

**CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.**

**FINANCIAL STATEMENTS**

**September 30, 2017 and 2016**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
Crested Butte Mountain Educational Radio, Inc.  
Crested Butte, Colorado

### Independent Auditors' Report

#### Report on the Financial Statements

We have audited the accompanying financial statements of Crested Butte Mountain Educational Radio, Inc. which comprise the statement of financial position as of September 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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 the 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 audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crested Butte Mountain Educational Radio, Inc. as of September 30, 2017 and 2016, and its changes in net assets, cash flows and functional expenses for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

March 20, 2018

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF FINANCIAL POSITION  
September 30, 2017 and 2016

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 253,077	\$ 211,245
Restricted Cash and Cash Equivalents	20,743	778
Accounts Receivable, net	<u>30,097</u>	<u>29,614</u>
Total Current Assets	<u>303,917</u>	<u>241,637</u>
<b>Property and Equipment,</b>		
Furniture and Equipment	378,776	413,651
Leasehold Improvements	117,624	117,624
Less: Accumulated Depreciation	<u>(412,190)</u>	<u>(430,614)</u>
Total Property and Equipment, Net	<u>84,210</u>	<u>100,661</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 388,127</u></u>	<u><u>\$ 342,298</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 2,996	\$ 4,903
Accrued Expenses	6,520	11,134
Deferred Revenue	<u>23,780</u>	<u>27,409</u>
<b>TOTAL LIABILITIES</b>	<u>33,296</u>	<u>43,446</u>
<b>NET ASSETS</b>		
Unrestricted	334,088	298,074
Temporarily Restricted	<u>20,743</u>	<u>778</u>
Total Net Assets	<u>354,831</u>	<u>298,852</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 388,127</u></u>	<u><u>\$ 342,298</u></u>

The accompanying notes are an integral part of the financial statements.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants	\$ 119,011	\$ -	\$ 119,011
Non Profit and Foundation Grants	5,740	20,000	25,740
Pledges and Contributions	142,427	-	142,427
Underwriting	172,322	-	172,322
Fundraising	66,276	-	66,276
In-Kind Contributions	129,724	-	129,724
Trade Out Contributions	68,944	-	68,944
Miscellaneous	1,365	-	1,365
Net Assets Released from Restrictions	35	(35)	-
	<u>705,844</u>	<u>19,965</u>	<u>725,809</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
<b>EXPENSES</b>			
Program Expenses			
Programming, Production, and Promotion	165,918	-	165,918
Broadcasting	55,594	-	55,594
Management and General	201,552	-	201,552
Fundraising and Membership Development	246,766	-	246,766
	<u>669,830</u>	<u>-</u>	<u>669,830</u>
<b>TOTAL EXPENSES</b>			
<b>CHANGE IN NET ASSETS</b>	36,014	19,965	55,979
<b>NET ASSETS, Beginning</b>	<u>298,074</u>	<u>778</u>	<u>298,852</u>
<b>NET ASSETS, Ending</b>	<u>\$ 334,088</u>	<u>\$ 20,743</u>	<u>\$ 354,831</u>

The accompanying notes are an integral part of the financial statements.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF ACTIVITIES  
Year Ended September 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants	\$ 118,459	\$ -	\$ 118,459
Non Profit and Foundation Grants	9,500	-	9,500
Pledges and Contributions	115,499	-	115,499
Underwriting	137,223	-	137,223
Fundraising	44,794	-	44,794
In-Kind Contributions	120,220	-	120,220
Trade Out Contributions	45,589	-	45,589
Miscellaneous	4,842	-	4,842
Net Assets Released from Restrictions	3,181	(3,181)	-
	<u>599,307</u>	<u>(3,181)</u>	<u>596,126</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
	<u>599,307</u>	<u>(3,181)</u>	<u>596,126</u>
<b>EXPENSES</b>			
Program Expenses			
Programming, Production, and Promotion	122,163	-	122,163
Broadcasting	111,137	-	111,137
Management and General	148,403	-	148,403
Fundraising and Membership Development	231,710	-	231,710
	<u>613,413</u>	<u>-</u>	<u>613,413</u>
<b>TOTAL EXPENSES</b>			
	<u>613,413</u>	<u>-</u>	<u>613,413</u>
<b>CHANGE IN NET ASSETS</b>	(14,106)	(3,181)	(17,287)
<b>NET ASSETS, Beginning</b>	<u>312,180</u>	<u>3,959</u>	<u>316,139</u>
<b>NET ASSETS, Ending</b>	<u>\$ 298,074</u>	<u>\$ 778</u>	<u>\$ 298,852</u>

The accompanying notes are an integral part of the financial statements.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF CASH FLOWS  
Year Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 55,979	\$ (17,287)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	16,451	21,720
Changes in Assets and Liabilities		
Accounts Receivable	(483)	(2,917)
Accounts Payable	(1,907)	(620)
Accrued Expenses	(4,614)	1,873
Deferred Revenue	<u>(3,629)</u>	<u>27,409</u>
<b>Net Cash Provided by Operating Activities</b>	<u>61,797</u>	<u>30,178</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>-</u>	<u>(2,695)</u>
<b>NET INCREASE IN CASH</b>	61,797	27,483
<b>CASH, Beginning</b>	<u>212,023</u>	<u>184,540</u>
<b>CASH, Ending</b>	<u><u>\$ 273,820</u></u>	<u><u>\$ 212,023</u></u>

The accompanying notes are an integral part of the financial statements.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended September 30, 2017

	Program Services			Support Services		Totals
	Programming, Production and Promotion	Broadcasting	Total	Management and General	Fundraising and Membership Development	
Traded Services	\$ 15,859	\$ 5,314	\$ 21,173	\$ 19,265	\$ 23,587	\$ 64,025
Depreciation	4,075	1,365	5,440	4,950	6,061	16,451
Miscellaneous	542	181	723	658	806	2,187
Bank Charges	1,639	549	2,188	1,991	2,438	6,617
Membership Expense	4,245	1,422	5,667	5,157	6,313	17,137
Fundraising Expense	8,762	2,936	11,698	10,643	13,031	35,372
Bingo/Raffle Expense	428	143	571	519	636	1,726
Wages	57,590	19,298	76,888	69,960	85,655	232,503
Payroll Taxes	4,335	1,452	5,787	5,266	6,447	17,500
Health Insurance	3,665	1,228	4,893	4,452	5,451	14,796
Continuing Education	1,340	449	1,789	1,628	1,993	5,410
Insurance	1,938	650	2,588	2,355	2,883	7,826
Programming Fees	8,745	2,930	11,675	10,623	13,006	35,304
Rent and Facilities Expense	963	323	1,286	1,170	1,433	3,889
Utilities	3,071	1,029	4,100	3,731	4,568	12,399
Telephone and Internet	2,920	978	3,898	3,547	4,342	11,787
Equipment Repair	990	332	1,322	1,202	1,472	3,996
Office Supplies and Expens	821	275	1,096	998	1,221	3,315
Computer Expense	2,753	922	3,675	3,344	4,094	11,113
Taxes and Licenses	65	22	87	79	96	262
Accounting	1,906	639	2,545	2,315	2,834	7,694
Postage	47	16	63	57	70	190
Advertising	2,692	902	3,594	3,270	4,004	10,868
Dues and Subscriptions	2,050	687	2,737	2,490	3,049	8,276
Travel and Entertainment	2,344	785	3,129	2,848	3,486	9,463
In Kind Services	32,133	10,767	42,900	39,034	47,790	129,724
	<u>\$ 165,918</u>	<u>\$ 55,594</u>	<u>\$ 221,512</u>	<u>\$ 201,552</u>	<u>\$ 246,766</u>	<u>\$ 669,830</u>

The accompanying notes are an integral part of the financial statements.



CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2016

	Program Services			Support Services		Totals
	Programming, Production and Promotion	Broadcasting	Total	Management and General	Fundraising and Membership Development	
Traded Services	\$ 7,779	\$ 2,607	\$ 10,386	\$ 9,449	\$ 11,570	\$ 31,405
Depreciation	5,380	1,803	7,183	6,536	8,001	21,720
Miscellaneous	770	258	1,028	936	1,146	3,110
Bank Charges	420	141	561	511	625	1,697
Legal and Professional	1,077	361	1,438	1,308	1,601	4,347
Fundraising Expense	15,085	5,055	20,140	18,325	22,435	60,900
Bingo/Raffle Expense	703	236	939	854	1,046	2,839
Wages	58,986	19,765	78,751	71,655	87,729	238,135
Insurance	1,486	498	1,984	1,805	2,210	5,999
Programming Fees	8,200	2,748	10,948	9,961	12,195	33,104
Rent and Facilities Expense	4,373	1,465	5,838	5,312	6,504	17,654
Utilities	3,056	1,024	4,080	3,712	4,545	12,337
Equipment Repair	5,419	1,816	7,235	6,583	8,060	21,878
Office Supplies	1,898	636	2,534	2,306	2,823	7,663
Taxes and Licenses	24	8	32	29	36	97
Accounting	2,211	741	2,952	2,686	3,288	8,926
Postage	86	29	115	105	128	348
Advertising	1,790	600	2,390	2,175	2,662	7,227
Dues and Subscriptions	779	261	1,040	946	1,158	3,144
Travel and Entertainment	2,641	885	3,526	3,209	3,928	10,663
In Kind Services	-	70,200	70,200	-	50,020	120,220
	<u>\$ 122,163</u>	<u>\$ 111,137</u>	<u>\$ 233,300</u>	<u>\$ 148,403</u>	<u>\$ 231,710</u>	<u>\$ 613,413</u>

The accompanying notes are an integral part of the financial statements.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017 and 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – Crested Butte Mountain Educational Radio, Inc. (the “Organization”) is a Colorado nonprofit corporation incorporated in 1984 as a non-commercial public radio broadcast station. The Organization was created to provide educational radio broadcasts to the East River Valley. The stations broadcasts music, educational programs, weather and road conditions, local and international news, and public service information for non-profit organizations.

The Organization is supported primarily by funding from the Corporation for Public Broadcasting, underwriting, and membership fees.

Basis of Reporting – The Organization’s financial statements have been prepared using the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. The Organization does not have any permanently restricted net assets as of September 30, 2017 and 2016.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of twelve months or less to be cash equivalents.

Receivables – Accounts Receivable consists primarily of amounts due for underwriting. As of September 30, 2017 and 2016, management has recorded an allowance for uncollectible accounts in the amounts of \$0 and \$1,358, respectively. Management calculates this amount based on management’s knowledge of donors and the likelihood of collection.

Property and Equipment – Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. The Organization capitalizes all property and equipment with a cost of \$2,500 and a useful life of more than one year. Depreciation is calculated using the straight-line method over estimated useful lives between 4 - 39 years. If donors stipulate the use of property and equipment, it is recorded as restricted.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017 and 2016

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Estimates – Preparation of the Organization's financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The management of Organization has performed an evaluation of subsequent events through March 20, 2018, and has considered any relevant matters in the preparation of the financial statements.

**NOTE 2: IN KIND DONATIONS**

During the year the Organization received donated services from various sources for its program. For the year ended September 30, 2017 and 2016, the amount of in-kind donations totaled \$129,724 and \$120,220, respectively. These amounts are recorded as contribution revenue and program expense in the financial statements.

A number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017 and 2016

**NOTE 3: LINE OF CREDIT**

The Organization has an unsecured line of credit in the amount of \$30,000. This line has no expiration date but may be withdrawn at the bank's option. The line carries an interest rate of 3.5% with monthly payments due on the unpaid principal and interest. The Organization did not use the line of credit during the years ended September 30, 2017 and 2016.

**NOTE 4: TRADED SERVICES**

Materials and personal services known as traded services are recorded at their estimated fair value at the date of receipt. For the years ended September 30, 2017 and 2016, total traded services income were \$68,944 and \$45,589, respectively.

**NOTE 5: TEMPORARILY RESTRICTED NET ASSETS**

The Organization's temporarily restricted net assets consist of pledges of cash related to the Organization's capital campaign as well as unspent grant funds. The temporarily restricted assets are to be used to upgrade the Organization's broadcasting equipment. The cash related to this capital campaign is also restricted.

**NOTE 6: NET ASSETS RELEASED FROM RESTRICTION**

During the years ended September 30, 2017 and 2016, temporarily restricted net assets of \$35 and \$3,181, respectively, were released from restriction due to the satisfaction of donor requirements.

**NOTE 7: COMMITMENTS**

**Facilities Lease Agreement**

The Organization entered into a lease agreement for office space with the Town of Crested Butte. The lease amount is \$1,000 per year. The original lease agreement expired at the end of 2009. During 2010 through July 2017 the office space has been leased on a month to month basis. On August 10, 2017, the Organization entered into a five year lease agreement with the Town of Crested Butte for its office space. Under the terms of the new agreement, the Organization is responsible for making annual lease payments ranging from \$1,000 to \$4,692. In addition, the agreement, the Organization is responsible for 47% of the combined utilities expenses each month.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017 and 2016

**NOTE 7:**     **COMMITMENTS** (Continued)

**Facilities Lease Agreement** (Continued)

For the years ended September 30, 2017 and 2016 the Organization paid \$1,000 and \$1,000 in rent expense, respectively. The Organization also paid \$12,399 and \$12,337, respectively, in utilities under the terms of the agreement.

**Site Lease Agreements**

The Organization entered into site lease agreements with the Gunnison County Metropolitan Recreation District (the "District"). Under the terms of the agreements, the Organization is leasing three sites for its broadcasting equipment and antennas.

The lease agreement for the W Mountain site expires on April 1, 2020. During the years ended September 30, 2017 and 2016, the Organization paid \$1,050 and \$1,000, respectively to the District under the terms of the agreement.

The lease agreement for the Comstock and Sunlight Ridge sites expires on August 14, 2019. Under the terms of the agreement, in lieu of payment, the Organization agreed to provide underwriting services to the District.

**NOTE 8:**     **CONCENTRATION OF SUPPORT**

Each year, the Organization receives support from the Corporation of Public Broadcasting (CPB). For the years ended September 30, 2017 and 2016, the support received from CPB represented 16% and 20%, respectively, of the Organization's total support, excluding in kind donations. The loss of this support would have a significant impact on the operations of the Organization.