Financial Statements
June 30, 2017

Public Broadcasting of Colorado, Inc.
dba Colorado Public Radio

(with comparative totals for 2016)

EideBailly
CPAs & BUSINESS ADVISORS

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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Denver, Colorado
October 26, 2017

	2017	2016
Assets		
Cash and cash equivalents	$ 1,333,955	$ 1,244,253
Operating investments	8,207,112	7,491,127
Underwriting and other receivables, net	809,565	782,570
Member pledge receivables, net	1,972,628	2,070,793
Promises to give, net	35,000	100,000
Prepaid expenses and other assets	238,882	172,754
Board-designated investments	2,628,262	2,247,023
Property and equipment, net	7,313,497	7,114,033
Broadcast licenses	19,180,805	18,642,305
Investment in joint venture	100,669	109,543
	$ 41,820,375	$ 39,974,401
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 552,871	$ 667,967
Deferred revenue	203,043	167,284
Refundable advances	-	31,028
Bonds payable, net of unamortized debt issuance costs	14,606,904	15,288,220
Total liabilities	15,362,818	16,154,499
Net Assets		
Unrestricted		
Undesignated	11,900,973	10,965,689
Board designated - new projects	2,628,262	2,247,023
Invested in property, equipment and broadcast licenses, net of related debt	11,887,398	10,468,118
Total unrestricted net assets	26,416,633	23,680,830
Temporarily restricted	25,000	123,148
Permanently restricted	15,924	15,924
Total net assets	26,457,557	23,819,902
	$ 41,820,375	$ 39,974,401

	2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2016
Revenue, Support and Gains					
Subscriptions and individual support	$ 9,589,373	$ -	$ -	$ 9,589,373	$ 8,715,135
Underwriting	5,310,965	-	-	5,310,965	5,087,622
Vehicle donation program	1,377,073	-	-	1,377,073	1,390,619
Corporation for Public Broadcasting	892,819	-	-	892,819	880,886
News funding	56,028	25,000	-	81,028	382,370
In-kind donations	187,021	-	-	187,021	222,645
Planned gifts	213,976	-	-	213,976	29,702
Other income	120,883	-	-	120,883	115,299
Net investment return	717,151	-	-	717,151	6,947
Loss from joint venture	(8,875)	-	-	(8,875)	(8,576)
Net assets released from restrictions	123,148	(123,148)	-	-	-
Total revenue, support and gains	18,579,562	(98,148)	-	18,481,414	16,822,649
Expenses					
Program services expense					
Programming and production	8,072,904	-	-	8,072,904	7,794,412
Broadcasting	1,913,127	-	-	1,913,127	1,736,013
Total program services expense, exclusive of depreciation	9,986,031	-	-	9,986,031	9,530,425
Supporting services expense					
Management and general	959,205	-	-	959,205	915,123
Underwriting and grant solicitation	1,819,477	-	-	1,819,477	1,742,632
Fundraising	2,192,583	-	-	2,192,583	2,094,397
Total supporting services expense, exclusive of depreciation	4,971,265	-	-	4,971,265	4,752,152
Total expenses, exclusive of depreciation	14,957,296	-	-	14,957,296	14,282,577
Operations before depreciation	3,622,266	(98,148)	-	3,524,118	2,540,072
Depreciation	886,463	-	-	886,463	726,375
Change in Net Assets	2,735,803	(98,148)	-	2,637,655	1,813,697
Net Assets, Beginning of Year	23,680,830	123,148	15,924	23,819,902	22,006,205
Net Assets, End of Year	$ 26,416,633	$ 25,000	$ 15,924	$ 26,457,557	$ 23,819,902

Public Broadcasting of Colorado, Inc.
dba Colorado Public Radio
Statement of Functional Expenses
Year Ended June 30, 2017
(with comparative totals for 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	2016
Salaries, taxes and benefits	$ 5,087,969	$ 1,020,502	$ 6,108,471	$ 608,914	$ 964,775	$ 1,273,277	$ 2,846,966	$ 8,955,437	$ 8,416,840
Program materials	1,453,143	10,130	1,463,273	-	-	-	-	1,463,273	1,517,088
Depreciation	286,916	523,959	810,875	11,859	27,495	36,234	75,588	886,463	726,375
Occupancy costs	162,636	498,549	661,185	28,624	28,359	37,373	94,356	755,541	778,486
Agency commissions	-	-	-	-	722,341	-	722,341	722,341	645,412
Professional services	236,380	71,606	307,986	178,980	15,874	176,912	371,766	679,752	581,089
Interest expense	504,495	-	504,495	466	-	-	466	504,961	560,264
Postage and printing	31,881	1,259	33,140	1,407	1,650	351,333	354,390	387,530	374,172
Repairs and maintenance	17,899	134,386	152,285	3,316	23,948	18,960	46,224	198,509	182,940
Miscellaneous	106,949	(1,196)	105,753	72,354	2,250	5,455	80,059	185,812	27,805
Bank fees	-	-	-	68,201	-	108,775	176,976	176,976	170,374
Travel and training	67,633	21,534	89,167	11,768	21,986	50,201	83,955	173,122	194,568
Telecommunications	97,004	15,531	112,535	11,159	14,771	19,466	45,396	157,931	149,840
Supplies	48,947	24,214	73,161	3,585	2,650	38,328	44,563	117,724	94,533
Dues and subscriptions	49,512	2,408	51,920	11,567	11,468	25,031	48,066	99,986	88,603
Marketing	96,787	-	96,787	-	-	-	-	96,787	98,518
Donor recognition	-	-	-	-	2,904	78,905	81,809	81,809	75,863
Audience research	73,275	-	73,275	-	-	-	-	73,275	212,335
Transmission expense	-	63,875	63,875	-	-	-	-	63,875	61,240
Insurance	36,038	5,668	41,706	4,747	6,284	8,281	19,312	61,018	59,556
Computer expense	1,109	44,465	45,574	-	-	-	-	45,574	36,069
Taxes	1,247	196	1,443	121	217	286	624	2,067	2,022
Total expenses by function	8,359,820	2,437,086	10,796,906	1,017,068	1,846,972	2,228,817	5,092,857	15,889,763	15,053,992
Less expenses included elsewhere on the statement of activities:									
Investment management fees	-	-	-	(46,004)	-	-	(46,004)	(46,004)	(45,040)
Depreciation	(286,916)	(523,959)	(810,875)	(11,859)	(27,495)	(36,234)	(75,588)	(886,463)	(726,375)
Total expenses included in the expense section on the statement of activities	$ 8,072,904	$ 1,913,127	$ 9,986,031	$ 959,205	$ 1,819,477	$ 2,192,583	$ 4,971,265	$ 14,957,296	$ 14,282,577

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 2,637,655	$ 1,813,697
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation	886,463	726,375
Interest expense attributable to amortization of debt issuance costs	39,270	71,400
Realized and unrealized (gains)/losses on investments	(551,104)	189,518
Loss on disposal of property and equipment	103,064	6,991
Contributed property and equipment capitalized	-	(7,547)
Loss from joint venture	8,875	8,576
Changes in operating assets and liabilities		
Underwriting and other receivables, net	(26,995)	(158,592)
Member pledges receivable, net	98,165	(232,753)
Promises to give, net	65,000	(100,000)
Prepaid expenses and other assets	(66,129)	26,514
Accounts payable and accrued liabilities	(115,096)	(17,720)
Deferred revenue	35,759	33,454
Refundable advances	(31,028)	(152,370)
Net Cash from Operating Activities	3,083,899	2,207,543
Cash Flows from Investing Activities		
Purchases of investments	(1,375,066)	(2,217,006)
Proceeds from sales of investments	828,946	1,939,528
Purchases of property and equipment	(1,202,877)	(1,113,626)
Proceeds from disposal of property and equipment	13,886	500
Purchase of broadcast licenses	(538,500)	-
Net Cash (used for) Investing Activities	(2,273,611)	(1,390,604)
Cash Flows from Financing Activities		
Principal payments on bonds payable	(720,586)	(699,063)
Net Cash (used for) Financing Activities	(720,586)	(699,063)
Net Change in Cash and Cash Equivalents	89,702	117,876
Cash and Cash Equivalents, Beginning of Year	1,244,253	1,126,377
Cash and Cash Equivalents, End of Year	$ 1,333,955	$ 1,244,253
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 465,691	$ 488,864
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 our 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, 2016, 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 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, 2017 and 2016, the allowance was $20,795.

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 is deemed necessary at June 30, 2017 and 2016.

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, 2017 and 2016.

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 one-third of the voting rights of Sunlight Peak, LLC, a Colorado limited liability company (Note 7). 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, 2017 and 2016.

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 are 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 capitalized cost of 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, 2017 and 2016.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the effective interest method. Debt issuance costs are included within long-term debt in the statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

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 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 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.

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 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 2013.

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 Finance and Audit Committee. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

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, 2017:

	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)	$ 49,672	$ -	$ -	$ -
Equity mutual funds	5,491,532	5,491,532	-	-
Debt mutual funds	5,294,170	5,294,170	-	-
	$ 10,835,374	$ 10,785,702	$ -	$ -
Allocation of pooled investment portfolio				
Operating investments	$ 8,207,112			
Board-designated investments	2,628,262			
	$ 10,835,374			

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				
Operating investments	$ 7,491,127			
Board-designated investments	2,247,023			
	$ 9,738,150			

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Interest and dividends	$ 212,051	$ 241,505
Net realized and unrealized gains (losses)	551,104	(189,518)
Investment management and custodial fees	(46,004)	(45,040)
	$ 717,151	$ 6,947

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2017 and 2016:

	2017	2016
Within one year	$ 35,000	$ 75,000
In one to five years	-	25,000
	$ 35,000	$ 100,000

Two donors accounted for 100% of outstanding promises to give at June 30, 2017.

In addition, one donor agreement received during the year ended June 30, 2017 includes a provision for an additional $90,000 contribution subject to CPR meeting certain matching fund requirements. This portion of the agreement represents a conditional promise to give and will be recognized when conditions are met.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2017 and 2016:

	2017	2016
Land	$ 1,598,741	$ 1,598,741
Building and improvements	4,266,578	3,492,115
Broadcast equipment	6,740,671	6,598,126
Furniture, fixtures and office equipment	2,489,372	2,350,252
Construction in progress	117,178	258,104
	15,212,540	14,297,338
Less accumulated depreciation	(7,899,043)	(7,183,305)
	$ 7,313,497	$ 7,114,033

In April 2017, CPR purchased a building in downtown Grand Junction – another step towards CPR's vision to be a statewide network and providing long-term viability of our Western Slope technical infrastructure.

Note 6 - Broadcast Licenses

The asset carrying value of broadcast licenses as of June 30, 2017 and 2016 totaled $19,180,805 and $18,642,305, respectively, and represents the book value of licenses purchased. Many of our 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 $34,476,000 and $34,258,000, respectively, at June 30, 2017 and 2016. 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 May 2017, we expanded the broadcast reach of CPR News through a purchase of an AM/FM signal in Colorado Springs, joining two new FM translators recently added in Boulder and Pueblo, enabling CPR News to be heard on FM across the Front Range.

Note 7 - Investment in Joint Venture

We are 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, 2017 and 2016:

	2017 (100% of entity) (unaudited)	2016 (100% of entity) (unaudited)
Total assets	$ 178,381	$ 206,306
Total liabilities	-	(1,302)
Net assets	$ 178,381	$ 205,004
Change in net assets	$ (26,623)	$ (25,728)

Note 8 - Line of Credit

We have an unsecured $500,000 line of credit with a bank maturing in March 2018. Borrowings under the line accrue interest at the bank's prime rate (4.25% as of June 30, 2017). 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, 2017 and 2016.

Note 9 - 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 2012 Bonds). The Authority then loaned the proceeds of the 2012 Bonds to us to refund the Series 2002 Bonds, to finance the acquisition of a radio station and to pay certain issuance costs. The 2012 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 2012 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 2012 Bonds is due monthly. The 2012 Bonds are secured by a building and two broadcast licenses and the agreement requires us to comply with certain financial and non-financial covenants. The outstanding principal balance was $9,651,759 as of June 30, 2017.

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 2015 Bonds). The Authority then loaned the proceeds of the 2015 Bonds to us to finance the purchase of a radio station. The 2015 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 2015 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 again on April 28, 2030. The effective interest rate over the life of the 2015 Bonds is 3.31%. Payment of principal and interest on the 2015 Bonds is due monthly. The 2015 Bonds are secured by a building and two broadcast licenses and the agreement requires us to comply with certain financial and non-financial covenants. The outstanding principal balance was $5,278,249 as of June 30, 2017.

Future maturities of bonds payable are as follows:

Years Ending June 30,	Bonds Payable
2018	$ 742,771
2019	765,640
2020	789,213
2021	813,512
2022	838,560
Thereafter	10,980,312
	14,930,008
Less unamortized debt issuance costs	(323,104)
	$ 14,606,904

Note 10 - Net Assets

Board Designated – New Projects

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, 2017 and 2016 was $2,628,262 and $2,247,023, respectively.

Temporarily Restricted

Temporarily restricted net assets at June 30, 2017 and 2016 consist of:

	2017	2016
Restricted by donors for the following programming:		
Energy	$ -	$ 29,792
Fellows	-	43,356
Education	25,000	50,000
	$ 25,000	$ 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, 2017 and 2016, 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, 2017 and 2016:

June 30, 2017	Programming and Production	Broadcasting	Management and General	Fundraising	Underwriting and Grant Solicitation	Total
Promotions & Advertising	$ 83,768	$ -	$ -	$ -	$ -	$ 83,768
Travel & Training	-	-	-	19,895	7,560	27,455
Donor Recognition	-	-	-	26,510	-	26,510
Occupancy Costs	-	18,600	7,200	-	-	25,800
Dues & Subscriptions	-	-	-	12,025	1,920	13,945
Professional Services	-	-	-	-	5,590	5,590
Supplies	-	-	-	-	2,153	2,153
Miscellaneous	-	-	-	1,800	-	1,800
	$ 83,768	$ 18,600	$ 7,200	$ 60,230	$ 17,223	$ 187,021

June 30, 2016	Programming and Production	Broadcasting	Management and General	Fundraising	Underwriting and Grant Solicitation	Total
Promotions & Advertising	$ 97,324	$ -	$ -	$ -	$ -	$ 97,324
Occupancy Costs	-	18,600	18,645	-	-	37,245
Travel & Training	-	-	-	13,041	23,885	36,926
Donor Recognition	-	-	-	28,820	5,250	34,070
Supplies	6,500	-	553	-	400	7,453
Dues & Subscriptions	-	-	-	-	2,080	2,080
	$ 103,824	$ 18,600	$ 19,198	$ 41,861	$ 31,615	215,098
Donation of office equipment, capitalized to property and equipment						7,547
						$ 222,645

Note 12 - Leases

We have operating leases for the use of radio stations, transmitters and translators that expire at various dates through 2028.

Future minimum lease payments are as follows:

Years Ending June 30,		
2018	$	558,932
2019		496,252
2020		423,056
2021		416,054
2022		276,975
Thereafter		1,216,426
	$	3,387,695

Rent expense for the years ended June 30, 2017 and 2016 totaled $416,377 and $410,524, 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, 2017 and 2016, we made contributions to the Plan totaling $244,099 and $233,039, respectively.

Note 14 - Subsequent Events

During May 2017, we signed a lease for a new transmission tower location on Lookout Mountain and the lease terms have been included in Note 12. We will relocate to the new tower during fiscal 2018 and the cost of relocation is expected to approximate $500,000.

Subsequent events have been evaluated through October 26, 2017, the date the financial statements were available to be issued.