



**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**FINANCIAL STATEMENTS**

**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Roaring Fork Public Radio, Inc.  
Aspen, Colorado

We have audited the accompanying financial statements of Roaring Fork Public Radio, Inc. (DBA: Aspen Public Radio, a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. 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 of 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 Roaring Fork Public Radio, Inc. of December 31, 2020 and 2019, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Reese Henry & Company, Inc.*

Certified Public Accountants  
Aspen, Colorado  
May 20, 2021

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019**

	2020	2019
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 357,469	\$ 152,051
Accounts Receivable	20,964	30,777
Employee Receivables	5,184	7,257
Investments	1,089,263	959,466
Investment in Sunlight Peak, LLC.	38,803	46,771
Property and Equipment, net	109,771	118,079
Security Deposits	4,568	6,568
Restricted Investments	460,000	520,000
<b>TOTAL ASSETS</b>	<b>\$ 2,086,022</b>	<b>\$ 1,840,969</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 14,809	\$ 7,283
Deferred Revenue	18,643	26,327
Payroll Protection Program Loan	107,700	-
<b>TOTAL LIABILITIES</b>	<b>141,152</b>	<b>33,610</b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	905,463	707,952
Designated by the Board for Operating Reserve	579,407	579,407
Total Net Assets Without Donor Restrictions	1,484,870	1,287,359
With Donor Restrictions		
Purpose Restrictions	240,000	300,000
Perpetual in Nature	220,000	220,000
Total Net Assets With Donor Restrictions	460,000	520,000
<b>TOTAL NET ASSETS</b>	<b>1,944,870</b>	<b>1,807,359</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,086,022</b>	<b>\$ 1,840,969</b>

See accompanying notes and Independent Auditor's Report.

**ROARING FORK PUBLIC RADIO, INC.**  
**(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 518,352	\$ -	\$ 518,352
Grants	379,289	36,568	415,857
Underwriting Revenue - Paid	275,073	-	275,073
Underwriting Revenue - Trade	49,733	-	49,733
Special Events, Net	5,842	-	5,842
Other Revenue	3,825	-	3,825
Investment Return, Net	128,303	-	128,303
Bank Interest Income	31	-	31
Net Assets Released From Restrictions:			
Satisfaction of Program Restrictions	96,568	(96,568)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,457,016</b>	<b>(60,000)</b>	<b>1,397,016</b>
<b>EXPENSES</b>			
Program Services	831,607	-	831,607
General and Administrative	169,343	-	169,343
Fundraising	258,555	-	258,555
<b>TOTAL EXPENSES</b>	<b>1,259,505</b>	<b>-</b>	<b>1,259,505</b>
<b>CHANGE IN NET ASSETS</b>	<b>197,511</b>	<b>(60,000)</b>	<b>137,511</b>
<b>NET ASSETS, January 1</b>	<b>1,287,359</b>	<b>520,000</b>	<b>1,807,359</b>
<b>NET ASSETS, December 31</b>	<b>\$ 1,484,870</b>	<b>\$ 460,000</b>	<b>\$ 1,944,870</b>

See accompanying notes and Independent Auditor's Report.

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 517,878	\$ -	\$ 517,878
Grants	233,762	37,863	271,625
Underwriting Revenue - Paid	316,450	-	316,450
Underwriting Revenue - Trade	38,900	-	38,900
Special Events, Net	37,779	-	37,779
Other Revenue	5,852	-	5,852
Investment Return, Net	97,985	-	97,985
Net Assets Released From Restrictions			
Satisfaction of Program Restrictions	107,863	(107,863)	-
<b>TOTAL SUPPORT AND REVENUES</b>	<b>1,356,469</b>	<b>(70,000)</b>	<b>1,286,469</b>
<b>EXPENSES</b>			
Program Services	862,377	-	862,377
General and Administrative	161,683	-	161,683
Fundraising	192,812	-	192,812
<b>TOTAL EXPENSES</b>	<b>1,216,872</b>	<b>-</b>	<b>1,216,872</b>
<b>CHANGE IN NET ASSETS</b>	<b>139,597</b>	<b>(70,000)</b>	<b>69,597</b>
<b>NET ASSETS, January 1</b>	<b>1,147,762</b>	<b>590,000</b>	<b>1,737,762</b>
<b>NET ASSETS, December 31</b>	<b>\$ 1,287,359</b>	<b>\$ 520,000</b>	<b>\$ 1,807,359</b>

See accompanying notes and Independent Auditor's Report.

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020**

	Program Expenses	General and Administrative	Fundraising	Cost of Goods Sold	Total
Salaries and Wages	\$ 330,890	\$ 77,499	\$ 166,870	\$ -	\$ 575,259
Employee Benefits	39,344	4,386	11,679	-	55,409
Payroll Taxes	27,840	5,603	14,920	-	48,363
Legal Fees	18,998	3,589	-	-	22,587
Accounting Fees	3,549	42,889	1,902	-	48,340
Contract Labor	74,540	-	-	-	74,540
Professional Services	27,614	-	25,838	-	53,452
Advertising and Promotion	17,551	8,775	18,473	-	44,799
Office Expenses	14,913	3,638	10,100	-	28,651
Information Technology	23,562	5,342	3,876	-	32,780
Occupancy	58,146	2,853	2,853	-	63,852
Travel	2,533	173	-	-	2,706
Depreciation	11,727	1,303	-	-	13,030
Insurance	4,262	7,193	133	-	11,588
Communications	12,100	4,278	1,647	-	18,025
Meals and Entertainment	50	1,822	264	-	2,136
Equipment Purchases	16,361	-	-	-	16,361
Programming Expenses	147,627	-	-	-	147,627
Cost of Direct Benefits to Donors	-	-	-	658	658
Total expenses by function	<u>831,607</u>	<u>169,343</u>	<u>258,555</u>	<u>658</u>	<u>1,260,163</u>
Less expenses included with revenues on the statement of activities					
Cost of Direct Benefits to Donors	-	-	-	(658)	(658)
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<u><b>\$ 831,607</b></u>	<u><b>\$ 169,343</b></u>	<u><b>\$ 258,555</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,259,505</b></u>

See accompanying notes and Independent Auditor's Report.



**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019**

	Program Expenses	General and Administrative	Fundraising	Cost of Goods Sold	Total
Salaries and Wages	\$ 308,030	\$ 69,539	\$ 132,500	\$ -	\$ 510,069
Employee Benefits	34,472	2,751	6,144	-	43,367
Payroll Taxes	23,224	4,981	11,125	-	39,330
Legal Fees	8,656	3,589	-	-	12,245
Accounting Fees	1,873	42,887	897	-	45,657
Contract Labor	87,035	-	-	-	87,035
Professional Services	24,757	1,233	759	-	26,749
Advertising and Promotion	13,317	6,658	15,786	-	35,761
Office Expenses	20,059	4,747	10,018	-	34,824
Information Technology	24,295	4,897	3,876	-	33,068
Occupancy	64,901	3,192	3,192	-	71,285
Travel	10,867	173	6,230	-	17,270
Depreciation	17,977	1,997	-	-	19,974
Insurance	6,820	7,674	264	-	14,758
Awards	1,000	-	-	-	1,000
Communications	12,325	4,620	1,603	-	18,548
Meals and Entertainment	1,917	1,822	418	-	4,157
Equipment Purchases	9,337	923	-	-	10,260
Programming Expenses	191,515	-	-	-	191,515
Cost of Direct Benefits to Donors	-	-	-	9,748	9,748
Total expenses by function	<u>862,377</u>	<u>161,683</u>	<u>192,812</u>	<u>9,748</u>	<u>1,226,620</u>
Less expenses included with revenues on the statement of activities					
Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,748)</u>	<u>(9,748)</u>
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b><u>\$ 862,377</u></b>	<b><u>\$ 161,683</u></b>	<b><u>\$ 192,812</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,216,872</u></b>

See accompanying notes and Independent Auditor's Report.

**ROARING FORK PUBLIC RADIO, INC.**  
**(DBA: ASPEN PUBLIC RADIO)**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 137,511	\$ 69,597
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation Expense	13,030	19,974
Unrealized Gain on Investments	(52,290)	(102,868)
Realized (Gain)/Loss on Sale of Investments	(61,367)	26,304
<b>(Increase) Decrease in Assets:</b>		
Accounts Receivable	9,813	(2,560)
Employee Receivables	2,073	(3,688)
Investments - Other	7,968	4,825
Security Deposits	2,000	548
<b>Increase (Decrease) in Liabilities:</b>		
Accounts Payable	7,526	(939)
Deferred Revenue	(7,684)	4,747
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>58,580</b>	<b>15,940</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the Sale of Investments	2,214,637	1,382,651
Purchase of Investments	(2,170,777)	(1,344,698)
Purchase of Property and Equipment	(4,722)	(17,231)
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>39,138</b>	<b>20,722</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Payroll Protection Program Loan	107,700	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>107,700</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>205,418</b>	<b>36,662</b>
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<b>152,051</b>	<b>115,389</b>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b>\$ 357,469</b>	<b>\$ 152,051</b>

See accompanying notes and Independent Auditor's Report.

**ROARING FORK PUBLIC RADIO, INC.  
(DBA: ASPEN PUBLIC RADIO)**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION AND PURPOSE**

Roaring Fork Public Radio, Inc. (the Station) was incorporated October 9, 1980 as a Colorado nonprofit corporation. The Station operates as Aspen Public Radio. The Station is organized to broadcast non-commercial, nonprofit radio, serving the communities of the Roaring Fork, Frying Pan, Colorado and Crystal River Valleys with predominantly cultural, educational and informational radio service.

**BASIS OF ACCOUNTING**

The financial statements of the Station have been prepared on the accrual basis, which is in accordance with generally accepted accounting principles in the United States (GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

**FINANCIAL STATEMENT PRESENTATION**

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

*Net Assets without Donor Restrictions:* Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The board of directors has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets with Donor Restrictions:* Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include all cash held in deposits and temporary investments with an original maturity of three months or less.

#### ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management has reviewed balances for the years ended December 31, 2020 and 2019 and believes that substantially all amounts are collectible.

#### INVESTMENTS

The Station carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

#### FAIR VALUE MEASUREMENTS

The Station is subject to the provisions of *Fair Value Measurements and Disclosures* Topic of FASB ASC. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

#### PROPERTY AND EQUIPMENT

The Station capitalizes all additions to property and equipment in excess of \$1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Such donated property is reported as undesignated unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as donor restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Station reclassifies donor restricted net assets to undesignated net assets at that time. Property and equipment are depreciated over their estimated useful lives of 3 to 40 years primarily using the straight-line method.

The Station's lease specifies that upon termination the Landlord may require the Station to return the leased premises to the original condition prior to the commencement of this lease. Management does not believe the Landlord will require the Station to restore the premises to their original condition given the improvements made. Therefore, an asset retirement obligation has not been included in the financial statements. In the unlikely case that the Station will be required to remove the improvements, the estimated cost to restore would be immaterial.

#### DEFERRED REVENUE

The Station recognizes revenue when the services are performed. Deferred revenue at December 31, 2020 and 2019 consists of underwriting revenue which totals \$18,643 and \$26,327, respectively.

## CONTRIBUTIONS

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted support is 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.

## UNDERWRITING REVENUE

For the year ended December 31, 2020, \$49,733 of underwriting revenue was received as trade for services and is included in underwriting revenue on this financial statement. The amount included \$25,000 in advertising, \$12,133 in professional fees, and \$12,600 in office phones and supplies, which is included in fundraising expenses.

For the year ended December 31, 2019, \$38,900 of underwriting revenue was received as trade for services and is included in underwriting revenue on this financial statement. The amount included \$12,000 in advertising, \$6,500 in services, \$9,100 in professional fees, \$2,500 in special events venue, \$1,000 in photography, and \$7,800 in office phones and supplies, which is included in fundraising expenses.

## DONATED SERVICES

The Station receives a significant amount of donated services from unpaid volunteers who assist in fundraising, program activities and special events. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Station if not provided by donation. Services meeting the above criteria are recorded at their fair values in the period received. For the years ended December 31, 2020 and 2019, no contributed services met these requirements.

## INCOME TAX STATUS

The Station is organized as a Colorado nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) of the Internal Revenue Code, qualify for charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) , and has been classified as other than a private foundation under IRC Sections 509(a)(a) and (3). The Station is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Station is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. For the years ended December 31, 2020 and 2019, the Station was not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

#### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of producing the various programs and 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.

#### ADVERTISING

The Station expenses advertising costs as incurred. Total advertising expense for the years ended December 31, 2020 and 2019 was \$44,799 and \$35,761, respectively. For the years ended December 31, 2020 and 2019, the Station received \$25,000 and \$10,000, respectively, of total advertising expenses in trade for underwriting revenue.

#### USE OF ESTIMATES

The preparation of financial statements includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

#### DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through May 20, 2021, which is the date the financial statements were available to be issued.

#### RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The Station adopted this ASU for the year ending December 31, 2020. The adoption of this ASU had no significant impact on how the Station recognizes revenue.

#### UPCOMING ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02 to increase transparency and comparability of information regarding an entity's leasing activities by providing additional information to users of financial statements. ASU 2016-02 requires lessees to recognize most leases on their balance sheet by recording a liability for its lease obligation and an asset for its right to use the underlying asset as of the lease commencement date and recognizing expenses on the income statement in a similar manner to the current guidance in ASC Topic 840, Leases ("ASC 840"). The new lease guidance will be effective for The Station's year ending December 31, 2021. The Station is currently in the process of evaluating the impact the adoption will have on the Station's financial condition, results of operations, and cash flows.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet dates of December 31, 2020 and 2019 comprise of the following.

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 357,469	\$ 124,175
Cash Held in Investments	359,052	122,248
Accounts Receivable	20,964	30,777
Release of Purpose Restricted Funds	60,000	60,000
Operating Investments	<u>730,211</u>	<u>837,219</u>
	<u>\$ 1,527,696</u>	<u>\$ 1,174,419</u>

Occasionally, the Board designates a portion of any operating surplus to its operating reserve. As of December 31, 2020 and 2019, the board designated operating reserve balance was \$579,407. These funds are available if necessary.

The Station's endowment fund consists of a donor-restricted endowment. Income from the donor-restricted endowment is available for general use. Donor-restricted endowment funds are not available for general expenditure. As of December 31, 2020 and 2019, total donor-restricted endowment funds are \$220,000.

## 3. INVESTMENTS

Investments at December 31, 2020 and 2019 are stated at fair value and consist exclusively of:

	<u>2020</u>	<u>2019</u>
Money Funds	\$ 359,052	\$ 122,248
Fixed Income Funds	758,285	697,213
Equity Fund	260,700	358,074
International Equity Funds	<u>171,226</u>	<u>301,931</u>
Total Investments	<u>\$ 1,549,263</u>	<u>\$ 1,479,466</u>
Investment in Sunlight Peak, LLC	<u>\$ 38,803</u>	<u>\$ 46,771</u>

### 3. INVESTMENTS (CONTINUED)

Investment return is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest and Dividends	\$ 21,997	\$ 29,480
Unrealized Gain	52,290	102,868
Realized Gain/(Loss)	61,367	(26,304)
Investment Management Fees	<u>(7,351)</u>	<u>(8,059)</u>
Total Investment Return, Net	<u>\$ 128,303</u>	<u>\$ 97,985</u>

The Station's endowment consists of funds established to provide the Station with a continual source of earnings. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Station has not adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Though they have not adopted this Act, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The expendable investment income from the corpus, which includes interest and dividends, realized and unrealized gains, net of administrative fees, is included in the unrestricted net assets. The Station is committed to preserving the corpus of the endowment funds.

The Station has a formal investment policy. Under this policy, management of the Endowment Fund is delegated to the Finance Committee. The Finance Committee has chosen one of its members as lead Manager to execute trades in conformance with the Policy, with the concurrence of the Treasurer.

The Station's spending policy is to only spend earnings and not invade corpus per the agreements with donors.

The Endowment net asset composition consists of a fund established by donors totaling \$220,000. Income from the endowment fund investment is without donor restrictions therefore there were no changes in the endowment net assets during the years ended December 31, 2020 and 2019.



#### 4. FAIR VALUE MEASUREMENTS

The fair value option was chosen to measure all financial assets and liabilities in order to mitigate volatility in reported changes in net assets. The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments. Investments measured on a recurring basis and reported at fair value are classified and disclosed in one of the three fair value hierarchy categories.

The following table summarizes the valuation of the Station's investments by the above fair value hierarchy levels at December 31, 2020 and 2019:

	December 31, 2020			
	Fair Value	Level 1	Level 2	Level 3
Money Funds	\$ 359,052	\$ 359,052	\$ -	\$ -
Fixed Income Funds	758,285	758,285	-	-
Equities	431,926	431,926	-	-
Investment in Sunlight Peak, LLC	38,803	-	-	38,803
	<u>\$1,588,066</u>	<u>\$1,549,263</u>	<u>\$ -</u>	<u>\$ 38,803</u>

  

	December 31, 2019			
	Fair Value	Level 1	Level 2	Level 3
Money Funds	\$ 122,248	\$ 122,248	\$ -	\$ -
Fixed Income Funds	697,213	697,213	-	\$ -
Equities	660,005	660,005	-	-
Investment in Sunlight Peak, LLC	46,771	-	-	46,771
	<u>\$1,526,237</u>	<u>\$1,479,466</u>	<u>\$ -</u>	<u>\$ 46,771</u>

The Station's investment in Sunlight Peak, LLC consists of \$76,089 in capital contributions. Sunlight Peak, LLC ("Sunlight"), is a Colorado non-profit limited liability company owned by three non-profit organizations to jointly share in the construction and maintenance costs of the Sunlight Peak transmitter tower. For the years ended December 31, 2020 and 2019, the investment was adjusted by \$7,968 and \$4,825, respectively, to record the investment at fair value. As of December 31, 2020 and 2019, the fair value of the investment was \$38,803 and \$46,771, respectively. Sunlight is a nonprofit 501(c)(3) organization with a fiscal year end of June 30. Sunlight filed Form 990-EZ for the fiscal year ended June 30, 2020 and 2019. For the year ended June 30, 2019, the 990-EZ showed net assets of \$153,659 and assets of \$154,323. For the year ended June 30, 2020, the 990-EZ showed net assets and assets of \$136,078. Both years were reported on the accrual basis of accounting.

**5. PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Building and Improvements	\$ 73,362	\$ 73,362
Radio Equipment	186,743	186,743
Furniture and Fixtures	10,966	10,966
Computer Equipment	126,831	122,109
	397,902	393,180
Less Accumulated Depreciation	(288,131)	(275,101)
Property and Equipment, Net	\$ 109,771	\$ 118,079

Depreciation expense was \$13,030 and \$19,974 for the years ended December 31, 2020 and 2019, respectively.

**6. BOARD DESIGNATED NET ASSETS**

Board designated funds are set aside based on formal board designations and are designated as operating reserve funds. The funds are available if necessary. At December 31, 2020 and 2019, the balance of board designated net assets was \$579,407.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2020 and 2019 are restricted for the following purposes or periods.

	2020	2019
Arts and Culture Desk	\$ 240,000	\$ 300,000
Donor funds to be held in perpetuity	220,000	220,000
Net Assets with Donor Restrictions	\$ 460,000	\$ 520,000

**8. PAYROLL PROTECTION PROGRAM LOAN**

On April 16, 2020, the Station received a Federal Payroll Protection Program Loan in the amount of \$107,700. This loan is contingently forgiven if the Station meets certain expenditure requirements. Any unforgiven portion of the loan will require monthly principal and interest payments beginning October 16, 2020, carries an interest rate of 1%, and matures April 16, 2022. As of February 5, 2021, the loan has been fully forgiven.

## **9. CONCENTRATION OF RISKS**

### **CREDIT RISK**

The Station places its cash with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC (U.S. Federal Deposit Insurance Corporation) insured limit of \$250,000.

### **ECONOMIC DEPENDENCY**

The Station operates from a single location and relies on its broadcasting assets to serve its coverage areas within the Roaring Fork, Frying Pan, Colorado and Crystal River Valleys. The Station's broadcasting assets (including transmission towers) are located in various leased properties that may not be easily replaced or substituted with different properties. If the Station is required to change the locations of its broadcasting assets, it may need to settle with less than ideal locations or invest in additional broadcasting assets to maintain its coverage areas.

For the years ended December 31, 2020 and 2019, the Station received approximately 30% and 22%, respectively, of its revenue from the Corporation for Public Broadcasting (CPB). CPB funds are subject to certain use and reporting requirements. Should CPB determine funds were not spent properly; the Station may be required to return the funds. The Station believes all CPB funds have been spent in accordance with CPB's restrictions.

## **10. OPERATING LEASES**

The Station leases office space from the City of Aspen under a one-year lease that expires December 31, 2020. Rent expense for the years ended December 31, 2020 and 2019 was \$40,599 and \$47,808 respectively. A security deposit of \$3,824 is included in these financial statements.

The Station has a lease for a radio transmitter site on Smuggler Mountain in Aspen. That lease expires on June 30, 2024. The Station has an option to extend the lease for an additional 5 years after the current extension expires. The lease allows the Station to sublease space on its transmitter tower and in the equipment building provided that the station gives to the owner six-months prior notice of its intention to exercise this option. The lease calls for a rent of one dollar per year. If the Station subleases space at the site, the lessor is to receive 30% of the sublease revenue until all costs for the transmitter tower, building, and equipment have been paid in full. After these costs have been paid in full the lessor is to receive 50% of the sublease revenue. During 2020 and 2019, sublease income of \$2,400 was earned by the Station.

The Station entered a land lease agreement with POW, Inc. for access to the radio booster antenna and associated equipment located on Iron Mountain near Glenwood Springs through May 31, 2015. The lease includes an option to renew for an additional ten years. The lessor has the option to receive 50% of the lease payments in trade radio spots. There is a cancellation fee of \$3,000 on the lease. For the years ending December 31, 2020 and 2019, the lease expense was \$5,078 and \$4,631, respectively.

## 10. OPERATING LEASES (CONTINUED)

Future minimum payments under all lease agreements are as follows for the years ending December 31:

	<u>Lease Expense</u>	<u>Sublease Income</u>
2021	\$ 5,532	\$ 2,550
2022	5,532	2,630
2023	5,532	2,710
2024	5,532	2,800
2025	5,532	2,885
Thereafter	<u>2,305</u>	<u>9,200</u>
	<u>\$ 29,965</u>	<u>\$ 22,775</u>

Total expense under these leases for the years ended December 31, 2020 and 2019 was \$45,039 and \$52,439, respectively.

## 11. RETIREMENT PLAN

The Station offers to its staff the option to participate in a retirement plan pursuant to section 403(b) of the Internal Revenue Code. Staff contributions are voluntary and are made on a pre-tax basis. The Station has no obligation to make employer contributions. The Station does voluntarily make contributions based on the employee manual in accordance with its policy. This is a matching program that starts during the second year of continual employment as a match to the employees' voluntary contribution. The matching contribution by the Station is based on the length of employment and will at no time exceed 6% of the employee's salary. For the years ended December 31, 2020 and 2019, the Station's contributions totaled \$5,769 and \$3,280, respectively.