



Financial Statements
June 30, 2022 and 2021

KRCC – FM Radio

A Public Telecommunications Entity

Operated by Colorado Public Radio

(with comparative totals for 2021)

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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 Audit of the Financial Statements

Opinion

We have audited the financial statements of KRCC – FM Radio Station (KRCC), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of KRCC – FM Radio Station as of June 30, 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KRCC – FM Radio Station and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note 6 to the financial statements, certain errors resulting in overstatement of amounts previously reported for construction in process and due from Colorado Public Radio, net as of June 30, 2021, were corrected by management of KRCC during the current year. Accordingly, amounts reported have been restated in the financial statements now presented to correct the error. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited KRCC – FM Radio Station’s 2021 financial statements , and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects with the exception of the correction of error identified in the preceding paragraph, with the audited financial statements from which it has been derived.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KRCC’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 KRCC’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KRCC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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

Denver, Colorado
October 25, 2022

KRCC – FM Radio
Statement of Financial Position
June 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u> (Restated)
Assets		
Cash	\$ 17,384	\$ 528,701
Underwriting and other receivables	72,387	83,658
Member pledge receivables	364,778	292,280
Promises to give	-	131,946
Due from Colorado Public Radio, net	971,234	193,949
Prepaid expenses and other assets	4,392	5,000
Property and equipment, net	<u>8,275</u>	<u>12,588</u>
Total assets	<u><u>\$ 1,438,450</u></u>	<u><u>\$ 1,248,122</u></u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 51,578	\$ 67,341
Deferred revenue	24,348	3,456
Refundable advances	<u>-</u>	<u>11,857</u>
Total liabilities	<u>75,926</u>	<u>82,654</u>
Net Assets		
Without donor restrictions	1,362,524	706,682
With donor restrictions	<u>-</u>	<u>458,786</u>
Total net assets	<u>1,362,524</u>	<u>1,165,468</u>
Total liabilities and net assets	<u><u>\$ 1,438,450</u></u>	<u><u>\$ 1,248,122</u></u>

KRCC – FM Radio
Statement of Activities
Year Ended June 30, 2022
(with comparative totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Support, and Gains				
Individual support	\$ 974,295	\$ -	\$ 974,295	\$ 1,528,558
Underwriting of programs	696,720	-	696,720	485,709
Vehicle donation support	118,953	-	118,953	84,025
Corporation for Public Broadcasting	162,767	-	162,767	704,729
Planned giving support	-	-	-	5,000
Contributed by Colorado College	-	-	-	236,601
Other income	21,931	-	21,931	2,220
Net assets released from restrictions	458,786	(458,786)	-	-
Total revenue, support, and gains	2,433,452	(458,786)	1,974,666	3,046,842
Expenses				
Program services expense				
Programming and production	854,875	-	854,875	713,636
Broadcasting	492,934	-	492,934	345,560
Total program services expense, before depreciation	1,347,809	-	1,347,809	1,059,196
Supporting services expense				
Management and general	34,414	-	34,414	268,037
Underwriting and grant solicitation	249,034	-	249,034	241,468
Fundraising	146,353	-	146,353	167,959
Total supporting services expense	429,801	-	429,801	677,464
Total expenses	1,777,610	-	1,777,610	1,736,660
Change in Net Assets	655,842	(458,786)	197,056	1,310,182
Net Assets, Beginning of Year	706,682	458,786	1,165,468	(144,714)
Net Assets, End of Year	\$ 1,362,524	\$ -	\$ 1,362,524	\$ 1,165,468

KRCC – FM Radio
Statement of Functional Expenses
Year Ended June 30, 2022
(with comparative totals for 2021)

	2022								
	Program Services			Supporting Services					
	Programming and Production	Broadcasting	Total Program Services	Management and General	Underwriting and Grant Solicitation	Fundraising	Total Supporting Services	Total Expenses	2021 Total Expenses
Salaries, taxes and benefits	\$ 444,481	\$ 163,279	\$ 607,760	\$ 27,213	\$ 163,279	\$ 108,853	\$ 299,345	\$ 907,105	\$ 1,142,792
Program materials	306,394	-	306,394	-	-	-	-	306,394	103,604
Professional services	10,844	3,984	14,828	664	3,984	2,656	7,304	22,132	66,576
Occupancy costs	45	291,448	291,493	3	16	11	30	291,523	107,378
Agency commissions	-	-	-	-	47,532	-	47,532	47,532	15,387
Postage and printing	8,310	3,053	11,363	509	3,053	2,035	5,597	16,960	15,139
Repairs and maintenance	34,312	12,623	46,935	2,154	12,623	8,416	23,193	70,128	77,409
Travel and training	4,381	1,609	5,990	268	1,609	1,073	2,950	8,940	3,862
Marketing	241	89	330	15	89	59	163	493	23,321
Dues and subscriptions	4,878	1,792	6,670	299	1,792	1,195	3,286	9,956	37,800
Telecommunications	14,973	5,500	20,473	917	5,500	3,667	10,084	30,557	35,547
Supplies	6,705	2,463	9,168	410	2,463	1,642	4,515	13,683	10,777
Bank fees	13,987	5,138	19,125	856	5,138	3,425	9,419	28,544	16,796
Computer expense	2,346	862	3,208	144	862	575	1,581	4,789	14,042
Donor recognition	-	-	-	-	-	12,017	12,017	12,017	17,275
Trade-Out Expense	2,978	1,094	4,072	182	1,094	729	2,005	6,077	540
Transmission expense	-	-	-	-	-	-	-	-	16,414
Insurance	-	-	-	-	-	-	-	-	2,048
Miscellaneous	-	-	-	780	-	-	780	780	29,953
Total expenses by function	<u>\$ 854,875</u>	<u>\$ 492,934</u>	<u>\$ 1,347,809</u>	<u>\$ 34,414</u>	<u>\$ 249,034</u>	<u>\$ 146,353</u>	<u>\$ 429,801</u>	<u>\$ 1,777,610</u>	<u>\$ 1,736,660</u>

KRCC – FM Radio
Statement of Cash Flows
Year Ended June 30, 2022
(with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
		(Restated)
Operating Activities		
Cash received from grants and public support	\$ 406,377	\$ 1,037,399
Cash received from underwriting of programs	707,991	437,880
Cash received from Corporation for Public Broadcasting	162,767	704,729
Other cash receipts	-	236,601
Cash paid for salaries, taxes and benefits	(922,868)	(1,313,766)
Cash paid to vendors	<u>(865,584)</u>	<u>(574,142)</u>
Net Cash from Operating Activities	<u>(511,317)</u>	<u>528,701</u>
Net Change in Cash and Cash Equivalents	(511,317)	528,701
Cash, Beginning of Year	<u>528,701</u>	<u>-</u>
Cash, End of Year	<u><u>\$ 17,384</u></u>	<u><u>\$ 528,701</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

Cash and cash equivalents consists of deposits held and financial institutions of highly liquid investments with an original maturity of three months or less.

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 uncollectible 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 uncollectible. No allowance for underwriting and other receivables is deemed necessary at June 30, 2022.

The beginning and ending balances for underwriting and other receivables, net for the years ended June 30, 2022 and 2021 are \$72,387 and \$83,658, 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 uncollectible member pledge receivables is deemed necessary at June 30, 2022.

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 uncollectible 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 uncollectible. There were no promises to give as of June 30, 2022. No allowance for uncollectible promises to give or discount are deemed necessary at June 30, 2022.

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, 2022.

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.

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 through the year ended June 30, 2021 were released from restrictions as a result of expenditures incurred for construction costs related to the Southern Colorado Public Media Center through the year ended June 30, 2022.

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. No significant contributions of such goods or services were received during the years ended June 30, 2022, respectively.

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 October 25, 2022, 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	\$ 17,384
Underwriting and other receivables	72,387
Member pledge receivables	364,778
Due from Colorado Public Radio, net	<u>971,234</u>
	<u><u>\$ 1,425,783</u></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, 2022:

Broadcast equipment	\$ 219,401
Studio and programming equipment	<u>31,480</u>
	250,881
Less accumulated depreciation	<u>(242,606)</u>
	<u><u>\$ 8,275</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, 2022 totaled \$128,121. Future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	
2023	\$ 112,189
2024	116,874
2025	103,090
2026	107,976
2027	105,551
Thereafter	<u>171,892</u>
	<u><u>\$ 717,572</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, 2022, the Station made contributions to the Plan totaling \$30,643, respectively.

Note 6 - Restatement

During the year ended June 30, 2022, a material error was identified affecting the previously issued financial statements totaling \$55,094. Construction in process assets related to the SCPMC were assets of CPR rather than the Station. There was no change on the previously reported net assets or change in net assets of The Station as a result of the restatement.

The effect of the restatement to previously issued financial statements as of June 30, 2021 are as follows:

	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Assets			
CIP	\$ 55,094	(55,094)	\$ -
Due from Colorado Public Radio, net	<u>138,855</u>	<u>55,094</u>	<u>193,949</u>
Total Assets	<u><u>\$ 1,248,122</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,248,122</u></u>