



Financial Statements

June 30, 2021

KRCC – FM Radio

A Public Telecommunications Entity

Operated by Colorado Public Radio

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Independent Auditor's Report

The Board of Directors
Colorado Public Radio and KRCC – FM Radio Station
Centennial, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of KRCC – FM Radio, a public telecommunications entity operated by Colorado Public Radio (the Station), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, 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 from 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 the Station as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
November 10, 2021

KRCC – FM Radio
Statement of Financial Position
June 30, 2021

Assets		
Cash	\$	528,701
Underwriting and other receivables		83,658
Member pledge receivables		292,280
Promises to give		131,946
Due from Colorado Public Radio, net		138,855
Prepaid expenses and other assets		5,000
Property and equipment, net		67,682
Total assets	\$	<u>1,248,122</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$	67,341
Deferred revenue		3,456
Refundable advances		11,857
Total liabilities		<u>82,654</u>
Net Assets		
Without donor restrictions		706,682
With donor restrictions		458,786
Total net assets		<u>1,165,468</u>
Total liabilities and net assets	\$	<u>1,248,122</u>

KRCC – FM Radio
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Individual support	\$ 1,069,772	\$ 458,786	\$ 1,528,558
Underwriting of programs	485,709	-	485,709
Vehicle donation support	84,025	-	84,025
Corporation for Public Broadcasting	704,729	-	704,729
Planned giving support	5,000	-	5,000
Contributed by Colorado College	236,601	-	236,601
Other income	2,220	-	2,220
Total revenue, support, and gains	<u>2,588,056</u>	<u>458,786</u>	<u>3,046,842</u>
Expenses			
Program services expense			
Programming and production	713,636	-	713,636
Broadcasting	345,560	-	345,560
Total program services expense, before depreciation	<u>1,059,196</u>	<u>-</u>	<u>1,059,196</u>
Supporting services expense			
Management and general	263,724	-	263,724
Underwriting and grant solicitation	241,468	-	241,468
Fundraising	167,959	-	167,959
Total supporting services expense, before depreciation	<u>673,151</u>	<u>-</u>	<u>673,151</u>
Total expenses, before depreciation	<u>1,732,347</u>	<u>-</u>	<u>1,732,347</u>
Change in Net Assets Before Depreciation	855,709	458,786	1,314,495
Depreciation	4,313	-	4,313
Change in Net Assets	851,396	458,786	1,310,182
Net Assets, Beginning of Year	(144,714)	-	(144,714)
Net Assets, End of Year	<u>\$ 706,682</u>	<u>\$ 458,786</u>	<u>\$ 1,165,468</u>

KRCC – FM Radio
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Supporting Services				
	Programming and Production	Broadcasting	Total Program Services	Management and General	Underwriting and Grant Solicitation	Fundraising	Total Supporting Services	Total Expenses
Salaries, taxes and benefits	\$ 473,065	\$ 174,727	\$ 647,792	\$ 203,818	\$ 174,727	\$ 116,455	\$ 495,000	\$ 1,142,792
Program materials	103,604	-	103,604	-	-	-	-	103,604
Professional services	27,317	10,242	37,559	11,948	10,242	6,827	29,017	66,576
Occupancy costs	-	103,065	103,065	-	-	-	-	103,065
Agency commissions	-	-	-	-	15,387	-	15,387	15,387
Postage and printing	6,212	2,329	8,541	2,717	2,329	1,552	6,598	15,139
Repairs and maintenance	31,761	11,909	43,670	13,892	11,909	7,938	33,739	77,409
Travel and training	1,585	594	2,179	693	594	396	1,683	3,862
Marketing	9,569	3,588	13,157	4,185	3,588	2,391	10,164	23,321
Dues and subscriptions	15,510	5,815	21,325	6,784	5,815	3,876	16,475	37,800
Telecommunications	14,585	5,469	20,054	6,379	5,469	3,645	15,493	35,547
Supplies	4,422	1,658	6,080	1,934	1,658	1,105	4,697	10,777
Bank fees	6,892	2,584	9,476	3,014	2,584	1,722	7,320	16,796
Computer expense	5,762	2,160	7,922	2,520	2,160	1,440	6,120	14,042
Donor recognition	-	-	-	-	-	17,275	17,275	17,275
Trade-Out Expense	222	83	305	97	83	55	235	540
Transmission expense	-	16,414	16,414	-	-	-	-	16,414
Insurance	840	315	1,155	368	315	210	893	2,048
Miscellaneous	12,290	4,608	16,898	5,375	4,608	3,072	13,055	29,953
Total expenses before depreciation	713,636	345,560	1,059,196	263,724	241,468	167,959	673,151	1,732,347
Depreciation	-	4,313	4,313	-	-	-	-	4,313
Total expenses by function	<u>\$ 713,636</u>	<u>\$ 349,873</u>	<u>\$ 1,063,509</u>	<u>\$ 263,724</u>	<u>\$ 241,468</u>	<u>\$ 167,959</u>	<u>\$ 673,151</u>	<u>\$ 1,736,660</u>

KRCC – FM Radio
Statement of Cash Flows
Year Ended June 30, 2021

Operating Activities	
Cash received from grants and public support	\$ 1,037,399
Cash received from underwriting of programs	437,880
Cash received from Corporation for Public Broadcasting	704,729
Other cash receipts	236,601
Cash paid for salaries, taxes and benefits	(1,313,766)
Cash paid to vendors	(523,361)
Net Cash from Operating Activities	<u>579,482</u>
Investing Activities	
Purchases of property and equipment	(55,094)
Net Cash (used for) Investing Activities	<u>(55,094)</u>
Net Change in Cash and Cash Equivalents	524,388
Cash, Beginning of Year	<u>-</u>
Cash, End of Year	<u><u>\$ 524,388</u></u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

KRCC – FM Radio (the Station) is a National Public Radio member station operated by Colorado Public Radio (CPR), previously operated by the licensee, The Colorado College (the College). In January 2020, the College entered into a public service agreement with CPR, effective February 1, 2020. CPR began operating the Station on behalf of the licensee for a period of ten years. The financial statements represent the operations of the Station. While CPR operates KRCC, the College still holds the FCC license and certain broadcast equipment.

Cash

All cash and highly liquid instruments with original maturities of three months or less are considered to be cash.

Receivables and Credit Policies

Underwriting and other receivables consist primarily of noninterest-bearing amounts due for underwriting of the Station's programs and from the sale of donated vehicles. The Station determines the allowance for uncollectable underwriting and other receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Underwriting and other receivables are written off when deemed uncollectable. No allowance for underwriting and other receivables is deemed necessary at June 30, 2021.

The beginning and ending balances for underwriting and other receivables, net for the years ended June 30, 2021 and 2020 are \$116,441 and \$35,829, respectively.

Member pledge receivables are promises to give that are typically collected within one year and are recorded at net realizable value based on historical collection rates. No allowance for uncollectable member pledge receivables is deemed necessary at June 30, 2021.

Promises to give

The Station records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. All promises to give of \$131,946 reported in the statement of financial position are due within the next year. No allowance for uncollectable promises to give or discount are deemed necessary at June 30, 2021.

Due from CPR

CPR provides cash for programming and support service activities while also collecting cash received from underwriting, memberships, and other revenue generating activities of the Station. The net of these transactions is reported as due from CPR on the statement of financial position.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which are seven years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Station reports conditional and unconditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The \$458,786 of donor restricted assets are subject to expenditure for construction costs related to the Southern Colorado Public Media Center.

Revenue and Revenue Recognition

Underwriting support of programs is recognized over time as the performance obligation is satisfied, which is measured as the applicable broadcasts occur. Underwriting support received in advance of broadcast is reported as deferred revenue.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and right of return, are not recognized until the conditions on which they depend have been substantially met. Grants are conditioned upon certain performance requirements and incurrence of allowable qualifying expenses. Cash received which includes both a barrier and right of return are presented as refundable advances on the statement of financial position.

Vehicle donations are managed by a third-party nonprofit contractor, with contribution revenue recorded as the vehicles are sold. Any amount due from the contractor but not yet received as of year-end is included in underwriting and other receivables in the statement of financial position.

Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, taxes, and benefits, professional services, postage and printing, repairs and maintenance, travel and training, marketing, dues and subscriptions, telecommunications, supplies, bank fees, computer expense, trade-out expense, insurance, and miscellaneous, which are based on an allocation of full time equivalents between departments and programs.

Income Taxes

The Station is operated by CPR. CPR is organized as a Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. CPR would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Station to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash accounts with financial institutions that the Station believes to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from corporations, foundations and individuals supportive of the Station's mission.

Subsequent Events

Subsequent events have been evaluated through November 10, 2021, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, are comprised of the following:

Cash	\$ 528,701
Underwriting and other receivables	83,658
Member pledge receivables	292,280
Promises to give	131,946
	<u>\$ 1,036,585</u>

The Station operates on a balanced budget, and regularly monitor liquidity to meet the Station’s operating needs and other contractual commitments while also striving to maximize the investment of the Station’s available funds.

Note 3 - Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Broadcast equipment	\$ 219,401
Studio and programming equipment	31,480
Construction in progress (not depreciated)	55,094
	<u>305,975</u>
Less accumulated depreciation	(238,293)
	<u><u>\$ 67,682</u></u>

Note 4 - Leases

The Station has operating leases for the use of translators that expire at various dates through 2040. Rent expense for the year ended June 30, 2021 totaled \$103,065. Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 91,268
2023	94,876
2024	97,930
2025	101,245
2026	102,567
Thereafter	106,940
	<u><u>\$ 594,826</u></u>

Note 5 - Employee Benefits

CPR sponsors a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees, which Station employees participate in. Eligible employees may contribute a portion of their gross salaries to the 403(b) Plan up to the maximum amount established by the IRS. Employer contributions are calculated at 100% of the employee’s contribution up to a maximum of 5% of the employee’s annual compensation. During the year ended June 30, 2021 the Station made contributions to the Plan totaling \$36,863.

Note 6 - Related Party Transactions

During the year ended June 30, 2021, the Station received contributions from the College totaling \$236,601. The Station also had an outstanding receivable from CPR totaling \$138,855 and a payable to Colorado College totaling \$23,351, which is reported within accounts payable and accrued expenses on the statement of financial position.