

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

**FINANCIAL STATEMENTS**

**September 30, 2020 and 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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*

August 23, 2021

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

STATEMENT OF FINANCIAL POSITION  
September 30, 2020 and 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 254,377	\$ 139,493
Restricted Cash and Cash Equivalents	20,743	20,743
Accounts Receivable, net	44,406	28,414
Prepaid Expenses	-	16,392
Total Current Assets	<u>319,526</u>	<u>205,042</u>
<b>Property and Equipment,</b>		
Furniture and Equipment	395,847	395,847
Leasehold Improvements	98,222	98,222
Less: Accumulated Depreciation	<u>(422,614)</u>	<u>(411,419)</u>
Total Property and Equipment, Net	<u>71,455</u>	<u>82,650</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 390,981</u></u>	<u><u>\$ 287,692</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 7,256	\$ 5,733
Accrued Expenses	3,051	3,896
Deferred Revenue	18,812	18,812
PPP Loan Payable	<u>53,750</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>82,869</u>	<u>28,441</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	287,369	238,508
With Donor Restrictions	<u>20,743</u>	<u>20,743</u>
Total Net Assets	<u>308,112</u>	<u>259,251</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 390,981</u></u>	<u><u>\$ 287,692</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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Grants	\$ 228,789	\$ -	\$ 228,789
Non Profit and Foundation Grants	3,184	-	3,184
Pledges and Contributions	125,524	-	125,524
Underwriting	152,336	-	152,336
Fundraising	18,725	-	18,725
In-Kind Contributions	5,140	-	5,140
Trade Out Contributions	69,932	-	69,932
Miscellaneous	384	-	384
Net Assets Released from Restrictions	-	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>604,014</b>	<b>-</b>	<b>604,014</b>
<b>EXPENSES</b>			
Program Expenses			
Programming, Production, and Promotion	159,242	-	159,242
Broadcasting	48,349	-	48,349
Management and General	175,350	-	175,350
Fundraising and Membership Development	172,212	-	172,212
<b>TOTAL EXPENSES</b>	<b>555,153</b>	<b>-</b>	<b>555,153</b>
<b>CHANGE IN NET ASSETS</b>	<b>48,861</b>	<b>-</b>	<b>48,861</b>
<b>NET ASSETS, Beginning</b>	<b>238,508</b>	<b>20,743</b>	<b>259,251</b>
<b>NET ASSETS, Ending</b>	<b>\$ 287,369</b>	<b>\$ 20,743</b>	<b>\$ 308,112</b>

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
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
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	-	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<u>555,418</u>	<u>-</u>	<u>555,418</u>
<b>EXPENSES</b>			
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
<b>TOTAL EXPENSES</b>	<u>631,793</u>	<u>-</u>	<u>631,793</u>
<b>CHANGE IN NET ASSETS</b>	(76,375)	-	(76,375)
<b>NET ASSETS, Beginning</b>	<u>314,883</u>	<u>20,743</u>	<u>335,626</u>
<b>NET ASSETS, Ending</b>	<u><u>\$ 238,508</u></u>	<u><u>\$ 20,743</u></u>	<u><u>\$ 259,251</u></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, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 48,861	\$ (76,375)
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	(15,992)	13,069
Prepaid Expenses	16,392	(16,392)
Accounts Payable	1,523	9
Accrued Expenses	(845)	(619)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>61,134</u>	<u>(80,308)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loans	<u>53,750</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	114,884	(80,308)
<b>CASH, Beginning</b>	<u>160,236</u>	<u>240,544</u>
<b>CASH, Ending</b>	<u><u>\$ 275,120</u></u>	<u><u>\$ 160,236</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, 2020

	Program Services			Support Services			
	Programmin g Production and Promotion	Broadcastin g	Total	Managemen t and General	Fundraising and Membership Developmen t	Totals	
Traded Services	\$ 9,727	\$ 3,259	\$ 12,986	\$ 11,815	\$ 14,170	\$ 38,971	
Depreciation	2,773	929	3,702	3,369	4,124	11,195	
Miscellaneous	8,465	2,836	11,301	10,632	994	22,927	
Bank Charges	838	281	1,119	1,018	1,499	3,636	
Fundraising Expense	7,046	-	7,046	-	9,014	16,060	
Bingo/Raffle Expense	223	-	223	810	42	1,075	
Wages	74,339	24,910	99,249	90,305	81,647	271,201	
Payroll Taxes	5,566	1,865	7,431	6,762	6,588	20,781	
Health Insurance	8,776	2,940	11,716	10,660	5,835	28,211	
Insurance	1,927	646	2,573	2,341	3,184	8,098	
Programming Fees	10,877	3,945	14,822	13,213	14,316	42,351	
Rent and Facilities Expense	6,245	2,126	8,371	7,706	4,828	20,905	
Utilities	4,118	1,380	5,498	5,003	6,194	16,695	
Equipment Repair	3,643	1,221	4,864	4,425	2,418	11,707	
Office Supplies and Expense	3,350	1,122	4,472	4,069	3,203	11,744	
Computer Expense	512	172	684	622	415	1,721	
Accounting	2,401	-	2,401	-	2,269	4,670	
Advertising	6,995	-	6,995	-	9,304	16,299	
Dues and Subscriptions	1,421	717	2,138	2,600	2,168	6,906	
	<u>\$ 159,242</u>	<u>\$ 48,349</u>	<u>\$ 207,591</u>	<u>\$ 175,350</u>	<u>\$ 172,212</u>	<u>\$ 555,153</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		
	Programmin g Production and Promotion	Broadcastin g	Total	Managemen t and General	Fundraising and Membership Developmen t	Totals
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 Expense	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
	<u>\$ 156,497</u>	<u>\$ 52,439</u>	<u>\$ 208,936</u>	<u>\$ 190,106</u>	<u>\$ 232,751</u>	<u>\$ 631,793</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, 2020 and 2019

**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 financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** 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 CherryArts’ management and the 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 CherryArts or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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, 2020 and 2019, 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, 2020 and 2019

**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 use without restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor 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 or when a timed restriction expires. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019

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

Functional Allocation of Expenses – Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CherryArts.

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 August 23, 2021 and has considered any relevant matters in the preparation of the financial statements.

**NOTE 2: AVAILABILITY AND LIQUIDITY**

As of September 30, 2020, the Organization has a working capital of \$2,149,937, and average days (based on normal expenditures) cash on hand of 1,503.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 275,120	\$ 161,236
Accounts Receivable, Net	44,406	28,414
Total Financial Assets	<u>319,526</u>	<u>188,650</u>
Less amounts not available to be used within one year:		
Net Assets with Donor Restrictions	20,743	20,743
Less Donor Restricted Assets to be released within one year	-	(20,743)
Financial Assets available to meet general expenditures over the next twelve months	<u><u>\$ 298,783</u></u>	<u><u>\$ 188,605</u></u>

The Organization does not have any board restricted funds as of September 30, 2020.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 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, 2020 and 2019, the amount of in-kind donations totaled \$5,140 and \$3,180, 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, 2020 and 2019.

**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, 2020 and 2019, total traded services income were \$69,932 and \$0, 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.

**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.

CRESTED BUTTE MOUNTAIN  
EDUCATIONAL RADIO, INC.

NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2020 and 2019

**NOTE 7: COMMITMENTS** (Continued)

**Facilities Lease Agreement** (Continued)

For the years ended September 30, 2020 and 2019 the Organization paid \$1,000 and \$1,000 in rent expense, respectively. The Organization also paid \$10,701 and \$12,201, respectively, in utilities under the terms of the agreement.

For the years ended September 30, 2020 and 2019 the Organization paid \$1,000 and \$1,000 in rent expense, respectively. The Organization also paid \$10,701 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, 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, 2020 and 2019, the support received from CPB represented 22% and 2%, 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.