

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

FINANCIAL STATEMENTS

September 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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

April 11, 2019

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF FINANCIAL POSITION
September 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents	\$ 219,801	\$ 253,077
Restricted Cash and Cash Equivalents	20,743	20,743
Accounts Receivable, net	<u>41,483</u>	<u>30,097</u>
Total Current Assets	<u>282,027</u>	<u>303,917</u>
Property and Equipment,		
Furniture and Equipment	376,445	378,776
Leasehold Improvements	117,624	117,624
Less: Accumulated Depreciation	<u>(411,419)</u>	<u>(412,190)</u>
Total Property and Equipment, Net	<u>82,650</u>	<u>84,210</u>
TOTAL ASSETS	<u><u>\$ 364,677</u></u>	<u><u>\$ 388,127</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 5,724	\$ 2,996
Accrued Expenses	4,515	6,520
Deferred Revenue	<u>18,812</u>	<u>23,780</u>
TOTAL LIABILITIES	<u>29,051</u>	<u>33,296</u>
NET ASSETS		
Unrestricted	314,883	334,088
Temporarily Restricted	<u>20,743</u>	<u>20,743</u>
Total Net Assets	<u>335,626</u>	<u>354,831</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 364,677</u></u>	<u><u>\$ 388,127</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, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants	\$ 115,213	\$ -	\$ 115,213
Non Profit and Foundation Grants	17,600	-	17,600
Pledges and Contributions	123,893	-	123,893
Underwriting	171,150	-	171,150
Fundraising	67,457	-	67,457
In-Kind Contributions	132,018	-	132,018
Trade Out Contributions	64,340	-	64,340
Miscellaneous	4,791	-	4,791
Net Assets Released from Restrictions	-	-	-
	<u>696,462</u>	<u>-</u>	<u>696,462</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
	<u>696,462</u>	<u>-</u>	<u>696,462</u>
EXPENSES			
Program Expenses			
Programming, Production, and Promotion	177,271	-	177,271
Broadcasting	59,400	-	59,400
Management and General	215,344	-	215,344
Fundraising and Membership Development	263,652	-	263,652
	<u>715,667</u>	<u>-</u>	<u>715,667</u>
TOTAL EXPENSES			
	<u>715,667</u>	<u>-</u>	<u>715,667</u>
CHANGE IN NET ASSETS	(19,205)	-	(19,205)
NET ASSETS, Beginning	<u>334,088</u>	<u>20,743</u>	<u>354,831</u>
NET ASSETS, Ending	<u>\$ 314,883</u>	<u>\$ 20,743</u>	<u>\$ 335,626</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>
REVENUES, GAINS AND OTHER SUPPORT			
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>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
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>
TOTAL EXPENSES			
CHANGE IN NET ASSETS	36,014	19,965	55,979
NET ASSETS, Beginning	<u>298,074</u>	<u>778</u>	<u>298,852</u>
NET ASSETS, Ending	<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 CASH FLOWS
Year Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (19,205)	\$ 55,979
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	11,195	16,451
Changes in Assets and Liabilities		
Accounts Receivable	(11,386)	(483)
Accounts Payable	2,728	(1,907)
Accrued Expenses	(2,005)	(4,614)
Deferred Revenue	<u>(4,968)</u>	<u>(3,629)</u>
Net Cash Provided (Used) by Operating Activities	<u>(23,641)</u>	<u>61,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(9,635)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	(33,276)	61,797
CASH, Beginning	<u>273,820</u>	<u>212,023</u>
CASH, Ending	<u>\$ 240,544</u>	<u>\$ 273,820</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, 2018

	Program Services			Support Services		Totals
	Programming, Production and Promotion	Broadcasting	Total	Management and General	Fundraising and Membership Development	
Traded Services	\$ 7,632	\$ 2,557	\$ 10,189	\$ 9,272	\$ 11,352	\$ 30,813
Depreciation	2,773	929	3,702	3,369	4,124	11,195
Miscellaneous	606	203	809	736	903	2,448
Bank Charges	1,381	463	1,844	1,678	2,055	5,577
Membership Expense	2,400	804	3,204	2,915	3,568	9,687
Fundraising Expense	15,110	5,063	20,173	18,355	22,474	61,002
Bingo/Raffle Expense	109	37	146	132	162	440
Wages	63,818	21,384	85,202	77,525	94,916	257,643
Payroll Taxes	5,026	1,684	6,710	6,105	7,475	20,290
Health Insurance	5,259	1,762	7,021	6,389	7,822	21,232
Continuing Education	285	95	380	346	424	1,150
Insurance	1,667	559	2,226	2,025	2,479	6,730
Programming Fees	12,368	4,144	16,512	15,024	18,394	49,930
Rent and Facilities Expense	754	253	1,007	915	1,120	3,042
Utilities	3,023	1,013	4,036	3,671	4,494	12,201
Telephone and Internet	4,980	1,669	6,649	6,050	7,406	20,105
Equipment Repair	6,414	2,149	8,563	7,791	9,540	25,894
Office Supplies and Expens	1,519	509	2,028	1,846	2,260	6,134
Computer Expense	1,300	436	1,736	1,580	1,933	5,249
Taxes and Licenses	105	34	139	126	153	418
Accounting	1,351	453	1,804	1,641	2,009	5,454
Postage	83	28	111	101	125	337
Advertising	2,433	815	3,248	2,956	3,619	9,823
Dues and Subscriptions	1,673	561	2,234	2,033	2,488	6,755
Travel and Entertainment	3,034	1,017	4,051	3,686	4,513	12,250
In Kind Services	32,168	10,779	42,947	39,077	47,844	129,868
	<u>\$ 177,271</u>	<u>\$ 59,400</u>	<u>\$ 236,671</u>	<u>\$ 215,344</u>	<u>\$ 263,652</u>	<u>\$ 715,667</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.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017.

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, 2018 and 2017, management has not recorded an allowance for uncollectible accounts..

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, 2018 and 2017

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 April 11, 2019 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, 2018 and 2017, the amount of in-kind donations totaled \$132,018 and \$129,724, 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, 2018 and 2017

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, 2018 and 2017.

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, 2018 and 2017, total traded services income were \$64,340 and \$68,944, 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, 2018 and 2017, temporarily restricted net assets of \$0 and \$35, 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, 2018 and 2017

NOTE 7: **COMMITMENTS** (Continued)

Facilities Lease Agreement (Continued)

For the years ended September 30, 2018 and 2017 the Organization paid \$1,000 and \$1,000 in rent expense, respectively. The Organization also paid \$12,201 and \$12,399, 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, 2018 and 2017, the Organization paid \$1,102 and \$1,050 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, 2018 and 2017, the support received from CPB represented 20% and 16%, 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.