Financial Statements
June 30, 2015

Public Broadcasting of Colorado, Inc. DBA Colorado Public Radio

(with comparative totals for 2014)

Independent Auditor's Report

Board of Directors
Public Broadcasting of Colorado, Inc.
DBA Colorado Public Radio
Centennial, Colorado

Report on the Financial Statements
We have audited the accompanying financial statements of Public Broadcasting of Colorado, Inc. DBA Colorado Public Radio (CPR), which comprise the statement of financial position as of June 30, 2015, 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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CPR as of June 30, 2015, 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.

Change in Accounting Principle
As discussed in Note 2 to the financial statements, CPR has changed its accounting policy for accounting for debt issuance costs by adopting the provisions of FASB Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*. Accordingly the financial statements as of and for the year ended June 30, 2014 have been restated to adopt this update. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information
The 2014 financial statements of CPR were audited by other auditors, whose report dated November 11, 2014, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Greenwood Village, Colorado
October 28, 2015

Statement of Financial Position
June 30, 2015
(with comparative totals for 2014)

	2015	2014 (restated)
Assets		
Cash and cash equivalents	$ 1,126,377	$ 1,218,774
Investments	7,418,522	6,698,087
Underwriting and other receivables, net	623,978	579,579
Member pledges receivable, net	1,838,040	1,677,445
Prepaid expenses and other assets	199,268	139,131
Board designated investments	2,231,668	2,381,702
Property and equipment, net	6,720,227	6,521,687
Broadcast licenses	18,748,804	12,998,795
Investment in joint venture	118,119	125,506
Total assets	$ 39,025,003	$ 32,340,706
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 685,687	$ 911,033
Deferred revenue	133,830	206,625
Refundable advances	183,398	195,064
Note payable	100,000	-
Bonds payable, net of debt issuance costs	15,915,883	10,878,582
Total liabilities	17,018,798	12,191,304
Net Assets		
Unrestricted		
Undesignated	10,305,465	9,109,876
Invested in property, equipment and broadcast licenses, net of related debt	9,453,148	8,641,900
Board designated	2,231,668	2,381,702
Total unrestricted net assets	21,990,281	20,133,478
Permanently restricted	15,924	15,924
Total net assets	22,006,205	20,149,402
Total liabilities and net assets	$ 39,025,003	$ 32,340,706

Statement of Activities
Year Ended June 30, 2015
(with comparative totals for 2014)

	2015			
	Unrestricted	Permanently Restricted	Total	2014
Revenue, support and gains				
Subscriptions and individual support	$ 8,228,475	$ -	$ 8,228,475	$ 7,646,590
Planned gifts	65,977	-	65,977	120,742
News funding	311,266	-	311,266	347,716
Underwriting	4,289,719	-	4,289,719	4,545,831
Vehicle donation program	1,449,837	-	1,449,837	1,179,047
Corporation for Public Broadcasting	892,494	-	892,494	798,585
In-kind donations	205,435	-	205,435	240,792
Net investment return	6,635	-	6,635	686,580
Loss from joint venture	(9,887)	-	(9,887)	(8,488)
Other income	126,138	-	126,138	125,713
Total revenue, support and gains	15,566,089	-	15,566,089	15,683,108
Expenses				
Program services expense				
Programming and production	6,994,027	-	6,994,027	6,870,003
Broadcasting	1,694,062	-	1,694,062	1,797,592
Total program services expense, exclusive of depreciation	8,688,089	-	8,688,089	8,667,595
Supporting services expense				
Management and general	835,052	-	835,052	749,159
Underwriting and grant solicitation	1,499,896	-	1,499,896	1,502,864
Fundraising	2,056,424	-	2,056,424	1,870,785
Total supporting services expense, exclusive of depreciation	4,391,372	-	4,391,372	4,122,808
Total expenses, exclusive of depreciation	13,079,461	-	13,079,461	12,790,403
Operations before depreciation	2,486,628	-	2,486,628	2,892,705
Depreciation	629,825	-	629,825	549,803
Change in Net Assets	1,856,803	-	1,856,803	2,342,902
Net Assets, Beginning of Year	20,133,478	15,924	-	17,806,500
Net Assets, End of Year	$ 21,990,281	$ 15,924	$ 22,006,205	$ 20,149,402

Public Broadcasting of Colorado, Inc.
DBA Colorado Public Radio
Statement of Functional Expenses
Year Ended June 30, 2015
(with comparative totals for 2014)

	2015								
	Program Services			Supporting Services					
	Programming and Production	Broadcasting	Total Program Services	Management and General	Underwriting and Grant Solicitation	Fundraising	Total Supporting Services	Total Expenses	2014
Salaries, taxes and benefits	$ 4,516,374	$ 919,650	$ 5,436,024	$ 592,515	$ 885,746	$ 1,066,578	$ 2,544,839	$ 7,980,863	$ 7,406,508
Occupancy costs	155,745	404,395	560,140	28,827	28,394	34,190	91,411	651,551	580,987
Program materials	1,177,882	8,683	1,186,565	-	-	-	-	1,186,565	1,354,042
Supplies	51,667	35,371	87,038	4,694	4,247	27,742	36,683	123,721	120,448
Computer expense	2,291	54,082	56,373	-	-	-	-	56,373	48,924
Donor recognition	2,725	-	2,725	-	5,300	121,493	126,793	129,518	150,445
Postage and printing	18,834	2,336	21,170	561	1,865	348,462	350,888	372,058	350,967
Dues and subscriptions	19,839	3,325	23,164	9,281	12,209	50,192	71,682	94,846	68,934
Telecommunications	86,381	13,434	99,815	10,059	13,222	15,902	39,183	138,998	131,878
Transmission expense	-	61,936	61,936	-	-	-	-	61,936	65,436
Professional services	170,111	35,304	205,415	140,060	6,446	238,046	384,552	589,967	737,068
Marketing	71,795	-	71,795	-	-	-	-	71,795	-
Audience research	201,246	-	201,246	-	-	-	-	201,246	158,695
Travel and training	79,839	31,666	111,505	16,106	21,384	36,699	74,189	185,694	194,072
Repairs and maintenance	3,306	116,525	119,831	4,507	21,444	16,860	42,811	162,642	128,670
Insurance	33,033	5,114	38,147	4,587	6,022	7,252	17,861	56,008	64,536
Interest and bond expense	377,659	-	377,659	1,219	-	-	1,219	378,878	361,678
Bank fees	-	-	-	60,665	-	91,442	152,107	152,107	151,514
Agency commissions	-	-	-	-	485,042	-	485,042	485,042	498,888
Trade-out expense	-	-	-	-	-	-	-	-	240,792
Taxes	995	154	1,149	138	181	219	538	1,687	-
Depreciation	161,508	425,550	587,058	9,888	14,917	17,962	42,767	629,825	549,803
Miscellaneous	24,305	2,087	26,392	5,437	8,394	1,347	15,178	41,570	17,515
Total expenses by function	7,155,535	2,119,612	9,275,147	888,544	1,514,813	2,074,386	4,477,743	13,752,890	13,381,800
Less expenses included with revenues on the statement of activities									
Investment management fees	-	-	-	(43,604)	-	-	(43,604)	(43,604)	(41,594)
Less depreciation	(161,508)	(425,550)	(587,058)	(9,888)	(14,917)	(17,962)	(42,767)	(629,825)	(549,803)
Total expenses included in the expense section on the statement of activities	$ 6,994,027	$ 1,694,062	$ 8,688,089	$ 835,052	$ 1,499,896	$ 2,056,424	$ 4,391,372	$ 13,079,461	$ 12,790,403

	2015	2014 (restated)
Cash Flows from Operating Activities		
Change in net assets	$ 1,856,803	$ 2,342,902
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	629,825	549,803
Interest expense attributable to amortization of debt issuance costs	14,452	13,170
Realized and unrealized (gains) losses on investments	215,000	(457,359)
(Gain) loss on disposal of property and equipment	3,355	(3,246)
Loss from joint venture	9,887	8,488
Changes in operating assets and liabilities		
Underwriting and other receivables	(44,399)	(75,578)
Member pledges receivable	(160,595)	(120,489)
Prepaid expenses and other assets	(60,137)	4,905
Broadcast licenses	(5,750,009)	(9,000)
Accounts payable and accrued liabilities	(225,346)	317,582
Deferred revenue	(72,795)	(443,350)
Refundable advances	(11,666)	195,064
Net Cash from (used for) Operating Activities	(3,595,625)	2,322,892
Cash Flows from Investing Activities		
Purchases of investments	(3,341,640)	(5,172,550)
Proceeds from sales of investments	2,556,239	4,286,947
Purchases of property and equipment	(831,720)	(885,503)
Proceeds from sale of property and equipment	-	3,246
Additional investment in joint venture	(2,500)	-
Net Cash from (used for) Investing Activities	(1,619,621)	(1,767,860)
Cash Flows from Financing Activities		
Proceeds from issuance of bonds payable	5,750,000	-
Proceeds from issuance of note payable	100,000	-
Payment of debt issuance costs	(222,515)	-
Principal payments on bonds payable	(504,636)	(455,237)
Net Cash from (used for) Financing Activities	5,122,849	(455,237)
Net Change in Cash and Cash Equivalents	(92,397)	99,795
Cash and Cash Equivalents, Beginning of Year	1,218,774	1,118,979
Cash and Cash Equivalents, End of Year	$ 1,126,377	$ 1,218,774
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 363,875	$ 348,508

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Public Broadcasting of Colorado, Inc. DBA Colorado Public Radio (CPR, we, us, our) is a Colorado nonprofit organization established to enrich the Colorado community by providing in-depth news, information and music for people who want to be informed, enlightened and entertained. CPR programming is heard across the State on a series of stations and translators, and all programming is streamed on the internet. Over 90% of CPR's funding comes from communities, listeners, businesses, and foundations.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, or held in our long-term investment portfolio, to be cash and cash equivalents.

Receivables and Credit Policies

Underwriting and other receivables consist primarily of noninterest-bearing amounts due for underwriting of our programs and from sales of donated vehicles. We determine the allowance for uncollectable underwriting and other receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At both June 30, 2015 and 2014, the allowance was $20,795.

Member pledges receivable 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 is deemed necessary at June 30, 2015 and 2014.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Equity Investment in Joint Venture

We own an interest in Sunlight Peak, LLC, a Colorado limited liability company and hold one-third of the voting rights (Note 8). Since we do not have a controlling interest in the limited liability entity, and the entity does not have a readily determinable fair value, accounting standards allow us to report such investment using the equity method of accounting without jeopardizing the election to use fair value reporting for all other investments.

Property and Equipment

We record property and equipment additions over $1,000 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 ranging from three to thirty 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.

We review the carrying values of property and equipment 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 years ended June 30, 2015 and 2014.

Broadcast Licenses

From time to time we acquire broadcast licenses from other entities with approval from the Federal Communications Commission (FCC). Costs directly associated with the acquisition of the broadcast licenses have been capitalized. As the licenses are considered to have an indefinite useful life due to expected future cash flows, the licenses are not amortized. We evaluate the licenses for impairment on the overall portfolio and not as individual licenses as we believe the geographic saturation coverage experienced as a portfolio enhances the value of all licenses. An impairment loss would be recorded in the statement of activities should the carrying value of the broadcast license portfolio exceed the fair value of such portfolio. There were no indicators of impairment during the years ended June 30, 2015 and 2014.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for funding projects that generate new revenue.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by our Board of Directors.

We report contributions restricted by donors as increases in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

There are no temporarily restricted net assets at June 30, 2015 and 2014.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. We are supported primarily through individual pledges and program underwriting from businesses and community organizations. Underwriting support is recognized as revenue when broadcast. Underwriting support received in advance 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 are not recognized until the conditions on which they depend have been substantially met. Advance payments on conditional promises to give are recorded as refundable advances in the statement of financial position until the conditions are met.

Vehicles 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 paid at the end of the reporting period is included in underwriting and other receivables in the statement of financial position.

Donated Services and In-kind Contributions

We record donated professional services at the respective fair values of the services received. The financial statements do not reflect the value of any volunteer services as they do not meet the recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

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.

Income Taxes

Public Broadcasting of Colorado, Inc. DBA Colorado Public Radio 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 under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, we are subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes, and we have filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We believe that we have adequate support for any tax positions taken affecting our annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. We 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. Our Forms 990-T are no longer subject to tax examinations for tax years before 2011.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us 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

We manage deposit concentration risk by placing cash and money market accounts with financial institutions that we believe to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with receivables 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 our mission. Investments are made by investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Note 2 - Change in Accounting Policy

As of July 1, 2014, we adopted the provisions of Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* This update requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct reduction from the carrying amount of that debt liability. Adoption of this accounting standard update requires retroactive application by restating the financial statements of all prior periods presented. The implementation resulted in the decrease of assets and bonds payable of $225,711 as of June 30, 2014, and an increase in interest expense and a decrease in amortization expense of $13,170 for the year ended June 30, 2014.

Note 3 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 2, we adopted the provisions of Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, as of July 1, 2014. Following is a summary of the effects of the change in accounting policy in our June 30, 2014 financial statements.

Statement of Financial Position	As Previously Reported	Change in Accounting Principle	As Restated
As of June 30, 2014			
Prepaid expenses and other assets	$ 364,842	$ (225,711)	$ 139,131
Total Assets	32,566,417	(225,711)	32,340,706
Bonds payable, net of debt issuance costs	11,104,293	(225,711)	10,878,582
Total Liabilities	12,417,015	(225,711)	12,191,304
Statement of Cash Flows			
Year ended June 30, 2014			
Interest expense attributable to amortization of debt issuance costs	$ -	$ 13,170	$ 13,170
Amortization of debt issuance costs	13,170	(13,170)	-

Note 4 - Fair Value Measurements and Disclosures

We report certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

Our investment assets are classified within Level 1 because they are comprised of open-end mutual funds and exchange traded funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2015:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds (at cost)	$ 110,903	$ -	$ -	$ -
Equity mutual funds	4,982,002	4,982,002	-	-
Debt mutual funds	4,406,013	4,406,013	-	-
Exchange traded funds	151,272	151,272	-	-
	$ 9,650,190	$ 9,539,287	$ -	$ -
Allocation of pooled investment portfolio:				
Investments	7,418,522			
Board designated investments	2,231,668			
	$ 9,650,190			

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2014:

		Fair Value Measurements at Report Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Money market funds (at cost)	$ 211,713	$ -	$ -	$ -
Equity mutual funds	3,964,046	3,964,046	-	-
Debt mutual funds	4,423,110	4,423,110	-	-
Exchange traded funds	480,920	480,920	-	-
	$ 9,079,789	$ 8,868,076	$ -	$ -
Allocation of pooled investment portfolio:				
Investments	6,698,087			
Board designated investments	2,381,702			
	$ 9,079,789			

Fair Value of Financial Instruments Not Required To Be Reported at Fair Value

The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued liabilities, deferred revenue, refundable advances, and note payable approximate fair value due to the short-term nature of the items, and are considered to fall within Level 1 of the fair value hierarchy. The fair values of bonds payable are based on estimates provided by the bond remarketing agent as of June 30, 2015 and 2014 and totaled $15,915,883 and $10,878,582, respectively, on those dates, as reduced by debt issuance costs. These estimates are considered to fall within Level 2 of the fair value hierarchy.

Note 5 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2015 and 2014:

	2015	2014
Interest and dividends	$ 265,238	$ 270,815
Net realized and unrealized gains (losses)	(214,999)	457,359
Investment management and custodial fees	(43,604)	(41,594)
	$ 6,635	$ 686,580

Note 6 - Property and Equipment

Property and equipment consists of the following at June 30, 2015 and 2014:

	2015	2014
Land	$ 1,598,741	$ 1,598,741
Building and improvements	3,157,844	2,683,150
Broadcasting equipment	6,224,012	5,975,246
Furniture, fixtures, and office equipment	2,134,893	1,623,062
Construction in progress	155,922	595,319
	13,271,412	12,475,518
Less accumulated depreciation	(6,551,185)	(5,953,831)
	$ 6,720,227	$ 6,521,687

Note 7 - Broadcast Licenses

The asset carrying value of broadcast licenses as of June 30, 2015 and 2014 totaled $18,748,804 and $12,998,795, respectively, and represents the book value of licenses purchased. Many of CPR's broadcast licenses were assigned directly by the FCC rather than purchased and therefore carry no book value.

All licenses are valued annually by a third party specialist and the estimated fair value of all licenses was $32,743,000 and $28,214,000, respectively, at June 30, 2015 and 2014. As described in Note 1, we evaluate our broadcast license portfolio on the overall portfolio and not as individual licenses as we believe the geographic saturation provided by the portfolio as a whole enhances the value of all licenses.

Note 8 - Investment in Joint Venture

CPR is a member of a nonprofit limited liability company, Sunlight Peak, LLC, whose purpose is to develop and operate, on behalf of the Members, a broadcast transmission facility on Sunlight Peak. Each Member has a one-third interest in the facility. The following is financial information for Sunlight Peak, LLC, as of and for the years ended June 30, 2015 and 2014:

	2015 (unaudited)	2014 (unaudited)
Total assets	$ 230,732	$ 252,892
Total liabilities	-	-
Net assets	$ 230,732	$ 252,892
Change in net assets	$ (29,660)	$ (25,465)

Note 9 - Line of Credit

We have an unsecured $500,000 line of credit with a bank maturing in March 2016. Borrowings under the line accrue interest at the bank's prime rate (3.25% at June 30, 2015 and 2014). The agreement requires us to comply with certain financial and non-financial covenants. There were no amounts outstanding on the line of credit as of June 30, 2015 and 2014.

Note 10 - Bonds and Note Payable

Bonds Payable

On May 31, 2012, the Colorado Educational and Cultural Facilities Authority (the Authority) issued $12,000,000 of Series 2012 Public Radio Revenue Refunding Bonds (the Bonds). The Authority then loaned the proceeds of the Bonds to us to refund the Series 2002 Bonds, to finance the acquisition of a radio station and to pay certain issuance costs. The Bonds are special limited obligations of the Authority and are payable solely out of the amounts received by the Authority from us pursuant to the terms and provisions of the indenture and agreement. The Bonds are 20-year serial bonds maturing on May 31, 2032, with an initial interest rate of 3.07%, to be reset on May 31, 2022. Payment of principal and interest on the Bonds is due monthly. The bonds are secured by a building and three broadcast licenses. The loan agreement requires us to comply with certain financial and non-financial covenants.

On April 29, 2015, the Colorado Educational and Cultural Facilities Authority (the Authority) issued $5,750,000 of Series 2015 Public Radio Revenue Bonds (the Bonds). The Authority then loaned the proceeds of the Bonds to us to finance the purchase of a radio station. The Bonds are special limited obligations of the Authority and are payable solely out of the amounts received by the Authority from us pursuant to the terms and provisions of the indenture and agreement. The Bonds are 20-year serial bonds maturing on April 28, 2035, with an initial interest rate of 2.96%, to be reset on April 28, 2025 and April 28, 2030. Payment of principal and interest on the Bonds is due monthly. The bonds are secured by a building and three broadcast licenses. The loan agreement requires us to comply with certain financial and non-financial covenants.

Note Payable

On April 9, 2015, we entered into a $100,000 short-term note payable agreement in connection with the purchase of a radio station. The note is non-interest bearing, unsecured, and matured on September 30, 2015.

Future maturities of bonds and note payable are as follows:

Years Ending June 30,	Bonds Payable	Note Payable	Total
2016	$ 699,063	$ 100,000	$ 799,063
2017	720,586	-	720,586
2018	742,772	-	742,772
2019	765,640	-	765,640
2020	789,213	-	789,213
Thereafter	12,632,383	-	12,632,383
	16,349,657	100,000	16,449,657
Less unamortized debt issuance costs	(433,774)	-	(433,774)
	$ 15,915,883	$ 100,000	$ 16,015,883

Note 11 - Net Assets

Board Designated

We maintain a board designated investment fund, The Opportunity Fund. This fund is to be used as a means of funding projects that generate new revenue. The goal is to maintain a minimum balance of $1,000,000 in this fund, using earnings and new gifts to replenish the fund. The balance in the fund at June 30, 2015 and 2014 was $2,231,668 and $2,381,702, respectively.

Permanently Restricted

Permanently restricted net assets consist of the Marsha Thomas Chamber Music Festival Fund. Income earned on the principal is used for operations. At June 30, 2015 and 2014, total permanently restricted net assets were $15,924.

Note 12 - Leases

We have operating leases for the use of radio stations, transmitters and translators that expire at various dates through 2025.

Future minimum lease payments are as follows:

Years Ending June 30,		
2016	$	392,933
2017		262,338
2018		149,477
2019		43,262
2020		18,247
Thereafter		63,379
	$	929,636

Rent expense for the years ended June 30, 2015 and 2014 totaled $323,639 and $272,262, respectively.

Note 13 - Employee Benefits

We sponsor a tax-deferred annuity plan (the Plan) qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees. 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 years ended June 30, 2015 and 2014, we made contributions to the Plan totaling $198,215 and $177,814, respectively.

Note 14 - Subsequent Events

We have evaluated subsequent events through October 28, 2015, the date the financial statements were issued.

In July 2015, we completed a frequency swap with Cedar Cove Broadcasting, exchanging our 1340 AM in Denver for their 88.3 FM in Fort Collins. We will continue to own the 1340 AM tower and the surrounding land at Ruby Hill. As part of the frequency swap, Mo**u**ntain Community Translators, LLC, an affiliate of Cedar Cove, cancelled a $100,000 Promissory Note related to our April 2015 purchase of another broadcast property.