

**CARBONDALE COMMUNITY ACCESS RADIO**

**FINANCIAL STATEMENTS**

**December 31, 2020 and 2019**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
Carbondale Community Access Radio  
Carbondale, Colorado

### Independent Auditors' Report

#### Report on the Financial Statements

We have audited the accompanying financial statements of Carbondale Community Access Radio, which comprise the statement of financial position as of December 31, 2020 and 2019, 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 the 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 audits 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 the Carbondale Community Access Radio as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*John Cutler & Associates, LLC*

August 23, 2021

## CARBONDALE COMMUNITY ACCESS RADIO

## STATEMENT OF FINANCIAL POSITION

December 31, 2020 and 2019

<b>ASSETS</b>	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 205,878	\$ 12,822
Accounts Receivable	24,332	11,839
Grants Receivable	33,398	122,908
Prepaid Expenses	11,812	11,813
Investments	243,117	260,279
Building, Furniture and Equipment, net of Accumulated Depreciation	<u>230,379</u>	<u>239,918</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 748,916</u></u>	<u><u>\$ 659,579</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accrued Expenses	\$ 7	\$ 7,869
Accounts Payable	13,692	3,500
Mortgage Payable - Current Portion	12,244	11,633
Mortgage Payable - Long-term Portion	26,964	38,879
PPP Loan	<u>57,700</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>110,607</u>	<u>61,881</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	<u>638,309</u>	<u>597,698</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 748,916</u></u>	<u><u>\$ 659,579</u></u>

The accompanying notes are an integral part of the financial statements.

## CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF ACTIVITIES  
Year Ended December 31, 2020 and 2019

	Without Donor Restriction	
	2020	2019
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Corporation for Public Broadcasting Grants	\$ 235,044	\$ 120,635
Underwriting	103,397	87,367
Underwriting - Trades	52,459	73,050
Membership Dues	121,647	214,379
Fundraising	31,742	13,961
Other Grants and Contributions	119,647	84,954
Interest Income	15	4,835
Other Income	19,124	2,113
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>683,075</b>	<b>601,294</b>
<b>EXPENSES</b>		
<b>Program Services</b>		
Programming and Production	165,918	182,467
Broadcasting and Engineering	110,210	98,149
Total Program Services	276,128	280,616
<b>Supporting Services</b>		
General and Administrative	184,406	135,883
Fundraising	63,014	73,107
Underwriting	101,754	139,029
Total Supporting Services	349,174	348,019
<b>TOTAL EXPENSES</b>	<b>625,302</b>	<b>628,635</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>57,773</b>	<b>(27,341)</b>
<b>Nonoperating Activities</b>		
Unrealized Gain (Loss) on Investments	(17,162)	15,219
<b>TOTAL NONOPERATING ACTIVITIES</b>	<b>(17,162)</b>	<b>15,219</b>
<b>CHANGE IN NET ASSETS</b>	<b>40,611</b>	<b>(12,122)</b>
<b>NET ASSETS Without Donor Restrictions, Beginning</b>	<b>597,698</b>	<b>609,820</b>
<b>NET ASSETS Without Donor Restrictions, Ending</b>	<b>\$ 638,309</b>	<b>\$ 597,698</b>

The accompanying notes are an integral part of the financial statements.

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2020

	Program Services			Support Services			
	Programming and Production	Broadcasting and Engineering	Total	Management and General	Fundraising	Underwriting	Totals
Advertising	\$ -	\$ -	\$ -	\$ 1,118	\$ -	\$ -	\$ 1,118
Bank Fees	-	-	-	3,697	-	-	3,697
Broadcast Supplies/Equipment	-	23,292	23,292	-	-	-	23,292
Depreciation	-	-	-	9,539	-	-	9,539
Dues and Subscriptions	8,015	-	8,015	16,699	-	-	24,714
Fundraising Expenses	-	-	-	40	2,081	-	2,121
Insurance	-	-	-	7,010	-	-	7,010
Interest Expense	-	-	-	2,913	-	-	2,913
Memberships	-	-	-	-	-	20,761	20,761
Office Supplies	-	-	-	9,774	-	-	9,774
Professional fees	-	12,361	12,361	7,706	-	-	20,067
Programming	83,346	-	83,346	-	-	-	83,346
Repair and Maintenance	-	-	-	10,896	-	-	10,896
Salaries and benefits	74,557	74,557	149,114	59,645	60,933	28,534	298,226
Telephone/Internet	-	-	-	5,520	-	-	5,520
Technology	-	-	-	40,137	-	-	40,137
Underwriting Trades	-	-	-	-	-	52,459	52,459
Utilities	-	-	-	4,170	-	-	4,170
Website Expenses	-	-	-	5,542	-	-	5,542
	<u>\$ 165,918</u>	<u>\$ 110,210</u>	<u>\$ 276,128</u>	<u>\$ 184,406</u>	<u>\$ 63,014</u>	<u>\$ 101,754</u>	<u>\$ 625,302</u>

The accompanying notes are an integral part of the financial statements.

CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2019

	Program Services			Support Services			
	Programming and Production	Broadcasting and Engineering	Total	Management and General	Fundraising	Underwriting	Totals
Advertising	\$ -	\$ -	\$ -	\$ 505	\$ -	\$ -	\$ 505
Bank Fees	-	-	-	6,134	-	-	6,134
Broadcast Supplies/Equipment	-	5,937	5,937	-	-	-	5,937
Commissions	-	-	-	-	-	18,591	18,591
Depreciation	-	-	-	9,539	-	-	9,539
Dues and Subscriptions	4,698	-	4,698	3,081	-	-	7,779
Fundraising Expenses	-	-	-	228	11,843	-	12,071
Insurance	-	-	-	7,549	-	-	7,549
Interest Expense	-	-	-	3,422	-	-	3,422
Memberships	-	-	-	-	-	6,650	6,650
Office Supplies	-	-	-	9,015	-	-	9,015
Professional Development	-	-	-	5,110	-	-	5,110
Professional fees	-	15,632	15,632	10,243	-	-	25,875
Programming	101,189	-	101,189	-	-	-	101,189
Repair and Maintenance	-	-	-	2,069	-	-	2,069
Salaries and benefits	76,580	76,580	153,160	61,264	61,264	30,632	306,320
Telephone/Internet	-	-	-	6,320	-	-	6,320
Underwriting	-	-	-	-	-	235	235
Underwriting Trades	-	-	-	-	-	82,921	82,921
Utilities	-	-	-	4,352	-	-	4,352
Website Expenses	-	-	-	7,052	-	-	7,052
	<u>\$ 182,467</u>	<u>\$ 98,149</u>	<u>\$ 280,616</u>	<u>\$ 135,883</u>	<u>\$ 73,107</u>	<u>\$ 139,029</u>	<u>\$ 628,635</u>

The accompanying notes are an integral part of the financial statements.

## CARBONDALE COMMUNITY ACCESS RADIO

STATEMENT OF CASH FLOWS  
Year Ended December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 40,611	\$ (12,122)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	9,539	9,539
Unrealized (Gain) Loss on Investments	17,162	(15,219)
Changes in Assets and Liabilities		
Accounts Receivable	77,017	(2,571)
Accounts Payable	10,192	3,500
Accrued Expenses	(7,862)	2,586
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>146,660</u>	<u>(14,287)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan Proceeds	57,700	-
Loan Payments	(11,304)	(11,066)
<b>Net Cash Provided by Financing Activities</b>	<u>46,396</u>	<u></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Capital Assets	-	-
(Purchase) Sale of Investments	-	(4,810)
<b>Net Cash Used by Investing Activities</b>	<u>-</u>	<u>(4,810)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	193,056	(30,163)
<b>CASH, Beginning</b>	<u>12,822</u>	<u>42,985</u>
<b>CASH, Ending</b>	<u><u>\$ 205,878</u></u>	<u><u>\$ 12,822</u></u>

The accompanying notes are an integral part of the financial statements.



# CARBONDALE COMMUNITY ACCESS RADIO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 1: **DESCRIPTION OF THE ORGANIZATION**

Carbondale Community Access Radio (the “Organization”) is a Colorado nonprofit corporation incorporated in 1981 as community access radio created by and for its listeners to provide diverse and innovative programming that reflects the concerns and interest of the communities it serves. The Organization is supported primarily by funding from the Corporation for Public Broadcasting, underwriting, memberships, and fund-raising.

### NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** – The Organization’s financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restriction: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

**Measure of Operations** – The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization’s ongoing activities and programs to provide its listeners diverse and innovative programming that reflects the concerns and interest of the communities the Organization serves. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be a more unusual or nonrecurring in nature.

**Cash and Cash Equivalents** – The Organization’s cash consists of cash on deposit with banks. Cash equivalents represent money market fund or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

## CARBONDALE COMMUNITY ACCESS RADIO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Concentration of Credit Risk** – Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in one bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

**Receivables** – Accounts Receivable and Grants Receivable consists primarily of amounts due for underwriting and federal support from the Corporation of Public Broadcasting. Receivables are charged to bad debt when they are deemed uncollectible. As of December 31, 2019 and 2018, management has deemed accounts to be collectable; therefore no allowance for uncollectible accounts is deemed necessary.

**Prepaid Expenses** – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

**Property and Equipment** – Property and equipment are recorded at cost. The Organization capitalizes all property and equipment with a useful life of more than one year. Depreciation is calculated using the straight-line method over estimated useful lives between 5 - 39 years. If donors stipulate the use of property and equipment, it is recorded as restricted.

**Investments** – Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

**Fair value measurements** – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Fair value measurements** (Continued)

These levels are:

- Level 1      Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2      Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3      Unobservable inputs that cannot be corroborated by observable market data.

**Contributions** – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed asset must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**Functional Allocation of Expenses** – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

For the years ended December 31, 2020 and 2019, all expenses with the exception of salaries and benefits were allocated based on actual usage. For the year ended December 31, 2020 and 2019, salaries and benefits were allocated as follows: 50% to programming, 20% to general and administrative expenses, 20% to fundraising, and 10% to underwriting.

# CARBONDALE COMMUNITY ACCESS RADIO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Use of Estimates** – Preparation of the Organization’s financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Tax Status** – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

### NOTE 3: AVAILABILITY AND LIQUIDITY

As of December 31, 2020, the Organization has a working capital of \$62,790 and average days (based on normal expenditures) cash on hand of 120.

The following represents the Organization’s financial assets at December 31, 2020 and 2019

	<u>2019</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 205,878	\$ 12,822
Accounts Receivable	24,332	11,839
Grants Receivable	33,398	122,908
Investments	<u>243,117</u>	<u>260,279</u>
Total financial assets	518,537	407,848
Less amounts not available to be used within one year:	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over The next twelve months	<u>\$ 518,537</u>	<u>\$ 407,848</u>

The Organization’s goal is generally to build financial assets to maintain an operating reserve that will be no less than 4 months and no more than 6 months of the annual operating budget (approximately \$175,000 to \$262,000).

As part of the liquidity plan, investment guidelines for the operating reserve fund are as follows:

- No less than 60% of reserves shall be invested in money markets, certificates of deposits, US government obligations, and bond market index mutual funds.
- No more than 40% of reserves shall be invested in Vanguard Total Stock market index fund.

# CARBONDALE COMMUNITY ACCESS RADIO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 4: INVESTMENTS

Investments as of December 31, 2020 and 2019 consist of bond market and stock market mutual funds. The market values at December 31, 2020 and 2019 were \$243,117, and \$260,279, respectively.

As of December 31, 2020 and 2019, these investments were measured using level 1 inputs.

The Organization is also a one third owner of Sunlight Peak, LLC. The purpose of Sunlight Peak is to operate broadcast transmission facilities primarily to enhance the non-commercial activities of each member. The market value at December 31, 2020 and 2019 of this investment was \$46,776 and \$46,776.

As of December 31, 2020 and 2019, this investment was measured using a level 3 inputs.

Investment income for the year ended December 31, 2020 is summarized as follows:

Interest and Dividends	\$ 15
Net Realized and Unrealized Losses	<u>(17,162)</u>
Total Investment Income (Loss)	<u><b>\$ (17,147)</b></u>

Investment income for the year ended December 31, 2019 is summarized as follows:

Interest and Dividends	\$ 4,835
Net Realized and Unrealized Gains	<u>15,219</u>
Total Investment Income (Loss)	<u><b>\$ 20,054</b></u>

### NOTE 5: PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 41,022	\$ 41,022
Building	254,193	254,193
Studio Equipment	104,263	104,263
Office Equipment	<u>22,255</u>	<u>22,255</u>
Total	421,733	421,733
Less: Accumulated Depreciation	<u>(191,354)</u>	<u>(181,815)</u>
Total Property and Equipment	<u><b>\$ 230,379</b></u>	<u><b>\$ 239,918</b></u>

# CARBONDALE COMMUNITY ACCESS RADIO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 5: PROPERTY AND EQUIPMENT

Depreciation expense of \$9,539 and \$9,539 is included in the statement of activities for the years ended December 31, 2020 and 2019, respectively. This expense is categorized as a general and administrative expense.

### NOTE 6: MORTGAGE PAYABLE

Following is a summary of the Organization's mortgage payable transactions for the year ended December 31, 2020:

	Balance 12/31/19	Additions	Payments	Balance 12/31/20	Due In One Year
<b>Mortgage Payable</b>	<b>\$ <u>50,512</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>11,304</u></b>	<b>\$ <u>39,208</u></b>	<b>\$ <u>12,244</u></b>

The Organization obtained a mortgage loan in the amount of \$125,000. The mortgage loan is secured by interest in real property and accrues interest at a rate of 5% per year. Monthly principal and interest payments in the amount of \$1,160 are due through December 2023.

Future debt service requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 12,244	\$ 1,681	\$ 13,925
2022	12,879	1,046	13,925
2023	<u>14,085</u>	<u>169</u>	<u>14,254</u>
Total	<b>\$ <u>39,208</u></b>	<b>\$ <u>2,896</u></b>	<b>\$ <u>42,104</u></b>

### NOTE 7: FORGIVABLE LOAN - PPP

On April 11, 2020, the Organization received a loan in the amount of \$57,700 through the Small Business Administration's Paycheck Protection Program under Division A, Title I of the Coronavirus Aid Relief and Economic Security Act. ("CARES Act"). The full amount was forgiven on November 30, 2020.

### NOTE 8: IN KIND DONATIONS

During the year the Organization received donated services from various sources for its program. For the year ended December 31, 2020 and 2019, the amount of in-kind donations totaled \$52,459 and \$73,050, respectively. These amounts are recorded as underwriting revenue -trades and underwriting trades expense in the financial statements.

CARBONDALE COMMUNITY ACCESS RADIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020 and 2019

**NOTE 8: IN KIND DONATIONS** (Continued)

A number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

**NOTE 9: NET ASSETS**

For the years ended December 31, 2020 and 2019, the Organization reports no net assets with donor restrictions.

**NOTE 10: SUBSEQUENT EVENTS**

Potential subsequent events were considered through August 23, 2021. It was determined that no events were required to be disclosed through this date.