

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021 AND 2020

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Crested Butte Mountain Educational Radio, Inc., a not-for-profit (the "Foundation") which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, and cash flows for the year 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 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 audit 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 auditor considers 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, 2021, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information and Supplementary Information

The Organization's 2020 financial statements were audited by another firm, with a report date of August 23, 2021. In this report, it was stated that the financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2020, and the changes in net assets, functional expenses, and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States. The summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

McNurlin, Hitchcock & Associates, P.C.

McNurlin, Hitchcock & Associates, P.C.
August 8, 2022

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Statement of Financial Position

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 537,493	\$ 254,377
Restricted cash	14,553	20,743
Accounts receivable, net	24,766	44,406
Total Current Assets	<u>576,812</u>	<u>319,526</u>
OTHER ASSETS		
Furniture and equipment	395,847	395,847
Leasehold improvements	98,222	98,222
Less: accumulated depreciation	(433,809)	(422,614)
Total Other Assets	<u>60,260</u>	<u>71,455</u>
 TOTAL ASSETS	 <u><u>\$ 637,072</u></u>	 <u><u>\$ 390,981</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	\$ 21,859	\$ 10,307
PPP loan payable	53,750	53,750
Total Current Liabilities	<u>75,609</u>	<u>64,057</u>
NET ASSETS		
Without donor restrictions	546,910	306,181
With donor restrictions	14,553	20,743
Total Net Assets	<u>561,463</u>	<u>326,924</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 637,072</u></u>	 <u><u>\$ 390,981</u></u>

See accompanying notes to the financial statements and independent auditor's report.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Statement of Activities

For the year ended September 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Grants	\$ 341,042	\$ -	\$ 341,042
Pledges and contributions	138,369	-	138,369
Underwriting, cash	163,956	-	163,956
Underwriting, trade	79,372	-	79,372
Fundraising	59,388	-	59,388
In-Kind contributions	9,518	-	9,518
Interest income	33	-	33
PPP loan forgiveness	53,750	-	53,750
Miscellaneous	809	-	809
Net assets released from restrictions	6,190	(6,190)	-
Total Revenues	852,427	(6,190)	846,237
EXPENSES			
Program Services			
Programming, production, and promotion	184,340	-	184,340
Broadcasting	48,711	-	48,711
Management and general	176,115	-	176,115
Fundraising and membership development	202,531	-	202,531
Total Expenses	611,698	-	611,698
CHANGE IN NET ASSETS	240,729	(6,190)	234,539
NET ASSETS, Beginning of the year	306,181	20,743	326,924
NET ASSETS, End of the year	\$ 546,910	\$ 14,553	\$ 561,463

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.Statement of Activities
For the year ended September 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
REVENUES			
Grants	\$ 228,789	\$ -	\$ 228,789
Non profit and foundation grants	3,184	-	3,184
Pledges and contributions	125,524	-	125,524
Underwriting, cash	152,336	-	152,336
Underwriting, trade	69,932	-	69,932
Fundraising	18,725	-	18,725
In-Kind contributions	5,140	-	5,140
Miscellaneous	384	-	384
Net assets released from restrictions	-	-	-
Total Revenues	604,014	-	604,014
EXPENSES			
Program services			
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
Total Expenses	555,153	-	555,153
CHANGE IN NET ASSETS	48,861	-	48,861
NET ASSETS, Beginning of the year	257,320	20,743	278,063
NET ASSETS, End of the year	\$ 306,181	\$ 20,743	\$ 326,924

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.Statement of Functional Expenses
For the year ended September 30, 2021

	Program Services		Support Services		
	Programming Production and Promotion	Broadcasting	Management and General	Fundraising and Membership Development	Total
Accounting	\$ 2,437	\$ -	\$ -	\$ 2,303	\$ 4,740
Advertising	26,319	-	-	35,007	61,326
Bingo/Raffle	118	-	429	22	570
Computer	536	180	651	434	1,801
Credit card fees	742	249	902	1,328	3,221
Depreciation	2,773	929	3,369	4,124	11,195
Dues and subscriptions	1,676	846	3,066	2,557	8,145
Equipment repair	2,305	773	2,800	1,530	7,408
Fundraising	12,101	-	-	15,481	27,582
Health insurance	9,279	3,109	11,271	6,169	29,828
Insurance	2,032	681	2,469	3,358	8,541
Miscellaneous	8,840	2,962	11,103	1,038	23,942
Office supplies	770	258	935	736	2,700
Payroll taxes	6,093	2,042	7,402	7,212	22,748
Programming fees	12,688	4,602	15,413	16,699	49,401
Rent and facilities	7,030	2,393	8,674	5,435	23,532
Utilities	4,402	1,475	5,349	6,622	17,848
Wages	84,198	28,214	102,282	92,476	307,170
Total Expenses	<u>\$ 184,340</u>	<u>\$ 48,711</u>	<u>\$ 176,115</u>	<u>\$ 202,531</u>	<u>\$ 611,698</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.Statement of Functional Expenses
For the year ended September 30, 2020

	Program Services		Support Services		
	Programming Production and Promotion	Broadcasting	Management and General	Fundraising and Membership Development	Total
Accounting	\$ 2,401	\$ -	\$ -	\$ 2,269	\$ 4,670
Advertising	16,722	3,259	11,815	23,474	55,270
Bingo/Raffle	223	-	810	42	1,075
Computer	512	172	622	415	1,721
Credit card fees	838	281	1,018	1,499	3,636
Depreciation	2,773	929	3,369	4,124	11,195
Dues and subscriptions	1,421	717	2,600	2,168	6,906
Equipment repair	3,643	1,221	4,425	2,418	11,707
Fundraising	7,046	-	-	9,014	16,060
Health insurance	8,776	2,940	10,660	5,835	28,211
Insurance	1,927	646	2,341	3,184	8,098
Miscellaneous	8,465	2,836	10,632	994	22,927
Office supplies	3,350	1,122	4,069	3,203	11,744
Payroll taxes	5,566	1,865	6,762	6,588	20,781
Programming fees	10,877	3,945	13,213	14,316	42,351
Rent and facilities	6,245	2,126	7,706	4,828	20,905
Utilities	4,118	1,380	5,003	6,194	16,695
Wages	74,339	24,910	90,305	81,647	271,201
Total Expenses	<u>\$ 159,242</u>	<u>\$ 48,349</u>	<u>\$ 175,350</u>	<u>\$ 172,212</u>	<u>\$ 555,153</u>

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Statement of Cash Flows

For the year ended September 30, 2021 and 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 234,539	\$ 48,861
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,195	11,195
(Increase) decrease in assets		
Accounts receivable	19,640	(15,992)
Prepaid expenses	-	16,392
Increase (decrease) in liabilities		
Accounts payable and other accrued liabilities	11,552	678
NET CASH PROVIDED BY OPERATING ACTIVITIES	276,926	61,134
CASH FLOW FROM FINANCING ACTIVITIES:		
Forgiveness of PPP loan #1	(53,750)	-
Proceeds from PPP loan #2	53,750	53,750
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	53,750
NET INCREASE IN CASH AND CASH EQUIVALENTS	276,926	114,884
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	275,120	160,236
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 552,046	\$ 275,120
CASH PAID FOR INTEREST	\$ -	\$ -
CASH PAID FOR INCOME TAXES	\$ -	\$ -

See accompanying notes to the financial statements and independent auditors' report.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Notes to the Financial Statements

September 30, 2021 and 2020

NOTE 1 NATURE OF THE ORANIZATION

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 station 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.

NOTE 2 DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated subsequent events and transactions for potential required recognition or disclosure through the date on the audit report.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"). The financial statements of the Organization are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Organization follows the recommendation of the Financial Accounting Standards Board (FASB) standards of accounting and financial reporting for not-for-profit Organizations. Under Accounting Standards Codification 958 (ASC 958) Not-for-Profit Entities, the Organization is required to report information regarding its net assets, and revenues, expenses, gains, and losses based upon the existence and/or nature of any donor-imposed restrictions. Accordingly, the Organization reports net assets and activities using the following classes of net assets:

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.

Net assets with donor restrictions - Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

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.

Accounts Receivables, Net

Accounts receivable, net, consists primarily of amounts due for underwriting. During the year ended September 30, 2021, the Organization has written off \$3,130 worth of receivables to bad debt expense. No bad debt expense was recorded during the year ended September 30, 2020. The Organization expects all remaining accounts receivable to be collectible, and as such, no allowance for doubtful accounts has been recorded at September 30, 2021 and 2020.

See accompanying independent auditors' report

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Notes to the Financial Statements

September 30, 2021 and 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions, Support, and Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as donor restricted. When a restriction expires, the amount is reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated based on estimates.

Income Taxes

The Organization is a not-for-profit Organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and state income taxes under regulations in the State of Colorado. Therefore, the Organization is not subject to federal or state income taxes in connection with its exempt activities. In addition, the Organization is treated as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the years ended September 30, 2021 and 2020.

The standards on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended September 30, 2021 and 2020.

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.

See accompanying independent auditors' report

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Notes to the Financial Statements

September 30, 2021 and 2020

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Advertising Costs

Advertising costs are expensed as incurred. The Organization uses advertising to promote its programs and advertising costs are reported on the Statement of Functional Expenses as marketing.

NOTE 4 IN KIND DONATIONS

Donated services are recognized as contributions in accordance with accounting standards at their estimated fair value if the services (a) create or enhance the Organization's non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

The Organization received donated services from various sources for its programs. For the years ended September 30, 2021 and 2020, the amount of in-kind donations totaled \$9,518 and \$5,140, respectively. These amounts are recorded as contribution revenue and program expense in the financial statements.

The Organization estimates 84 volunteers contributed 4,410 hours of 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 5 AVAILABILITY AND LIQUIDITY

As of September 30, 2021 and 2020, the Organization has the following financial assets available for general expenditure within one year of the balance sheet date:

	2021	2020
Cash and cash equivalents	\$ 552,046	\$ 275,120
Accounts receivable, net	24,766	44,406
Total financial assets	576,812	319,526
Less amounts not available to be used within one year:		
Net assets with donor restrictions	14,553	20,743
Less donor restricted assets to be released within one year	-	-
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 562,259</u>	<u>\$ 298,783</u>

The Organization does not have any board restricted funds as of September 30, 2021 and 2020.

See accompanying independent auditors' report

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Notes to the Financial Statements

September 30, 2021 and 2020

NOTE 6 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 based on the Prime Rate plus 1.8% 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, 2021 and 2020.

NOTE 7 UNDERWRITING, TRADE

The Organization trades underwriting services to other entities for various goods and services. These trades are reported at their estimated fair value at the date of exchange as underwriting, trade, on the Statement of Activities, with corresponding expenses recorded into various expense accounts on the Statement of Functional Expenses when the goods and services are received. For the years ended September 30, 2021 and 2020, income from underwriting, trade, were \$79,372 and \$69,932, respectively. For the years ended September 30, 2021 and 2020, traded services expenses were \$81,298 and \$61,938, reported in various expense categories on the Statement of Function Expenses.

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.

For the years ended September 30, 2021 and 2020 the Organization paid \$1,000 and \$1,000 in rent expense, respectively. The Organization was also responsible for utilities expenses 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 December 31, 2025. During the years ended September 30, 2021 and 2020, the Organization covered costs of \$3,676 and \$3,940, respectively, under the terms of the agreement.

The lease agreement for the Comstock and Sunlight Ridge sites expires on December 31, 2025. Under the terms of the agreement the Organization agreed to provide underwriting services to the District as well as pay all electrical costs for the Sunlight Ridge broadcast facility totaling \$4,474 and \$4,529 for 2021 and 2020 respectively.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Notes to the Financial Statements

September 30, 2021 and 2020

NOTE 9 DONOR-RESTRICTED NET ASSETS AND NET ASSETS RELEASED FROM RESTRICTIONS

The Organization has donor restricted net assets from a capital campaign from 2017. The donor restricted assets are to be used to upgrade the Organization's broadcasting equipment, and as of September 30, 2021 and 2020, \$14,553 and \$20,743, respectively, remained donor restricted for this purpose. The cash related to this capital campaign is also restricted. During the year ended September 30, 2021 the Organization expended \$6,190 for broadcasting equipment upgrades and released this amount from donor restricted net assets. During the year ended September 30, 2020, no amounts were released from the donor restricted net assets.

NOTE 10 CONCENTRATION OF SUPPORT

Each year, the Organization receives support from the Corporation of Public Broadcasting (CPB). For the years ended September 30, 2021 and 2020, the support received from CPB represented 42% and 22%, respectively, of the Organization's total revenue. The loss of this support would have a significant impact on the operations of the Organization.

NOTE 11 COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation based on length of employment. A liability has been recorded as of September 30, 2021 and 2020 for compensated absences in the amounts of \$8,615 and \$-, respectively, and is included in accounts payable and other accruals on the Statement of Financial Position. The Organization recognizes the liability for compensated absences because the Organization's policy is that the employees accrue vacation time and unused vacation time is paid out upon termination or resignation. All vacation accrued per calendar year must be used by June 30 of the following year or the accrued vacation time is forfeited.

NOTE 12 PAYCHECK PROTECTION PROGRAM LOAN

On May 5, 2020, the Organization received loan proceeds from a bank in the amounts of \$53,750 with a 1% fixed annual interest rate, under the Paycheck Protection Program ("PPP"). On March 11, 2021, the Organization received a second loan from a bank, also in the amount of \$53,750, with a 1% fixed annual interest rate, from the second round of loans under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.

Under the terms of the PPP, the loans may be forgiven if they are used for qualifying expenses, as described in the CARES Act. As of September 30, 2020, the first loan had not been approved for loan forgiveness or legally released by the issuing bank, and as such, this loan was reported as PPP loan payable on the Statement of Financial Position. As of September 30, 2021, the first loan had been approved for loan forgiveness and is reported as PPP loan forgiveness on the Statement of Activities, while the second loan had not yet been approved for forgiveness and is reported on the Statement of Financial Position.

CRESTED BUTTE MOUNTAIN EDUCATIONAL RADIO, INC.

Notes to the Financial Statements

September 30, 2021 and 2020

NOTE 13 RESTATEMENT

The financial statements as of September 30, 2020, have been restated to write off the deferred revenue balance. The restatement resulted from a determination by the Organization that this deferred revenue should have been recognized into revenue several years ago. This restatement of the September 30, 2020 financial statements results in deferred revenue being reduced by \$18,812 and net assets without donor restrictions being increased by \$18,812.

See accompanying independent auditors' report