Financial Statements
June 30, 2018

Public Broadcasting of Colorado, Inc. dba Colorado Public Radio

(with comparative totals for 2017)

EideBailly®

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, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CPR as of June 30, 2018, 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.

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Report on Summarized Comparative Information

We have previously audited CPR's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Denver, Colorado
October 24, 2018

Statement of Financial Position
June 30, 2018
(with comparative totals for 2017)

	2018	2017
Assets		
Cash and cash equivalents	$ 2,036,303	$ 1,333,955
Operating investments	8,734,802	8,207,112
Underwriting and other receivables, net	996,071	809,565
Member pledge receivables, net	2,169,580	1,972,628
Promises to give, net	518,429	35,000
Prepaid expenses and other assets	238,191	238,882
Board-designated investments	3,537,861	2,628,262
Property and equipment, net	7,300,369	7,313,497
Broadcast licenses	19,300,804	19,180,805
Investment in joint venture	92,428	100,669
	$ 44,924,838	$ 41,820,375
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 1,073,805	$ 552,871
Deferred revenue	250,132	203,043
Bonds payable, net of unamortized debt issuance costs	13,901,508	14,606,904
Total liabilities	15,225,445	15,362,818
Net Assets		
Unrestricted		
Undesignated	12,549,485	11,900,973
Board designated	3,537,861	2,628,262
Invested in property, equipment and broadcast licenses, net of related debt	12,699,665	11,887,398
Total unrestricted net assets	28,787,011	26,416,633
Temporarily restricted	896,458	25,000
Permanently restricted	15,924	15,924
Total net assets	29,699,393	26,457,557
	$ 44,924,838	$ 41,820,375

	2018				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2017
Revenue, Support and Gains					
Subscriptions and individual support	$ 10,216,140	$ 896,458	$ -	$ 11,112,598	$ 9,589,373
Underwriting	5,930,075	-	-	5,930,075	5,310,965
Vehicle donation program	1,785,927	-	-	1,785,927	1,377,073
Corporation for Public Broadcasting	902,940	-	-	902,940	892,819
Net investment return	426,886	-	-	426,886	717,151
Planned gifts	307,114	-	-	307,114	213,976
In-kind donations	225,987	-	-	225,987	187,021
Other income	168,153	-	-	168,153	120,883
News funding	-	-	-	-	81,028
Loss from joint venture	(8,241)	-	-	(8,241)	(8,875)
Net assets released from restrictions	25,000	(25,000)	-	-	-
Total revenue, support and gains	19,979,981	871,458	-	20,851,439	18,481,414
Expenses					
Program services expense					
Programming and production	8,459,444	-	-	8,459,444	8,072,904
Broadcasting	2,080,110	-	-	2,080,110	1,913,127
Total program services expense, exclusive of depreciation	10,539,554	-	-	10,539,554	9,986,031
Supporting services expense					
Management and general	1,610,867	-	-	1,610,867	959,205
Underwriting and grant solicitation	2,088,271	-	-	2,088,271	1,819,477
Fundraising	2,467,176	-	-	2,467,176	2,192,583
Total supporting services expense, exclusive of depreciation	6,166,314	-	-	6,166,314	4,971,265
Total expenses, exclusive of depreciation	16,705,868	-	-	16,705,868	14,957,296
Change in Net Assets before depreciation	3,274,113	871,458	-	4,145,571	3,524,118
Depreciation	903,735	-	-	903,735	886,463
Change in Net Assets	2,370,378	871,458	-	3,241,836	2,637,655
Net Assets, Beginning of Year	26,416,633	25,000	15,924	26,457,557	23,819,902
Net Assets, End of Year	$ 28,787,011	$ 896,458	$ 15,924	$ 29,699,393	$ 26,457,557

	Program Services			Supporting Services					
	Programming and Production	Broadcasting	Total Program Services	Management and General	Underwriting and Grant Solicitation	Fundraising	Total Supporting Services	2018 Total Expenses	2017 Total Expenses
Salaries, taxes and benefits	$ 5,551,902	$ 992,565	$ 6,544,467	$ 1,177,671	$ 1,043,881	$ 1,470,997	$ 3,692,549	$10,237,016	$ 8,955,437
Program materials	1,438,973	10,500	1,449,473	-	-	-	-	1,449,473	1,463,273
Occupancy costs	150,065	684,568	834,633	28,316	25,383	35,894	89,593	924,226	755,541
Depreciation	307,321	515,898	823,219	12,240	28,282	39,994	80,516	903,735	886,463
Agency commissions	-	-	-	-	868,170	-	868,170	868,170	722,341
Professional services	236,471	17,080	253,551	315,190	21,740	202,124	539,054	792,605	679,752
Interest expense	481,852	-	481,852	-	-	-	-	481,852	504,961
Postage and printing	18,744	1,437	20,181	3,539	116	406,139	409,794	429,975	387,530
Travel and training	82,623	29,592	112,215	26,987	53,101	27,046	107,134	219,349	173,122
Bank fees	-	-	-	69,190	-	139,124	208,314	208,314	176,976
Repairs and maintenance	16,552	143,850	160,402	3,316	24,935	19,530	47,781	208,183	198,509
Marketing	179,159	-	179,159	-	-	-	-	179,159	96,787
Telecommunications	97,818	16,003	113,821	10,897	14,224	20,115	45,236	159,057	157,931
Supplies	51,561	33,753	85,314	3,075	2,012	45,186	50,273	135,587	117,724
Donor recognition	-	-	-	-	10,007	79,335	89,342	89,342	81,809
Audience research	74,700	-	74,700	-	-	-	-	74,700	73,275
Computer expense	2,042	70,192	72,234	-	-	26	26	72,260	45,574
Dues and subscriptions	33,979	2,690	36,669	11,976	12,051	9,204	33,231	69,900	99,986
Insurance	39,839	5,683	45,522	5,155	6,739	9,529	21,423	66,945	61,018
Transmission expense	-	62,968	62,968	-	-	-	-	62,968	63,875
Miscellaneous	3,164	9,229	12,393	4,761	5,912	2,927	13,600	25,993	187,879
Total expenses by function	8,766,765	2,596,008	11,362,773	1,672,313	2,116,553	2,507,170	6,296,036	17,658,809	15,889,763
Less expenses included elsewhere on the statement of activities:									
Investment management fees	-	-	-	(49,206)	-	-	(49,206)	(49,206)	(46,004)
Depreciation	(307,321)	(515,898)	(823,219)	(12,240)	(28,282)	(39,994)	(80,516)	(903,735)	(886,463)
Total expenses included in the expense section on the statement of activities	$ 8,459,444	$ 2,080,110	$ 10,539,554	$ 1,610,867	$ 2,088,271	$ 2,467,176	$ 6,166,314	$16,705,868	$ 14,957,296

Public Broadcasting of Colorado, Inc.
dba Colorado Public Radio
Statement of Cash Flows
Year Ended June 30, 2018
(with comparative totals for 2017)

	2018	2017
Cash Flows from Operating Activities		
Change in net assets	$ 3,241,836	$ 2,637,655
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	903,735	886,463
Interest expense attributable to amortization of debt issuance costs	37,375	39,270
Realized and unrealized (gains)/losses on investments	(212,486)	(551,104)
Loss on disposal of property and equipment	-	103,064
Loss from joint venture	8,241	8,875
Changes in operating assets and liabilities		
Underwriting and other receivables, net	(186,506)	(26,995)
Member pledges receivable, net	(196,952)	98,165
Promises to give, net	(483,429)	65,000
Prepaid expenses and other assets	691	(66,129)
Accounts payable and accrued liabilities	520,934	(115,096)
Deferred revenue	47,089	35,759
Refundable advances	-	(31,028)
Net Cash from Operating Activities	3,680,528	3,083,899
Cash Flows from Investing Activities		
Purchases of investments	(2,611,897)	(1,375,066)
Proceeds from sales of investments	1,387,094	828,946
Purchases of property and equipment	(890,606)	(1,202,877)
Proceeds from disposal of property and equipment	-	13,886
Purchase of broadcast licenses	(120,000)	(538,500)
Net Cash (used for) Investing Activities	(2,235,409)	(2,273,611)
Cash Flows from Financing Activities		
Principal payments on bonds payable	(742,771)	(720,586)
Net Cash (used for) Financing Activities	(742,771)	(720,586)
Net Change in Cash and Cash Equivalents	702,348	89,702
Cash and Cash Equivalents, Beginning of Year	1,333,955	1,244,253
Cash and Cash Equivalents, End of Year	$ 2,036,303	$ 1,333,955
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 442,265	$ 465,691

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, 2017, 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, 2018 and 2017, 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, 2018 and 2017.

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, 2018 and 2017.

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, 2018 and 2017.

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, 2018 and 2017.

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 the applicable broadcast occurs. 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.

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 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 and these tax filings are no longer subject to examination for years before 2014.

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.

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, 2018:

		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)	$ 64,135	$ -	$ -	$ -
Equity mutual funds	6,297,715	6,297,715	-	-
Debt mutual funds	5,910,813	5,910,813	-	-
	$ 12,272,663	$ 12,208,528	$ -	$ -
Allocation of pooled investment portfolio				
Operating investments	$ 8,734,802			
Board-designated investments	3,537,861			
	$ 12,272,663			

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:

		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)	$ 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			

Note 3 - Net Investment Return

Net investment return consists of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	263,606	$ 212,051
Net realized and unrealized gains (losses)	212,486	551,104
Investment management and custodial fees	(49,206)	(46,004)
	$ 426,886	$ 717,151

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2018 and 2017:

	2018	2017
Within one year	$ 368,429	$ 35,000
In one to five years	150,000	-
	$ 518,429	$ 35,000

We did not record an allowance for doubtful accounts as all balances are expected to be collected. In addition, there was no discount recorded for amounts expected to be collected after one year as the amount would be minimal.

Four donors accounted for 82% of outstanding promises to give at June 30, 2018.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2018 and 2017:

	2018	2017
Land	$ 1,598,741	$ 1,598,741
Building and improvements	4,339,434	4,266,578
Broadcast equipment	7,387,266	6,740,671
Furniture, fixtures and office equipment	2,637,571	2,489,372
Construction in progress	119,245	117,178
	16,082,257	15,212,540
Less accumulated depreciation	(8,781,888)	(7,899,043)
	$ 7,300,369	$ 7,313,497

Note 6 - Broadcast Licenses

The asset carrying value of broadcast licenses as of June 30, 2018 and 2017 totaled $19,300,804 and $19,180,805, 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 $36,502,000 and $34,476,000, respectively, at June 30, 2018 and 2017. 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 February 2018, we expanded the broadcast reach of CPR News through a purchase of FM signals in Pueblo and Boulder.

Note 7 - Investment in Joint Venture

We are a member of a 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. As of June 30, 2018 and 2017, the balance of this investment was $92,428 and $100,669, respectively. The following is financial information for Sunlight Peak, LLC, as of and for the years ended June 30, 2018 and 2017:

	2018 (100% of entity) (unaudited)	2017 (100% of entity) (unaudited)
Total assets	$ 154,323	$ 178,381
Total liabilities	(663)	-
Net assets	$ 153,660	$ 178,381
Change in net assets	$ (24,721)	$ (26,623)

Note 8 - Line of Credit

We have an unsecured $500,000 line of credit with a bank maturing in March 2019. Borrowings under the line accrue interest at the bank’s prime rate (5.00% as of June 30, 2018). 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, 2018 and 2017.

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 $9,137,122 as of June 30, 2018.

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 $5,050,114 as of June 30, 2018.

Future maturities of bonds payable are as follows:

Years Ending June 30,	Bonds Payable
2019	$ 765,640
2020	789,213
2021	813,512
2022	838,559
2023	864,377
Thereafter	10,115,935
	14,187,236
Less unamortized debt issuance costs	(285,728)
	$ 13,901,508

Note 10 - Net Assets

Board Designated

We maintain a board-designated fund, The Opportunity Fund, that is earmarked for new projects. The board has a goal of maintaining a minimum balance of $1,000,000 in this fund.

During the year ended June 30, 2018, the board designated $500,000 of unrestricted funds to the Max Wycisk Fellowship Fund that are in addition to the donor-restricted funds raised during the year. The designated funds are to be used for the fellowship program.

Changes in board designated funds during the year ended June 30, 2018 are as follows:

	New Projects	Fellowship Fund	Total
Board designated assets, beginning of year	$ 2,628,262	$ -	$ 2,628,262
Additions	409,599	500,000	909,599
Board designated assets, end of year	$ 3,037,861	$ 500,000	$ 3,537,861

Temporarily Restricted

Temporarily restricted net assets at June 30, 2018 and 2017 consist of:

	2018	2017
Restricted by donors for the following programming:		
Business and economic reporting	$ 200,000	$ -
Max Wycisk Fellowship fund	696,458	-
Education	-	25,000
	$ 896,458	$ 25,000

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 both June 30, 2018 and 2017, 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, 2018 and 2017:

June 30, 2018	Programming and Production	Broadcasting	Management and General	Underwriting and Grant Solicitation	Fundraising	Total
Promotions & Advertising	$ 86,785	$ -	$ -	$ -	$ -	$ 86,785
Travel & Training	-	-	-	40,080	2,100	42,180
Donor Recognition	-	-	-	6,955	33,670	40,625
Occupancy Costs	-	18,600	8,900	-	-	27,500
Professional Services	-	-	-	16,600	-	16,600
Supplies	-	-	-	-	9,047	9,047
Dues & Subscriptions	-	-	-	2,280	-	2,280
Miscellaneous	-	-	-	-	970	970
	$ 86,785	$ 18,600	$ 8,900	$ 65,915	$ 45,787	$ 225,987

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

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,		
2019	$	499,873
2020		457,077
2021		441,818
2022		295,712
2023		244,220
Thereafter		1,092,978
	$	3,031,678

Rent expense for the years ended June 30, 2018 and 2017 totaled $578,922 and $416,377, 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, 2018 and 2017, we made contributions to the Plan totaling $273,461 and $244,099, respectively.

Note 14 - Commitments and Contingencies

We are joint owners with Rocky Mountain PBS (RMPBS) of land on Lookout Mountain near the Boettcher Mansion. We moved our transmission facilities away from this site in March 2018 and RMPBS plans to do the same by the end of calendar 2018. Once the site is no longer in use, zoning rules require the building and tower to be dismantled within 180 days. Demolition costs may be as high as $160,000 and will be split evenly between us and RMPBS, however the actual costs at this time are uncertain. Once complete, there is an opportunity to sell the land with any proceeds to again be divided between us and RMPBS. We cannot anticipate the potential selling price of the land until it is placed for sale. The net book value of our share of the land is approximately $75,000.

Note 15 - Subsequent Events

Subsequent events have been evaluated through October 24, 2018, the date the financial statements were available to be issued.