	9,465	319,316
Investment loss	(50,370)		(50,370)
Expenditures	(2,233)		(2,233)
Endowment net assets, September 30, 2022	$ 257,248	$ 9,465	$ 266,713

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:

	2022	2021
Long-term savings	$ 295,210	$ 357,260
Quasi-endowment	257,248	309,851
Property and equipment	180,244	180,244
Total financial assets	$ 732,702	$ 847,355

G. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Engineering equipment	$	$ 10,000
Solar power		9,993
	$	$ 19,993

G. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. During the year ended September 30, 2022 and 2021, net assets with donor restrictions were released from restriction for the following programs:

	2022	2021
Engineering equipment	$ 10,000	$
Solar power	9,993	16,609
Classics for Kids	375	2,111
	$ 20,368	$ 18,720

H. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL

At September 30, 2022 and 2021, 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 assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. As the Corporation's leases do not provide an implicit rate, the Corporation uses the risk-free discount rate based on the five-year Treasury bond rate as of the later of the date of adoption of the lease standard or the initial date of the lease term in determining the present value of lease payments in determination of the respective right-of-use (ROU) assets and liabilities.

Under ASU 2016-02, the Corporation has made an accounting policy election to apply the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with a term of 12 months or less that do not include an option to purchase the underlying asset, are not recorded on the balance sheet as ROU assets or lease liabilities. The Corporation has elected to expense the cost of the short-term leases on the straight-line basis in the accompanying statements of activities.

I. OPERATING LEASES - Continued

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 with no additional lease extensions. The lease requires monthly payments of $4,383 through October 2023. Variable payments may be required for additional audio rent and operating expenses.

The Corporation also entered into an operating lease for a tower site which commenced in May 2015 and was renewed through May 2025. Three additional renewal options for five-year periods are available. The base rent is $300 per month with variable payments required for utilities. The Corporation chose to return the license for this location to the FCC. The lease was cancelled in August 2022 with no penalty for early cancellation.

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; however, the lease may be terminated before the extensions. The Corporation has not decided if the extensions will be exercised. The initial annual rent is $4,800 and will increase by three percent for each succeeding year of the term.

The Corporation entered into a tower lease agreement under an operating lease which commenced December 2017. The initial term is five years with three additional five-year renewal terms. Rent will increase by five percent upon renewal. The first renewal was exercised in December 2022 and the Corporation has not decided if the two additional extensions will be exercised. The monthly rate was $500 for the initial term and increased to $525 for the second term.

The Corporation entered into an operating lease for a copier which commenced in August 2016 and was renewed through May 2023. At the end of the term, the Corporation has the option to purchase the equipment at fair market value, extend the term of the lease or return the equipment. The Corporation has not decided which option will be utilized upon the end of the term. The monthly lease is $467.12 with variable payments for copies in excess of the quarterly allowance. In a separate sponsorship agreement, $300 of the lease payment will be bartered for radio advertising spots.

I. OPERATING LEASES - Continued

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended September 30, 2022 and 2021:

	2022	2021
Operating leases		
Program expenses		
Rent & occupancy	$ 67,715	$ 66,534
In-kind items from vendors	1,800	1,800
Office expense	180	
General and administrative expenses		
In-kind items from vendors	1,800	1,800
Office expense	1,915	2,005
Variable payment		
Program - rent & occupancy	16,144	16,583
General and administrative - office		42
Short-term leases		
Program - rent & occupancy	1,650	2,640
Total lease cost	$ 91,204	$ 91,404

The following summarizes lease term and discount rate for operating leases as of September 30, 2022 and 2021:

	2022	2021
Weighted Average Remaining Lease Term	4.62 years	4.68 years
Weighted Average Discount Rate	0.31%	0.30%

Maturities of operating lease liabilities as of September 30, 2022 and 2021:

	2022	2021
2022	$	$ 72,710
2023	67,639	71,239
2024	15,890	19,490
2025	11,669	13,769
2026	11,824	11,824
2027	11,990	11,990
Thereafter	20,730	20,730
Total lease payments	139,742	221,752
Less: interest	(1,060)	(1,657)
Present value of lease liabilities	$ 138,682	$ 220,095

I. OPERATING LEASES - Continued

Supplemental cash flow information for the years ended September 30, 2022 and 2021:

	2022	2021
Cash paid for amounts included in measurement of lease liabilities for operating leases	$ 72,410	$ 71,402
Right-of-use assets obtained in exchange for new operating lease liabilities	$	$ 54,009

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, 2022 and 2021, employer contributions to the plan amounted to $6,998 and $5,105, 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, 2022.

L. UNCERTAINTIES

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.

With the rising cost of inflation and potential risk of recession, it is uncertain what effect these factors may have on the operations of the Corporation in the coming years.