

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

FINANCIAL STATEMENTS

September 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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

December 8, 2020

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF FINANCIAL POSITION
September 30, 2019 and 2018

ASSETS	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and Cash Equivalents	\$ 139,493	\$ 219,801
Restricted Cash and Cash Equivalents	20,743	20,743
Accounts Receivable, net	28,414	41,483
Prepaid Expenses	<u>16,392</u>	<u>-</u>
Total Current Assets	<u>205,042</u>	<u>282,027</u>
Property and Equipment,		
Furniture and Equipment	395,847	376,445
Leasehold Improvements	98,222	117,624
Less: Accumulated Depreciation	<u>(411,419)</u>	<u>(411,419)</u>
Total Property and Equipment, Net	<u>82,650</u>	<u>82,650</u>
TOTAL ASSETS	<u>\$ 287,692</u>	<u>\$ 364,677</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 5,733	\$ 5,724
Accrued Expenses	3,896	4,515
Deferred Revenue	<u>18,812</u>	<u>18,812</u>
TOTAL LIABILITIES	<u>28,441</u>	<u>29,051</u>
NET ASSETS		
Without Donor Restrictions	238,508	314,883
With Donor Restrictions	<u>20,743</u>	<u>20,743</u>
Total Net Assets	<u>259,251</u>	<u>335,626</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 287,692</u>	<u>\$ 364,677</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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants	\$ 121,056	\$ -	\$ 121,056
Non Profit and Foundation Grants	10,095	-	10,095
Pledges and Contributions	122,940	-	122,940
Underwriting	239,156	-	239,156
Fundraising	55,713	-	55,713
In-Kind Contributions	3,180	-	3,180
Miscellaneous	3,278	-	3,278
Net Assets Released from Restrictions	-	-	-
	<u>555,418</u>	<u>-</u>	<u>555,418</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
	555,418	-	555,418
EXPENSES			
Program Expenses			
Programming, Production, and Promotion	156,497	-	156,497
Broadcasting	52,439	-	52,439
Management and General	190,106	-	190,106
Fundraising and Membership Development	232,751	-	232,751
	<u>631,793</u>	<u>-</u>	<u>631,793</u>
TOTAL EXPENSES			
	631,793	-	631,793
CHANGE IN NET ASSETS	(76,375)	-	(76,375)
NET ASSETS, Beginning	<u>314,883</u>	<u>20,743</u>	<u>335,626</u>
NET ASSETS, Ending	<u>\$ 238,508</u>	<u>\$ 20,743</u>	<u>\$ 259,251</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

	Without Donor Restrictions	With Donor Restrictions	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 CASH FLOWS
Year Ended September 30, 2018 and 2017

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (76,375)	\$ (19,205)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	-	11,195
Changes in Assets and Liabilities		
Accounts Receivable	13,069	(11,386)
Prepaid Expenses	(16,392)	-
Accounts Payable	9	2,728
Accrued Expenses	(619)	(2,005)
Deferred Revenue	-	(4,968)
	<u>(80,308)</u>	<u>(23,641)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>-</u>	<u>(9,635)</u>
NET INCREASE (DECREASE) IN CASH	(80,308)	(33,276)
CASH, Beginning	<u>240,544</u>	<u>273,820</u>
CASH, Ending	<u>\$ 160,236</u>	<u>\$ 240,544</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, 2019

	Program Services			Support Services		Totals
	Programming, Production and Promotion	Broadcasting	Total	Management and General	Fundraising and Membership Development	
Traded Services	\$ 16,191	\$ 5,425	\$ 21,616	\$ 19,668	\$ 23,587	\$ 64,871
Depreciation	-	-	-	-	6,061	6,061
Miscellaneous	4,435	1,486	5,921	5,388	806	12,115
Bank Charges	1,363	457	1,820	1,655	2,438	5,913
Fundraising Expense	10,185	-	10,185	-	13,031	23,216
Bingo/Raffle Expense	-	3,413	3,413	12,373	636	16,422
Wages	71,063	23,812	94,875	86,325	78,049	259,248
Payroll Taxes	5,447	1,825	7,272	6,617	6,447	20,337
Health Insurance	8,198	2,747	10,945	9,958	5,451	26,353
Continuing Education	1,399	469	1,868	1,699	1,993	5,560
Insurance	1,745	585	2,330	2,120	2,883	7,333
Programming Fees	9,882	3,311	13,193	12,004	13,006	38,204
Rent and Facilities Expense	1,883	631	2,514	2,287	1,433	6,234
Utilities	3,037	1,018	4,055	3,690	4,568	12,312
Telephone and Internet	3,438	1,152	4,590	4,176	4,342	13,108
Equipment Repair	2,218	743	2,961	2,694	1,472	7,127
Office Supplies and Expens	1,277	428	1,705	1,551	1,221	4,477
Computer Expense	5,056	1,694	6,750	6,142	4,094	16,987
Accounting	2,998	-	2,998	-	2,834	5,832
Postage	-	1,004	1,004	3,641	70	4,715
Advertising	3,010	-	3,010	-	4,004	7,014
Dues and Subscriptions	1,998	1,009	3,007	3,657	3,049	9,713
Travel and Entertainment	1,674	670	2,344	2,427	3,486	8,257
	\$ 156,497	\$ 52,439	\$ 208,936	\$ 190,106	\$ 232,751	\$ 631,793

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.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019 and 2018

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 Presentation – The Organization’s financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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, 2019 and 2018, management has not recorded an allowance for uncollectible accounts..

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

CRESTED BUTTE MOUNTAIN
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

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.

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 net assets with restrictions. Support that is restricted by the donor is reported as net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

CRESTED BUTTE MOUNTAIN
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 598) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 2: AVAILABILITY AND LIQUIDITY

As of September 30, 2019, the Organization has a working capital of \$176,601 and average days (based on normal expenditures) cash on hand of 81.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 161,236	\$ 240,544
Accounts Receivable	<u>28,414</u>	<u>41,483</u>
Total financial assets	1,88,650	282,027
Net Assets with Donor Restrictions	20,743	20,743
Less net assets with purpose restrictions to be met within one year	<u>(20,743)</u>	<u>(20,743)</u>
Less amounts not available to be used within one year	-	-
Financial assets available to meet general expenditures over The next twelve months	<u>\$ 188,650</u>	<u>\$ 282,027</u>

CRESTED BUTTE MOUNTAIN
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 2: AVAILABILITY AND LIQUIDITY

The Organization does not have and board restricted funds as of September 30, 2019.

NOTE 3: IN KIND DONATIONS

During the year the Organization received donated services from various sources for its program. For the year ended September 30, 2019 and 2018, the amount of in-kind donations totaled \$3,180 and \$132,018, 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.

NOTE 4: 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, 2019 and 2018.

NOTE 5: 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, 2019 and 2018, total traded services income were \$0 and \$64,340, respectively.

NOTE 6: 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.

CRESTED BUTTE MOUNTAIN
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 7: NET ASSETS RELEASED FROM RESTRICTION

During the years ended September 30, 2019 and 2018, temporarily restricted net assets of \$0 and \$0, respectively, were released from restriction due to the satisfaction of donor requirements.

NOTE 8: 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.

For the years ended September 30, 2019 and 2018 the Organization paid \$1,000 and \$1,000 in rent expense, respectively. The Organization also paid \$12,312 and \$12,201, 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, 2019 and 2018, the Organization paid \$1,102 and \$1,102 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.

CRESTED BUTTE MOUNTAIN
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2019 and 2018

NOTE 9: CONCENTRATION OF SUPPORT

Each year, the Organization receives support from the Corporation of Public Broadcasting (CPB). For the years ended September 30, 2019 and 2018, the support received from CPB represented 22% 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.