Financial Statements
June 30, 2016

Public Broadcasting of Colorado, Inc.
DBA Colorado Public Radio

(with comparative totals for 2015)

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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, 2016, 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, 2016, 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.

Report on Summarized Comparative Information
We have previously audited CPR's 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Greenwood Village, Colorado
October 27, 2016

	2016	2015
Assets		
Cash and cash equivalents	$ 1,244,253	$ 1,126,377
Investments	7,491,127	7,434,446
Underwriting and other receivables, net	782,570	623,978
Member pledges receivable, net	2,070,793	1,838,040
Promises to give, net	100,000	-
Prepaid expenses and other assets	172,754	199,268
Board designated investments	2,247,023	2,215,744
Property and equipment, net	7,114,033	6,720,227
Broadcast licenses	18,642,305	18,748,804
Investment in joint venture	109,543	118,119
Total assets	$ 39,974,401	$ 39,025,003
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 667,967	$ 685,687
Deferred revenue	167,284	133,830
Refundable advances	31,028	183,398
Note payable	-	100,000
Bonds payable, net of debt issuance costs	15,288,220	15,915,883
Total liabilities	16,154,499	17,018,798
Net Assets		
Unrestricted		
Undesignated	10,965,689	10,321,389
Invested in property, equipment and broadcast licenses, net of related debt	10,468,118	9,453,148
Board designated	2,247,023	2,215,744
Total unrestricted net assets	23,680,830	21,990,281
Temporarily restricted	123,148	-
Permanently restricted	15,924	15,924
Total net assets	23,819,902	22,006,205
Total liabilities and net assets	$ 39,974,401	$ 39,025,003

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015
Revenue, support and gains					
Subscriptions and individual support	$ 8,715,135	$ -	$ -	$ 8,715,135	$ 8,228,475
Underwriting	5,087,622	-	-	5,087,622	4,289,719
Vehicle donation program	1,390,619	-	-	1,390,619	1,449,837
Corporation for Public Broadcasting	880,886	-	-	880,886	892,494
News funding	259,222	123,148	-	382,370	311,266
In-kind donations	222,645	-	-	222,645	205,435
Planned gifts	29,702	-	-	29,702	65,977
Other income	115,299	-	-	115,299	126,138
Net investment return	6,947	-	-	6,947	6,635
Loss from joint venture	(8,576)	-	-	(8,576)	(9,887)
Total revenue, support and gains	16,699,501	123,148	-	16,822,649	15,566,089
Expenses					
Program services expense					
Programming and production	7,794,412	-	-	7,794,412	6,994,027
Broadcasting	1,736,013	-	-	1,736,013	1,694,062
Total program services expense, exclusive of depreciation	9,530,425	-	-	9,530,425	8,688,089
Supporting services expense					
Management and general	915,123	-	-	915,123	835,052
Underwriting and grant solicitation	1,742,632	-	-	1,742,632	1,499,896
Fundraising	2,094,397	-	-	2,094,397	2,056,424
Total supporting services expense, exclusive of depreciation	4,752,152	-	-	4,752,152	4,391,372
Total expenses, exclusive of depreciation	14,282,577	-	-	14,282,577	13,079,461
Operations before depreciation	2,416,924	123,148	-	2,540,072	2,486,628
Depreciation	726,375	-	-	726,375	629,825
Change in Net Assets	1,690,549	123,148	-	1,813,697	1,856,803
Net Assets, Beginning of Year	21,990,281	-	15,924	-	20,149,402
Net Assets, End of Year	$ 23,680,830	$ 123,148	$ 15,924	$ 23,819,902	$ 22,006,205

Public Broadcasting of Colorado, Inc.
DBA Colorado Public Radio
Statement of Functional Expenses
Year Ended June 30, 2016
(with comparative totals for 2015)

	2016								
	Program Services			Supporting Services					
	Programming and Production	Broadcasting	Total Program Services	Management and General	Underwriting and Grant Solicitation	Fundraising	Total Supporting Services	Total Expenses	2015
Salaries, taxes and benefits	$ 4,724,498	$ 914,822	$ 5,639,320	$ 621,545	$ 940,199	$ 1,215,776	$ 2,777,520	$ 8,416,840	$ 7,980,863
Occupancy costs	177,068	487,706	664,774	42,216	31,174	40,322	113,712	778,486	651,551
Program materials	1,508,135	8,953	1,517,088	-	-	-	-	1,517,088	1,186,565
Supplies	42,518	26,731	69,249	3,169	1,859	20,256	25,284	94,533	123,721
Computer expense	138	35,884	36,022	-	-	47	47	36,069	56,373
Donor recognition	17	-	17	-	6,950	68,896	75,846	75,863	129,518
Postage and printing	14,953	813	15,766	624	173	357,609	358,406	374,172	372,058
Dues and subscriptions	46,912	2,176	49,088	18,552	11,618	9,345	39,515	88,603	94,846
Telecommunications	91,796	15,333	107,129	10,590	14,006	18,115	42,711	149,840	138,998
Transmission expense	-	61,240	61,240	-	-	-	-	61,240	61,936
Professional services	193,768	32,383	226,151	162,979	4,349	187,610	354,938	581,089	589,967
Marketing	98,518	-	98,518	-	-	-	-	98,518	71,795
Audience research	212,335	-	212,335	-	-	-	-	212,335	201,246
Travel and training	74,046	18,244	92,290	17,399	39,028	45,851	102,278	194,568	185,694
Repairs and maintenance	14,837	122,798	137,635	4,241	23,184	17,880	45,305	182,940	162,642
Insurance	35,031	5,717	40,748	4,663	6,168	7,977	18,808	59,556	56,008
Interest expense	558,233	-	558,233	2,031	-	-	2,031	560,264	378,878
Bank fees	-	-	-	67,131	-	103,243	170,374	170,374	152,107
Agency commissions	-	-	-	-	645,412	-	645,412	645,412	485,042
Taxes	1,190	194	1,384	158	210	270	638	2,022	1,687
Depreciation	222,294	451,493	673,787	10,759	18,239	23,590	52,588	726,375	629,825
Miscellaneous	419	3,019	3,438	4,865	18,302	1,200	24,367	27,805	41,570
Total expenses by function	8,016,706	2,187,506	10,204,212	970,922	1,760,871	2,117,987	4,849,780	15,053,992	13,752,890
Less expenses included with revenues on the statement of activities									
Investment management fees	-	-	-	(45,040)	-	-	(45,040)	(45,040)	(43,604)
Less depreciation	(222,294)	(451,493)	(673,787)	(10,759)	(18,239)	(23,590)	(52,588)	(726,375)	(629,825)
Total expenses included in the expense section on the statement of activities	$ 7,794,412	$ 1,736,013	$ 9,530,425	$ 915,123	$ 1,742,632	$ 2,094,397	$ 4,752,152	$ 14,282,577	$ 13,079,461

Public Broadcasting of Colorado, Inc.
DBA Colorado Public Radio
Statement of Cash Flows
Year Ended June 30, 2016
(with comparative totals for 2015)

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 1,813,697	$ 1,856,803
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	726,375	629,825
Interest expense attributable to amortization of debt issuance costs	71,400	14,452
Realized and unrealized losses on investments	189,518	215,000
Loss on disposal of property and equipment	6,991	3,355
Contributed property and equipment capitalized	(7,547)	(7,345)
Loss from joint venture	8,576	9,887
Changes in operating assets and liabilities		
Underwriting and other receivables, net	(158,592)	(44,399)
Member pledges receivable, net	(232,753)	(160,595)
Promises to give, net	(100,000)	-
Prepaid expenses and other assets	26,514	(60,137)
Accounts payable and accrued liabilities	(17,720)	(225,346)
Deferred revenue	33,454	(72,795)
Refundable advances	(152,370)	(11,666)
Net Cash from Operating Activities	2,207,543	2,147,039
Cash Flows from Investing Activities		
Purchases of investments	(2,217,006)	(3,341,640)
Proceeds from sales of investments	1,939,528	2,556,239
Purchases of property and equipment	(1,113,626)	(824,375)
Purchase of broadcast licenses	-	(5,750,009)
Proceeds from sale of property and equipment	500	-
Additional investment in joint venture	-	(2,500)
Net Cash (used for) Investing Activities	(1,390,604)	(7,362,285)
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	(699,063)	(504,636)
Net Cash from (used for) Financing Activities	(699,063)	5,122,849
Net Change in Cash and Cash Equivalents	117,876	(92,397)
Cash and Cash Equivalents, Beginning of Year	1,126,377	1,218,774
Cash and Cash Equivalents, End of Year	$ 1,244,253	$ 1,126,377
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 488,005	$ 363,875
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Equipment acquired in broadcast license exchange	$ 6,499	$ -
Debt cancelled in broadcast license exchange	$ 100,000	$ -
Like-kind exchange of broadcast license	$ 2,893,501	$ -

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, 2015, 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, 2016 and 2015, 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, 2016 and 2015.

Promises to give

We record unconditional promises to give 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. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. No allowance is deemed necessary at June 30, 2016 and 2015.

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 6). 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.

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, 2016 and 2015.

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, 2016 and 2015.

Debt Issuance Costs

As of July 1, 2014, we early 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. Debt issuance costs are amortized using the effective interest rate method over the life of the bonds.

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.

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 (Note 11).

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 appropriate 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, 990-T and other income tax filings required by state, local, or non-U.S. tax authorities are no longer subject to tax examination for years before 2012.

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.

Subsequent Events

We have evaluated subsequent events through October 27, 2016, the date the financial were issued.

Note 2 - 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, 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, 2016:

	Total	Fair Value Measurements at Report Date Using: 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)	$ 106,974	$ -	$ -	$ -
Equity mutual funds	5,500,221	5,500,221	-	-
Debt mutual funds	4,125,773	4,125,773	-	-
Exchange traded funds	5,182	5,182	-	-
	$ 9,738,150	$ 9,631,176	$ -	$ -
Allocation of pooled investment portfolio:				
Investments	$ 7,491,127			
Board designated investments	2,247,023			
	$ 9,738,150			

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:

	Total	Fair Value Measurements at Report Date Using: 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	$ 7,434,446			
Board designated investments	2,215,744			
	$ 9,650,190			

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2016 and 2015:

	2016	2015
Interest and dividends	$ 241,505	$ 265,239
Net realized and unrealized gains (losses)	(189,518)	(215,000)
Investment management and custodial fees	(45,040)	(43,604)
	$ 6,947	$ 6,635

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2016 and 2015:

	2016	2015
Within one year	$ 75,000	$ -
In one to five years	25,000	-
	$ 100,000	$ -

Two donors accounted for 100% of outstanding promises to give at June 30, 2016. In addition, one donor agreement includes a provision for an additional $50,000 contribution subject to matching fund requirements. This portion of the agreement represents a conditional promises to give and will be recognized when the conditions are met.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2016 and 2015:

	2016	2015
Land	$ 1,598,741	$ 1,598,741
Building and improvements	3,492,115	3,157,844
Broadcasting equipment	6,598,126	6,224,012
Furniture, fixtures, and office equipment	2,350,252	2,134,893
Construction in progress	258,104	155,922
	14,297,338	13,271,412
Less accumulated depreciation	(7,183,305)	(6,551,185)
	$ 7,114,033	$ 6,720,227

Note 6 - Broadcast Licenses

The asset carrying value of broadcast licenses as of June 30, 2016 and 2015 totaled $18,642,305 and $18,748,804, 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 $34,258,000 and $32,743,000, respectively, at June 30, 2016 and 2015. 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.

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, Mountain Community Translators, LLC, an affiliate of Cedar Cove, cancelled a $100,000 Promissory Note related to our April 2015 purchase of another broadcast property. As this transaction was a like-kind exchange, no gain or loss was recorded and the net book value of the 1340 AM frequency of $2,893,501 became the net book value of the 88.3 FM frequency.

Note 7 - 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, 2016 and 2015:

	2016 (unaudited)	2015 (unaudited)
Total assets	$ 206,306	$ 230,732
Total liabilities	(1,302)	-
Net assets	$ 205,004	$ 230,732
Change in net assets	$ (25,728)	$ (29,660)

Note 8 - Line of Credit

We have an unsecured $500,000 line of credit with a bank maturing in March 2017. Borrowings under the line accrue interest at the bank's prime rate (3.5% and 3.25% as of June 30, 2016 and 2015, respectively). The agreement requires us to comply with certain non-financial covenants. There were no amounts outstanding on the line of credit as of June 30, 2016 and 2015.

Note 9 - 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. The effective interest rate over the life of the bonds is 3.27%. 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. The effective interest rate over the life of the bonds is 3.31%. 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 was non-interest bearing and unsecured. As part of an exchange of broadcast licenses with another party that occurred in July 2015, this note was cancelled and no balance remains outstanding as of June 30, 2016.

Future maturities of bonds payable are as follows:

Years Ending June 30,	Bonds Payable
2017	$ 720,586
2018	742,772
2019	765,640
2020	789,213
2021	813,511
Thereafter	11,818,872
	15,650,594
Less unamortized debt issuance costs	(362,374)
	$ 15,288,220

Note 10 - 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, 2016 and 2015 was $2,247,023 and $2,215,744, respectively.

Temporarily Restricted

Temporarily restricted net assets at June 30, 2016 and 2015 consist of:

	2016	2015
Restricted by donors for the following programming:		
Energy	$ 29,792	$ -
Fellows	43,356	-
Education	50,000	-
	$ 123,148	$ -

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, 2016 and 2014, total permanently restricted net assets were $15,924.

Note 11 - Donated Professional Services and Materials

We received donated professional services and materials as following during the years ended June 30, 2016 and 2015:

June 30, 2016	Programming and Production	Broadcasting	Management and General	Fundraising	Underwriting and Grant Solicitation	Total
Occupancy Costs	$ -	$ 18,600	$ 18,645	$ -	$ -	$ 37,245
Supplies	6,500	-	553	-	400	7,453
Donor Recognition	-	-	-	28,820	5,250	34,070
Dues & Subscriptions	-	-	-	-	2,080	2,080
Promotions & Advertising	97,324	-	-	-	-	97,324
Travel & Training	-	-	-	13,041	23,885	36,926
	$ 103,824	$ 18,600	$ 19,198	$ 41,861	$ 31,615	$ 215,098

June 30, 2015	Programming and Production	Broadcasting	Management and General	Fundraising	Underwriting and Grant Solicitation	Total
Occupancy Costs	$ 23,214	$ 20,100	$ 7,200	$ -	$ -	$ 50,514
Supplies	1,000	-	-	11,531	-	12,531
Donor Recognition	1,855	-	-	28,920	5,125	35,900
Postage & Printing	-	-	-	1,335	-	1,335
Dues & subscriptions	-	-	-	6,045	2,080	8,125
Promotions & Advertising	71,795	-	-	-	-	71,795
Travel & Training	-	-	-	7,315	9,475	16,790
Repairs & Maintenance	-	1,100	-	-	-	1,100
	$ 97,864	$ 21,200	$ 7,200	$ 55,146	$ 16,680	$ 198,090

During the years ended June 30, 2016 and 2015, we received donations of office equipment, which were valued at $7,547 and $7,345, respectively. The office equipment was capitalized.

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,	
2017	$ 398,368
2018	299,824
2019	194,321
2020	163,668
2021	146,018
Thereafter	46,796
	$ 1,248,995

Rent expense for the years ended June 30, 2016 and 2015 totaled $410,524 and $323,639, 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, 2016 and 2015, we made contributions to the Plan totaling $233,039 and $198,215, respectively.