



**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Financial Statements  
and  
Independent Auditors' Report  
June 30, 2017 and 2016**

**EKS&H**

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Rocky Mountain Public Media, Inc.  
Denver, Colorado

We have audited the accompanying consolidated financial statements of Rocky Mountain Public Media, Inc. (a non-profit corporation), which are comprised of the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

To the Board of Directors  
Rocky Mountain Public Media, Inc.  
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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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Public Media, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, and functional expenses are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, change in net assets, and cash flows of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

EKS;H LLLP  
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November 8, 2017  
Denver, Colorado

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statements of Financial Position**

	June 30,	
	2017	2016
<b>Assets</b>		
Assets		
Cash and cash equivalents	\$ 1,010,363	\$ 449,974
Restricted cash - capital campaign	2,302,941	2,149,151
Accounts receivable		
Contributions, grants, and other, net of allowance for doubtful accounts of \$392,617 (2017) and \$200,087 (2016)	2,225,639	1,984,114
Program underwriting and fees, net of allowance for doubtful accounts of \$19,200 (2017) and \$33,857 (2016)	1,120,555	1,198,341
Capital campaign pledges receivable	824,337	884,269
Program inventory	76,731	55,760
Prepaid and other expenses	330,322	529,154
Investments	10,964,370	9,794,300
Investments - capital campaign	2,003,533	-
Note receivable	-	55,000
Property and equipment, net	12,943,198	6,187,166
Operating license	53,017	53,017
Total assets	<b>\$ 33,855,006</b>	<b>\$ 23,340,246</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Line-of-credit	\$ -	\$ 900,000
Accounts payable	606,786	609,321
Accrued expenses	501,659	453,232
Deferred revenue	144,619	287,709
Deferred revenue - capital campaign	4,000,000	2,000,000
Deferred gain on sale and leaseback	1,020,833	-
Notes payable	527,401	75,035
Total liabilities	<b>6,801,298</b>	<b>4,325,297</b>
Net assets		
Unrestricted	26,185,740	17,433,314
Temporarily restricted	606,251	1,349,298
Permanently restricted	261,717	232,337
Total net assets	<b>27,053,708</b>	<b>19,014,949</b>
Total liabilities and net assets	<b>\$ 33,855,006</b>	<b>\$ 23,340,246</b>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statements of Activities**

	For the Years Ended							
	June 30, 2017				June 30, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and support								
Contributions								
Membership	\$ 9,874,396	\$ -	\$ -	\$ 9,874,396	\$ 8,744,141	\$ -	\$ -	\$ 8,744,141
Capital campaign	-	447,793	-	447,793	-	1,045,752	-	1,045,752
Underwriting	1,623,951	66,130	-	1,690,081	1,613,294	66,130	-	1,679,424
Bequests	239,994	-	-	239,994	556,771	-	-	556,771
Other gifts	484,883	3,596	29,380	517,859	436,604	16,416	2,000	455,020
Grants								
Community service grant	1,751,395	-	-	1,751,395	2,062,608	-	-	2,062,608
Other	1,006,329	95,000	-	1,101,329	1,429,824	81,000	-	1,510,824
In-kind donations	367,879	-	-	367,879	395,197	-	-	395,197
Program service revenues	7,999	-	-	7,999	4,993	-	-	4,993
Service fees and rental	420,161	-	-	420,161	372,170	-	-	372,170
Special events, net of expenses of \$84,421 (2017) and \$136,480 (2016) (in-kind revenue and expense of \$84,421 (2017) and \$75,251 (2016))	43,409	-	-	43,409	140,174	-	-	140,174
Other	5,958	-	-	5,958	58,738	-	-	58,738
Total revenues, gains, and support	<u>15,826,354</u>	<u>612,519</u>	<u>29,380</u>	<u>16,468,253</u>	<u>15,814,514</u>	<u>1,209,298</u>	<u>2,000</u>	<u>17,025,812</u>
Net assets released from restrictions								
Satisfaction of purpose restrictions	217,130	(217,130)	-	-	481,951	(481,951)	-	-
Satisfaction of capital campaign restrictions	<u>1,138,436</u>	<u>(1,138,436)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u>1,355,566</u>	<u>(1,355,566)</u>	<u>-</u>	<u>-</u>	<u>481,951</u>	<u>(481,951)</u>	<u>-</u>	<u>-</u>
Total support and revenues, net	<u>17,181,920</u>	<u>(743,047)</u>	<u>29,380</u>	<u>16,468,253</u>	<u>16,296,465</u>	<u>727,347</u>	<u>2,000</u>	<u>17,025,812</u>
Expenses								
Program services								
Programming and production	5,540,313	-	-	5,540,313	6,120,632	-	-	6,120,632
Broadcasting	3,055,473	-	-	3,055,473	2,935,338	-	-	2,935,338
Public information	452,891	-	-	452,891	520,058	-	-	520,058
Total program services	<u>9,048,677</u>	<u>-</u>	<u>-</u>	<u>9,048,677</u>	<u>9,576,028</u>	<u>-</u>	<u>-</u>	<u>9,576,028</u>
Supporting services								
Management and general	1,535,570	-	-	1,535,570	1,405,786	-	-	1,405,786
Fundraising and development	4,418,217	-	-	4,418,217	4,072,273	-	-	4,072,273
Underwriting	580,236	-	-	580,236	760,096	-	-	760,096
Total supporting services	<u>6,534,023</u>	<u>-</u>	<u>-</u>	<u>6,534,023</u>	<u>6,238,155</u>	<u>-</u>	<u>-</u>	<u>6,238,155</u>
Building and capital campaign expense	190,097	-	-	190,097	136,908	-	-	136,908
Total expenses	<u>15,772,797</u>	<u>-</u>	<u>-</u>	<u>15,772,797</u>	<u>15,951,091</u>	<u>-</u>	<u>-</u>	<u>15,951,091</u>
Change in net assets from operations	1,409,123	(743,047)	29,380	695,456	345,374	727,347	2,000	1,074,721
Depreciation and amortization	(638,137)	-	-	(638,137)	(921,690)	-	-	(921,690)
Investment income (loss), net of direct advisor fees of \$42,500 for 2017 and 2016	1,131,920	-	-	1,131,920	(364,560)	-	-	(364,560)
Gain on sale and leaseback transactions, net (Note 2)	<u>6,849,520</u>	<u>-</u>	<u>-</u>	<u>6,849,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	8,752,426	(743,047)	29,380	8,038,759	(940,876)	727,347	2,000	(211,529)
Net assets, beginning of year	<u>17,433,314</u>	<u>1,349,298</u>	<u>232,337</u>	<u>19,014,949</u>	<u>18,374,190</u>	<u>621,951</u>	<u>230,337</u>	<u>19,226,478</u>
Net assets, end of year	<u>\$ 26,185,740</u>	<u>\$ 606,251</u>	<u>\$ 261,717</u>	<u>\$ 27,053,708</u>	<u>\$ 17,433,314</u>	<u>\$ 1,349,298</u>	<u>\$ 232,337</u>	<u>\$ 19,014,949</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2017**

	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Public Information</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Underwriting</u>	<u>Building and Capital Campaign</u>	<u>Total</u>
Personnel and payroll taxes	\$ 2,419,790	\$ 1,020,415	\$ 241,924	\$ 762,168	\$ 1,356,270	\$ 446,266	\$ -	\$ 6,246,833
Program acquisitions	2,123,593	10,582	-	-	-	-	-	2,134,175
Professional services	470,661	117,265	56,870	311,640	1,337,051	53,066	178,345	2,524,898
Contributed goods and services	-	209,437	-	27,135	108,921	22,386	-	367,879
Mailing and shipping	6,210	2,351	300	13,154	821,334	325	69	843,743
Printing and duplicating	3,491	3,378	29,228	13,197	22,603	3,269	2,031	77,197
Building, distribution, and software	2,031	1,174,933	1,500	76,017	71,046	230	-	1,325,757
Building rent	158,377	29,015	916	21,807	17,887	6,925	-	234,927
Subscriptions, dues, and licenses	72,226	30,422	1,934	70,083	62,827	103	-	237,595
Premiums, advertising, and promotions	43,954	2,529	96,635	17,082	483,141	42	-	643,383
Supplies and videotapes	32,634	65,686	10,456	11,968	7,023	879	561	129,207
Travel, parking, and mileage	70,397	25,349	7,710	21,656	17,933	8,650	2,143	153,838
Insurance	28,368	-	-	66,520	1,193	-	-	96,081
Telephone and connectivity	8,493	128,947	-	16,632	2,034	1,378	-	157,484
Interest	-	1,042	-	35,093	4,174	-	-	40,309
Training and meetings	53,557	32,586	5,383	49,413	91,685	15,489	6,948	255,061
Repairs and maintenance	378	166,253	-	-	-	-	-	166,631
Special events	567	50	15	5,501	12,978	2,379	-	21,490
Recruiting	2,138	-	20	1,359	-	-	-	3,517
Indirect costs	6,542	-	-	-	-	-	-	6,542
Bad debt	36,906	35,233	-	15,145	117	18,849	-	106,250
Total expenses before depreciation and amortization	5,540,313	3,055,473	452,891	1,535,570	4,418,217	580,236	190,097	15,772,797
Depreciation and amortization	150,246	403,644	452	41,764	39,514	2,517	-	638,137
Total expenses	<u>\$ 5,690,559</u>	<u>\$ 3,459,117</u>	<u>\$ 453,343</u>	<u>\$ 1,577,334</u>	<u>\$ 4,457,731</u>	<u>\$ 582,753</u>	<u>\$ 190,097</u>	<u>\$ 16,410,934</u>

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2016**

	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Public Information</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Underwriting</u>	<u>Building and Capital Campaign</u>	<u>Total</u>
Personnel and payroll taxes	\$ 2,700,622	\$ 981,138	\$ 276,006	\$ 748,353	\$ 1,229,599	\$ 628,546	\$ 5,533	\$ 6,569,797
Program acquisitions	2,454,962	8,211	-	3,673	-	-	-	2,466,846
Professional services	671,349	108,306	117,073	290,893	1,059,854	49,043	123,466	2,419,984
Contributed goods and services	3,139	269,293	185	7,357	112,259	2,964	-	395,197
Mailing and shipping	3,239	4,089	279	14,945	777,705	284	109	800,650
Printing and duplicating	11,888	1,706	31,393	12,148	27,609	3,952	220	88,916
Building, distribution, and software	5,557	1,162,753	-	78,593	51,694	-	5,000	1,303,597
Subscriptions, dues, and licenses	53,160	32,056	1,831	51,304	88,268	1,000	100	227,719
Premiums, advertising, and promotions	23,203	2,106	72,402	750	554,780	-	-	653,241
Supplies and videotapes	22,897	61,278	12,907	13,825	15,839	891	87	127,724
Travel, parking, and mileage	101,042	20,511	4,842	12,964	14,484	8,665	1,066	163,574
Insurance	25,021	-	-	62,961	989	-	-	88,971
Telephone and connectivity	9,092	108,121	-	14,049	2,560	1,400	-	135,222
Interest	132	1,808	-	60,505	5,565	-	-	68,010
Training and meetings	29,327	21,763	3,140	29,489	57,245	8,669	1,327	150,960
Repairs and maintenance	490	135,398	-	-	-	-	-	135,888
Special events	2,601	3,331	-	3,977	73,744	6,597	-	90,250
Recruiting	2,661	2,001	-	-	79	-	-	4,741
Bad debt	250	11,469	-	-	-	48,085	-	59,804
Total expenses before depreciation and amortization	6,120,632	2,935,338	520,058	1,405,786	4,072,273	760,096	136,908	15,951,091
Depreciation and amortization	333,863	448,639	5,302	68,439	55,319	10,128	-	921,690
Total expenses	<u>\$ 6,454,495</u>	<u>\$ 3,383,977</u>	<u>\$ 525,360</u>	<u>\$ 1,474,225</u>	<u>\$ 4,127,592</u>	<u>\$ 770,224</u>	<u>\$ 136,908</u>	<u>\$ 16,872,781</u>

See notes to consolidated financial statements.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Consolidated Statements of Cash Flows

	For the Years Ended June 30,	
	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 8,038,759	\$ (211,529)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in allowance for doubtful accounts	(177,873)	(117,123)
Depreciation	638,137	921,690
Gain on sale and leaseback transactions, net	(6,849,520)	-
Deferred revenue - capital campaign	2,000,000	2,000,000
Contributions for capital campaign	(447,793)	(1,045,752)
Net realized and unrealized (gains) losses on investments	(904,358)	670,552
Changes in certain assets and liabilities		
Contributions, grants, and other receivables	(72,368)	(45,061)
Program and underwriting fees receivable	63,129	(58,054)
Pledges receivable	23,373	(268,831)
Capital campaign pledges receivable	59,932	(884,269)
Program inventory	(20,971)	7,051
Prepaid and other expenses	198,832	1,649
Accounts payable	(127,494)	(100,992)
Accrued expenses	48,427	(5,090)
Deferred revenue	(143,090)	(208,876)
Net cash provided by operating activities	2,327,122	655,365
Cash flows from investing activities		
Change in restricted cash	(153,790)	(2,149,151)
Payments for purchase of property and equipment	(898,857)	(599,311)
Proceeds from sale of land	1,500,000	-
Payment received on notes receivable	55,000	-
Net (purchases) sales of investments	(2,269,245)	261,561
Net cash used in investing activities	(1,766,892)	(2,486,901)
Cash flow from financing activities		
Payments on capital leases	-	(10,914)
Payments on note payable	(8,494)	(8,081)
Proceeds from note payable	460,860	-
Net (payments) proceeds on line-of-credit	(900,000)	900,000
Contributions for capital campaign	447,793	1,045,752
Net cash provided by financing activities	159	1,926,757
Net change in cash and cash equivalents	560,389	95,221
Cash and cash equivalents, beginning of year	449,974	354,753
Cash and cash equivalents, end of year	\$ 1,010,363	\$ 449,974

(Continued on the following page)

See notes to consolidated financial statements.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidated Statements of Cash Flows**

(Continued from the previous page)

Supplemental disclosure of cash flow information:

Interest paid was \$40,309 and \$68,010 for the years ended June 30, 2017 and 2016, respectively.

Supplemental disclosure of non-cash activity:

The Network had \$124,959 and \$107,464 of property and equipment purchases that were included in accounts payable at June 30, 2017 and 2016, respectively.

During the year ended June 30, 2017, the Network entered into a sale-leaseback transaction that exchanged property valued at \$2,029,647 for new land valued at \$8,400,000 and cash of \$1,500,000. The Network then leased back the exchanged property, resulting in a deferred gain on the sale equal to the future minimum lease payments of \$1,020,833, as reported on the consolidated statements of financial position.

See notes to consolidated financial statements.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies**

#### **Organization**

Rocky Mountain Public Media, Inc. (the "Network"), a non-profit corporation, was founded in 1956 to manage the Denver Public Schools' educational television station KRMA-TV. In 1987, the Network spun off from the school district and obtained a community license from the FCC to operate KRMA-TV as a public broadcasting station under the name Rocky Mountain Public Broadcasting Network, Inc. In 1998, the Network began broadcast operations from Grand Junction, Colorado, as KRMJ, in partnership with Colorado Mesa University; in 2001, the Network began broadcasting from Pueblo, Colorado, as KTSC, after acquiring the station from Colorado State University in Pueblo; in 2005, the Network began broadcasting from Durango, Colorado, as KRMU; and in 2007, the Network began broadcasting from Steamboat Springs, Colorado, as KRMZ, one of the first digital-only television stations in the country. On September 22, 2016, the articles of incorporation were amended, and the Network's name was changed to Rocky Mountain Public Media, Inc.

On January 1, 2013, the Network merged with I-News in order to increase the news coverage provided to Coloradans. Seven months later, the Network merged with KUVU/Denver Educational Broadcasting and began public radio broadcasting. Each of the acquisitions was strategic in increasing the Network's ability to enrich the lives of Coloradans through engaging and essential programs, services, and community partnerships that inform, enlighten, and entertain. By increasing reach digitally and terrestrially, the Network continues its commitment to education, arts, culture, public service journalism, and educational content available on more platforms than ever before. The Network airs seven hours of award-winning quality programming for children every day and reaches 98% of Colorado homes with a free, over-the-air signal.

In addition to providing engaging and educational content on a variety of platforms, the Network operates regional locations in Colorado Springs, Pueblo, and Grand Junction to bring civic dialogue to life through community screenings of thought-provoking dialogue, family-centered Science Nights and Kids Fun Fest, and partners with other non-profits to provide educational content to the community.

#### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of Rocky Mountain Public Media, Inc.; its wholly owned subsidiary RMPB Ventures, Inc., a separate for-profit organization established in June 1997; KUVU, LLC, a separate non-profit public radio organization; and I-News. There was no significant operating activity in RMPB Ventures, Inc. during the years ended June 30, 2017 or 2016. All material interorganization transactions have been eliminated in consolidation.

#### **Basis of Presentation**

The consolidated financial statements are presented pursuant to *Public Telecommunications Audit Guide and Requirements*, published in May 1989 by the Corporation for Public Broadcasting, and significant accounting policies conform to the *Supplemental Guide* published in 2005 by the Corporation for Public Broadcasting.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Basis of Presentation (continued)

The Network is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Board of Directors for use in the Network's operations.

Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are assets that must be maintained permanently by the Network as required by the donor, but the Network is permitted to use or expend part or all of any income derived from those assets in accordance with the donor's restrictions.

#### Cash and Cash Equivalents

The Network considers all highly liquid investments with a maturity of three months or less and that are not held by investment managers as part of an investment portfolio to be cash equivalents. The Network continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of June 30, 2017, and periodically throughout the year, the Network maintained balances in excess of federally insured limits.

At June 30, 2017 and 2016, amounts included in cash that are held in escrow to be used for building maintenance and shared antenna use are \$80,389 and \$67,034, respectively.

#### Restricted Cash

The Network maintains a separate cash account for amounts received related to the capital campaign, until such time as construction begins. As of June 30, 2017 and 2016, the balance of this account was \$2,302,941 and \$2,149,151, of which \$2,000,000 is a conditional contribution recorded in deferred revenue.

#### Concentrations of Credit Risk

Financial instruments that potentially subject the Network to concentrations of credit risk consist principally of cash in excess of FDIC limits, temporary cash investments, investment securities, programming, underwriting, fees receivable, and pledges receivable. The Network places its cash accounts with creditworthy, high-quality financial institutions. Investments are made by investment managers contracted by the Network. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Network.

Credit risk with respect to accounts and pledges receivable is limited due to the number and creditworthiness of the corporations, foundations, and individuals who comprise the vendor/contributor base.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Investments

The Network is required to report investments in equity and debt securities with readily determinable fair values at their fair values with unrealized gains and losses included in the consolidated statements of activities.

#### Accounts Receivable

Accounts receivable represent amounts due resulting from the performance of services provided to other organizations and individuals. The allowance for doubtful accounts is based on past experience and on analysis of the collectibility of current accounts receivable. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible. Accounts receivable are considered to be past due based on contractual terms.

#### Contributions and Contributions Receivable

The Network reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the amount is then reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Unconditional contributions are recognized as revenues in the period the pledge is received. Contributions receivable are recorded at fair value if expected to be collected in one year and at net realizable value if expected to be collected in more than one year. All amounts are expected to be collected in one year.

The Network uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The Network recorded an allowance of \$392,617 and \$200,087 at June 30, 2017 and 2016, respectively, as reflected in the consolidated statements of financial position.

#### Capital Campaign Pledges Receivable

The Network began incurring costs and receiving pledges in fiscal year 2016 relating to the capital campaign. Multi-year capital campaign pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

#### Program Underwriting

Program underwriting is recorded from signed agreements. Program underwriting related to purchased programs is recognized as unrestricted net assets. Accounts receivable are recorded for the full amount of the signed underwriting agreement. The allowance at June 30, 2017 and 2016 was \$19,200 and \$33,857, respectively.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Program Inventory

The Network maintains its purchased inventory of programming on the specific identification basis. Programming rights for specials are expensed after the first broadcast. Purchased programming for program series for which costs can be specifically identified are expensed based on the percent of the entire first run of that series that has been broadcast in the current year. Inventories are carried at the lower of cost or market value on the first-in, first-out basis of accounting.

Purchased programming agreements that provide for one year of unlimited airing of the package are expensed when the first program of the package is aired. The Network has determined that the individual program's cost in the package cannot be reasonably estimated and, therefore, is expensed rather than amortized.

#### Property and Equipment

The Network capitalizes all expenditures for property and equipment in excess of \$5,000 and with a useful life exceeding one year. Property and equipment, if purchased, are recorded at cost. Donated fixed assets are also capitalized at fair value at the date of donation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, ranging from 2 to 30 years.

#### Construction in Progress

The Network has capitalized costs related to transmitters, broadcasting equipment, network infrastructure, and building. Once the projects are completed, they are placed into service and depreciated.

#### Long-Lived Assets

The Network reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Network looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired. There were no impairments at June 30, 2017 and 2016.

#### Deferred Revenue

Deferred revenue consists of funds received from grants for programs in which expenses will be incurred in a future period. The revenue will be recognized in applicable future periods when the services are provided and the related expenses are incurred.

#### Deferred Revenue - Capital Campaign

At June 30, 2017 and 2016, deferred revenue - capital campaign consisted of a \$4,000,000 and \$2,000,000 conditional contribution received for the capital campaign, respectively, which is to be held in a separate account until such time as \$22,000,000 of the budget for the capital campaign has been raised. The conditional contribution is part of a \$6,000,000 conditional grant received that is payable over a three-year period.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### Note 1 - Organization and Summary of Significant Accounting Policies (continued)

#### Advertising

The Network uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred. During the years ended June 30, 2017 and 2016, advertising expense was \$227,907 and \$147,593, respectively, which included in-kind advertising of \$10,175 and \$11,875, respectively.

#### In-Kind and Donated Services

The Network receives various in-kind gifts of goods and services, which are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. In-kind goods and services were \$367,879 and \$395,197 for the years ended June 30, 2017 and 2016, respectively, which consisted of the following:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Professional services	\$ 197,635	\$ 183,655
Meetings and member engagement	89,707	83,994
Premiums	46,562	37,037
Occupancy	22,000	72,691
Advertising	10,175	11,875
Memberships	1,800	2,845
Equipment	-	2,500
Program support	-	600
	<u>\$ 367,879</u>	<u>\$ 395,197</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Network in its programs and general operations. The Network received approximately 15,000 and 16,000 volunteer hours during 2017 and 2016, respectively. These values have not been included in the consolidated financial statements as they do not meet the requirements to be recorded under accounting principles generally accepted in the United States of America.

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Income Taxes

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). However, the income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income as defined in the IRC and regulations thereunder. Total unrelated business income was not material for the years ended June 30, 2017 and 2016. The Network applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amount has been recognized as of June 30, 2017 and 2016. If incurred, interest and penalties associated with tax positions would be recorded in the period assessed as miscellaneous administrative expense. No interest or penalties have been assessed as of June 30, 2017 and 2016.

RMPB Ventures, Inc. is a for-profit corporation and is subject to federal and state income taxes at the applicable corporate rates. As there were no significant operating activities in RMPB Ventures, Inc., income taxes were insignificant for the years ended June 30, 2017 and 2016.

#### Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, certain costs have been allocated among the appropriate programs and supporting services.

#### Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment reduces the classes of net assets to *net assets with donor restrictions* and *net assets without donor restrictions*; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations; and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for the Network for the year ended June 30, 2019, with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented. Management of the Network is evaluating the impact that this ASU will have on the consolidated financial statements.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Recently Issued Accounting Pronouncements (continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes current revenue recognition requirements and industry-specific guidance. The codification was amended through additional ASUs and, as amended, requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services. The Network is required to adopt the new standard in 2019 and may adopt either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption using one of two retrospective application methods. The Network is continuing to evaluate the provisions of this new guidance and has not determined the impact this standard may have on its financial condition, change in net assets, cash flows, and related disclosures or decided upon the method of adoption.

#### Subsequent Events

The Network has evaluated all subsequent events through the auditors' report date, which is the date the consolidated financial statements were available to be issued. Except as disclosed in Note 2, there were no material subsequent events that required recognition or disclosure in the financial statements.

### **Note 2 - Buell Public Media Center Capital Campaign**

During the year ended June 30, 2016, the Network commenced a capital campaign. The Network has committed to being the leader in the reinvention of public media. By changing Colorado's public media landscape through an ambitious capital campaign initiative, a replicable model of high-tech media collaboration, original programming and community involvement—all under one roof—will result. The Network's goal for the construction of the Buell Public Media Center ("BPMC") is to raise \$30,000,000. For the years ended June 30, 2017 and 2016, the Network raised \$447,793 and \$1,045,752, respectively, in capital campaign contributions. Additionally, the Network had capital campaign pledges outstanding of \$824,337 and \$884,269 as of June 30, 2017 and 2016. As of June 30, 2017, the Network has raised \$1,493,545 of accumulative pledges towards its goal and has collected \$667,764 of the accumulative total.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 2 - Buell Public Media Center Capital Campaign (continued)**

As part of the development of the BPMC, in July 2016, the Network entered into a land-for-land exchange agreement with the State of Colorado whereas the Network exchanged the existing land and building of its operations on Bannock Street valued at \$2,029,647 and received from the State of Colorado \$1,500,000 in cash and land for construction of the BPMC valued at \$8,400,000, resulting in a total gain of \$7,870,353, of which \$1,250,000 was originally deferred on the sale and leaseback, as discussed below. The Network also entered into an office lease agreement commencing August 2016 ("Commencement Date") with the State of Colorado to occupy its existing building until the construction of the BPMC is completed. The lease term is for five years from the Commencement Date, with annual rent of \$250,000. The lease includes an early termination clause, whereas the Network may terminate the lease at no cost after the 36<sup>th</sup> month of the lease. Future lease payments for the office lease have been included in Note 12. The amount of gain equal to future minimum lease payments is deferred and will be recognized in proportion to the amount of rent charged to expense over the term of the lease. For the year ended June 30, 2017, the Network expensed \$229,167 of lease payments. In addition, the Network recognized a gain on the sale and leaseback transaction of \$6,849,520, and at June 30, 2017, \$1,020,833 of deferred gain on the sale and leaseback transaction is included on the consolidated statement of financial position.

The Network has also designated \$1,343,786 of cash proceeds from the land-for-land exchange agreement and \$5,000,000 of cash proceeds from the sale of a portion of the land to the capital campaign. Subsequent to year-end, the Network has raised \$886,424 of capital campaign contributions and designated \$862,823 of unrestricted gifts to the capital campaign. With approximately \$12,275,000 in additional pledged and verbal commitments, the Network is currently at 73% of its goal.

### **Note 3 - Investments**

Investments are comprised of the following:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Investments, at fair value		
Money markets	\$ 2,360,733	\$ 76,877
Fixed income mutual funds	2,430,723	2,205,332
Equity mutual funds	8,176,447	6,983,482
Alternative investments	-	478,087
Total investments, at fair value	<u>12,967,903</u>	<u>9,743,778</u>
Other - valued at cost		
Certificates of deposit (time deposits)	-	50,522
Total investments	<u>\$ 12,967,903</u>	<u>\$ 9,794,300</u>

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 3 - Investments (continued)**

At June 30, 2017, the money markets investment balance includes \$2,003,533 received in conjunction with the capital campaign.

Investment income consists of the following:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Dividends and interest, net of fees	\$ 227,562	\$ 305,992
Net realized (losses) gains	(47,923)	11,707
Net unrealized gains (losses)	<u>952,281</u>	<u>(682,259)</u>
Total investment return (loss)	<u>\$ 1,131,920</u>	<u>\$ (364,560)</u>

### **Note 4 - Fair Value Measurement**

The Network has adopted guidance surrounding fair value measurements that establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. The guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped based on significant levels of inputs as follows:

- Level 1: Quoted prices are available in active markets for identical investments as of the reporting date;
- Level 2: Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. These classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Notes to Consolidated Financial Statements**

**Note 4 - Fair Value Measurement (continued)**

Financial assets carried at fair value measured on a recurring basis as of June 30, 2017 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money markets	\$ 2,360,733	\$ -	\$ -	\$ 2,360,733
Fixed income mutual funds	2,430,723	-	-	2,430,723
Equity mutual funds	<u>8,176,447</u>	<u>-</u>	<u>-</u>	<u>8,176,447</u>
Total fair value	<u>\$ 12,967,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,967,903</u>

Financial assets carried at fair value measured on a recurring basis as of June 30, 2016 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money markets	\$ 76,877	\$ -	\$ -	\$ 76,877
Fixed income mutual funds	2,205,332	-	-	2,205,332
Equity mutual funds	6,983,482	-	-	6,983,482
Alternative investments				
Low correlated hedge funds	<u>-</u>	<u>478,087</u>	<u>-</u>	<u>478,087</u>
Total fair value	<u>\$ 9,265,691</u>	<u>\$ 478,087</u>	<u>\$ -</u>	<u>\$ 9,743,778</u>

The following are descriptions of the valuation methodologies used for assets measured at fair value:

*Money markets and mutual funds:* Valued at the closing price reported on the active market on which the funds and individual securities are traded.

*Alternative investments:* Valued based on net asset value per share.

Investments in certain entities that calculate net asset value per share are as follows:

<u>Fund Description</u>	<u>June 30, 2017 Fair Value</u>	<u>June 30, 2016 Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Skybridge Multi-Advisor Hedge Fund - Series G	\$ -	\$ 478,087	None	Quarterly	65 days

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 4 - Fair Value Measurement (continued)**

This fund attempts to generate capital appreciation over a three- to five-year time horizon by investing in a variety of hedge funds, including discretionary and systematic trading, equity market neutral, long/short credit, convertible and fixed income arbitrage, directional equity, corporate credit event driven, distressed securities, merger arbitrage and special situations, and event-driven equity. Currently, over 50% of investments are North American exposure, but the fund is able to make investments in both international developed and emerging markets. The fair value of the investment has been calculated using the net asset value per share of the investment.

There were no changes to the valuation techniques used during the period.

### **Note 5 - Property and Equipment**

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 8,692,300	\$ 742,904
Buildings and improvements	2,137,009	10,618,463
Furniture, fixtures, and equipment	13,518,061	13,208,223
Transmitter facilities and equipment	12,638,751	12,633,405
Construction in process	1,212,172	505,690
Less accumulated depreciation	<u>(25,255,095)</u>	<u>(31,521,519)</u>
	<u>\$ 12,943,198</u>	<u>\$ 6,187,166</u>

Equipment under capital lease and included in transmitter facilities and equipment amounted to \$48,016 for both 2017 and 2016, with accumulated amortization of \$33,349 and \$29,626 as of June 30, 2017 and 2016, respectively.

### **Note 6 - Note Receivable**

In February 2006, the Network and KBDI, a public television broadcaster, jointly purchased an office condominium. In August 2006, the Network sold a portion of its interest in the condominium to KBDI for \$100,000.

The Network provided financing to KBDI to purchase the condominium office space. The balance of \$55,000 on the note receivable was paid in full during the year ended June 30, 2017.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### Note 7 - Notes Payable

The Network has an obligation under a note payable for property for a mortgage payable to Five Points Media Center. The note is due in monthly installments of principal and interest of \$1,004 through December 2023, with an interest rate of 5% and secured by a first deed of trust on an office condominium. Amounts payable to Five Points Media Center at June 30, 2017 and 2016 were \$66,541 and \$75,035, respectively.

In addition, in October 2016, the Network entered into a note payable to the City and County of Denver. The note allows for a total principal amount of up to \$1,500,000 to be borrowed, which includes \$1,000,000 as a performance-based loan at 0% interest and \$500,000 as a repayable loan at 2% interest. The note is secured by a first deed of trust on property. At June 30, 2017, the Network has borrowed a principal amount of \$460,860 from the performance-based loan. If the Network remains in compliance with the note, as defined in the agreement, the performance-based loan will be deemed to be fully paid and satisfied 85 months after the execution of the note payable. Amounts payable to the City and County of Denver at June 30, 2017 were \$460,860.

Future annual maturities of note payable obligations outstanding are as follows:

#### For the Year Ending June 30,

2018	\$	8,929
2019		9,385
2020		9,866
2021		10,370
2022		10,901
Thereafter		<u>477,950</u>
	\$	<u>527,401</u>

### Note 8 - Net Assets

#### Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2017</u>	<u>2016</u>
Local production	\$ 20,000	\$ 6,000
Education initiative	141,130	141,130
Endowment earnings	20,012	16,416
Capital campaign	355,109	1,045,752
Programming	<u>70,000</u>	<u>140,000</u>
	<u>\$ 606,251</u>	<u>\$ 1,349,298</u>

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### **Note 8 - Net Assets (continued)**

#### **Permanently Restricted Net Assets**

Permanently restricted net assets represent donations that have been restricted by the donors to be used for various endowments. Permanently restricted net assets consist of endowment fund assets to be held indefinitely. The income from the assets is available for general operating expenses.

### **Note 9 - Employee Benefit Plan**

The Network has a tax-sheltered annuity plan (the "Plan") under IRC Section 403(b) covering substantially all full-time employees. The Network contributes 100% up to 3% of the employees' deferrals. In addition, each participating employee has the option to contribute additional amounts on a pre-tax basis up to the maximum allowable by the IRS. Contributions to the Plan vest immediately. The Network contributed \$116,020 and \$124,818 for the years ended June 30, 2017 and 2016, respectively.

### **Note 10 - Commitments and Contingencies**

The Network has received various federal grants in prior years for the acquisition and construction of certain transmitter facilities and equipment. The grants were made contingent upon the continued use of the transmitter facilities and equipment for their stated purpose for a period of 10 years. If the facility and equipment are sold or not used for their stated purpose, the Network must repay a portion of the grant awarded. The contingencies are scheduled to expire at varying times through 2018. It is the intent of management to utilize the facilities and equipment for its public telecommunications services at least through the date these contingencies expire.

### **Note 11 - Line-of-Credit**

During the year ended June 30, 2017, the Network had a \$950,000 line-of-credit with a bank, which bears interest at 4.75% and matures April 14, 2018. The outstanding balances at June 30, 2017 and 2016 were \$0 and \$900,000, respectively. The line-of-credit is collateralized by deposit accounts of the Network.

### **Note 12 - Operating Leases**

The Network leases facilities, equipment, and tower space under non-cancelable operating leases through December 2023. Rent expense for the years ended June 30, 2017 and 2016 was \$726,483 and \$506,298, respectively.

# ROCKY MOUNTAIN PUBLIC MEDIA, INC.

## Notes to Consolidated Financial Statements

### Note 12 - Operating Leases (continued)

Future minimum lease payments under these leases are as follows:

#### For the Year Ending June 30,

2018	\$	589,850
2019		532,485
2020		322,478
2021		319,501
2022		87,934
Thereafter		<u>33,550</u>
	\$	<u>1,885,798</u>

### Note 13 - Rental Fee Income

The Network leases transmission towers and commercial space to tenants under non-cancelable operating leases with terms of one to five years. Rental fee income for the years ended June 30, 2017 and 2016 was approximately \$256,000 and \$215,000, respectively.

Future minimum rental revenue under these leases is approximately as follows:

#### For the Year Ending June 30,

2018	\$	41,000
2019		34,000
2020		31,000
2021		27,000
2022		31,000
Thereafter		<u>65,000</u>
	\$	<u>229,000</u>

**SUPPLEMENTARY INFORMATION**

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Financial Position  
June 30, 2017**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 758,542	\$ 251,821	\$ -	\$ 1,010,363
Restricted cash - capital campaign	2,302,941	-	-	2,302,941
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$361,801 and \$30,816, respectively	2,036,343	189,296	-	2,225,639
Program underwriting and fees, net of allowance for doubtful accounts of \$15,211 and \$3,989, respectively	937,929	182,626	-	1,120,555
Capital campaign pledges receivable, net	824,337	-	-	824,337
Intercompany receivables	990,228	-	(990,228)	-
Program inventory	76,731	-	-	76,731
Prepaid and other expenses	220,610	109,712	-	330,322
Investments	10,964,370	-	-	10,964,370
Investments - capital campaign	2,003,533	-	-	2,003,533
Property and equipment, net	12,045,599	897,599	-	12,943,198
Operating license	-	53,017	-	53,017
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 33,161,163</u>	<u>\$ 1,684,071</u>	<u>\$ (990,228)</u>	<u>\$ 33,855,006</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Accounts payable	\$ 571,328	\$ 35,458	\$ -	\$ 606,786
Accrued expenses	431,447	70,212	-	501,659
Deferred revenues	73,134	71,485	-	144,619
Deferred revenue - capital campaign	4,000,000	-	-	4,000,000
Deferred gain on sale and leaseback	1,020,833	-	-	1,020,833
Note payable	460,860	66,541	-	527,401
Intercompany payables	-	990,228	(990,228)	-
Total liabilities	<u>6,557,602</u>	<u>1,233,924</u>	<u>(990,228)</u>	<u>6,801,298</u>
Net assets				
Unrestricted	25,735,593	450,147	-	26,185,740
Temporarily restricted	606,251	-	-	606,251
Permanently restricted	261,717	-	-	261,717
Total net assets	<u>26,603,561</u>	<u>450,147</u>	<u>-</u>	<u>27,053,708</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 33,161,163</u>	<u>\$ 1,684,071</u>	<u>\$ (990,228)</u>	<u>\$ 33,855,006</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Financial Position  
June 30, 2016**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Assets</b>				
Assets				
Cash and cash equivalents	\$ 314,332	\$ 135,642	\$ -	\$ 449,974
Restricted cash - capital campaign	2,149,151	-	-	2,149,151
Accounts receivable				
Contributions, grants, and other, net of allowance for doubtful accounts of \$182,806 and \$17,281, respectively	1,809,385	174,729	-	1,984,114
Program underwriting and fees, net of allowance for doubtful accounts of \$30,908 and \$2,949, respectively	1,100,636	97,705	-	1,198,341
Capital campaign pledges receivable, net	884,269	-	-	884,269
Intercompany receivables	956,120	-	(956,120)	-
Program inventory	55,760	-	-	55,760
Prepaid and other expenses	432,709	96,445	-	529,154
Investments	9,794,300	-	-	9,794,300
Note receivable	-	55,000	-	55,000
Property and equipment, net	5,182,028	1,005,138	-	6,187,166
Operating license	-	53,017	-	53,017
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 22,678,690</u>	<u>\$ 1,617,676</u>	<u>\$ (956,120)</u>	<u>\$ 23,340,246</u>
<b>Liabilities and Net Assets</b>				
Liabilities				
Line-of-credit	\$ 900,000	\$ -	\$ -	\$ 900,000
Accounts payable	597,845	11,476	-	609,321
Accrued expenses	372,976	80,256	-	453,232
Deferred revenues	2,230,824	56,885	-	2,287,709
Note payable	-	75,035	-	75,035
Intercompany payables	-	956,120	(956,120)	-
Total liabilities	<u>4,101,645</u>	<u>1,179,772</u>	<u>(956,120)</u>	<u>4,325,297</u>
Net assets				
Unrestricted	16,995,410	437,904	-	17,433,314
Temporarily restricted	1,349,298	-	-	1,349,298
Permanently restricted	232,337	-	-	232,337
Total net assets	<u>18,577,045</u>	<u>437,904</u>	<u>-</u>	<u>19,014,949</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 22,678,690</u>	<u>\$ 1,617,676</u>	<u>\$ (956,120)</u>	<u>\$ 23,340,246</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2017**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Consolidated</u>
Revenues, gains, and support			
Contributions			
Membership	\$ 8,977,596	\$ 896,800	\$ 9,874,396
Capital campaign	447,793	-	447,793
Underwriting	1,380,080	310,001	1,690,081
Bequests	239,994	-	239,994
Other gifts	460,809	57,050	517,859
Grants			
Community service grant	1,637,544	113,851	1,751,395
Other	1,101,329	-	1,101,329
In-kind donations	242,457	125,422	367,879
Program service revenues	7,999	-	7,999
Service fees and rental	413,051	7,110	420,161
Special events, net of expenses of \$0 and \$84,421 (in-kind revenue and expense \$84,421), respectively	-	43,409	43,409
Other	<u>5,958</u>	<u>-</u>	<u>5,958</u>
Total revenues, gains, and support	<u>14,914,610</u>	<u>1,553,643</u>	<u>16,468,253</u>
Expenses			
Program services			
Programming and production	4,961,719	578,594	5,540,313
Broadcasting	2,837,416	218,057	3,055,473
Public information	<u>427,714</u>	<u>25,177</u>	<u>452,891</u>
Total program services	<u>8,226,849</u>	<u>821,828</u>	<u>9,048,677</u>
Supporting services			
Management and general	1,448,647	86,923	1,535,570
Fundraising and development	3,941,373	476,844	4,418,217
Underwriting	<u>533,883</u>	<u>46,353</u>	<u>580,236</u>
Total supporting services	5,923,903	610,120	6,534,023
Building and capital campaign expenses	<u>190,097</u>	<u>-</u>	<u>190,097</u>
Total expenses	<u>14,340,849</u>	<u>1,431,948</u>	<u>15,772,797</u>
Change in net assets from operations	573,761	121,695	695,456
Depreciation and amortization	(528,685)	(109,452)	(638,137)
Investment loss, net of direct advisor fees of \$42,500 and \$0, respectively	1,131,920	-	1,131,920
Gain on sale and leaseback, net	<u>6,849,520</u>	<u>-</u>	<u>6,849,520</u>
Change in net assets	8,026,516	12,243	8,038,759
Net assets, at beginning of year	<u>18,577,045</u>	<u>437,904</u>	<u>19,014,949</u>
Net assets, at end of year	<u>\$ 26,603,561</u>	<u>\$ 450,147</u>	<u>\$ 27,053,708</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Activities  
For the Year Ended June 30, 2016**

	<u>Rocky Mountain PBS</u>	<u>KUVO, LLC</u>	<u>Consolidated</u>
Revenues, gains, and support			
Contributions			
Membership	\$ 7,882,739	\$ 861,402	\$ 8,744,141
Capital campaign	1,045,752	-	1,045,752
Underwriting	1,523,924	155,500	1,679,424
Bequests	556,771	-	556,771
Other gifts	383,250	71,770	455,020
Grants			
Community service grant	1,939,746	122,862	2,062,608
Other	1,490,824	20,000	1,510,824
In-kind donations	286,129	109,068	395,197
Program service revenues	4,993	-	4,993
Service fees and rental	368,120	4,050	372,170
Special events, net of expenses of \$23,959 (in-kind revenue and expense of \$6,337) and \$112,521 (in-kind revenue and expense of \$68,914), respectively	34,998	105,176	140,174
Other	<u>1,503</u>	<u>57,235</u>	<u>58,738</u>
Total revenues, gains, and support	<u>15,518,749</u>	<u>1,507,063</u>	<u>17,025,812</u>
Expenses			
Program services			
Programming and production	5,572,608	548,024	6,120,632
Broadcasting	2,737,423	197,915	2,935,338
Public information	<u>473,341</u>	<u>46,717</u>	<u>520,058</u>
Total program services	<u>8,783,372</u>	<u>792,656</u>	<u>9,576,028</u>
Supporting services			
Management and general	1,297,406	108,380	1,405,786
Fundraising and development	3,576,431	495,842	4,072,273
Underwriting	<u>695,026</u>	<u>65,070</u>	<u>760,096</u>
Total supporting services	5,568,863	669,292	6,238,155
Building and capital campaign expenses	<u>136,908</u>	-	<u>136,908</u>
Total expenses	<u>14,489,143</u>	<u>1,461,948</u>	<u>15,951,091</u>
Change in net assets from operations	1,029,606	45,115	1,074,721
Depreciation and amortization	(805,570)	(116,120)	(921,690)
Investment income, net of direct advisor fees of \$42,500 and \$0, respectively	<u>(364,560)</u>	-	<u>(364,560)</u>
Change in net assets	(140,524)	(71,005)	(211,529)
Net assets, at beginning of year	<u>18,717,569</u>	<u>508,909</u>	<u>19,226,478</u>
Net assets, at end of year	<u>\$ 18,577,045</u>	<u>\$ 437,904</u>	<u>\$ 19,014,949</u>

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Functional Expenses  
For the Year Ended June 30, 2017**

	Rocky Mountain PBS							KUVU, LLC							Consolidated Total	
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	Rocky Mountain PBS Total	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting		KUVU, LLC Total
Personnel and payroll taxes	\$ 1,957,753	\$ 979,170	\$ 220,991	\$ 762,168	\$ 1,142,308	\$ 430,196	\$ -	\$ 5,492,586	\$ 462,037	\$ 41,245	\$ 20,933	\$ -	\$ 213,962	\$ 16,070	\$ 754,247	\$ 6,246,833
Program acquisitions	2,037,637	-	-	-	-	-	-	2,037,637	85,956	10,582	-	-	-	-	96,538	2,134,175
Professional services	450,768	47,710	56,785	310,123	1,307,788	53,066	178,345	2,404,585	19,893	69,555	85	1,517	29,263	-	120,313	2,524,898
Contributed goods and services	-	209,437	-	27,135	1,800	4,085	-	242,457	-	-	-	-	107,121	18,301	125,422	367,879
Mailing and shipping	3,837	1,920	300	8,798	786,356	325	69	801,605	2,373	431	-	4,356	34,978	-	42,138	843,743
Printing and duplicating	3,491	3,378	27,151	13,197	18,897	3,269	2,031	71,414	-	-	2,077	-	3,706	-	5,783	77,197
Building, distribution, and software	598	1,140,819	1,500	10,330	67,573	230	-	1,221,050	1,433	34,114	-	65,687	3,473	-	104,707	1,325,757
Building rent	158,377	29,015	916	21,807	17,887	6,925	-	234,927	-	-	-	-	-	-	-	234,927
Subscriptions, dues, and licenses	66,512	30,422	1,934	58,852	58,907	103	-	216,730	5,714	-	-	11,231	3,920	-	20,865	237,595
Premiums, advertising, and promotions	43,954	2,529	95,337	16,707	464,419	42	-	622,988	-	-	1,298	375	18,722	-	20,395	643,383
Supplies and videotapes	32,233	63,341	10,456	11,878	5,881	879	561	125,229	401	2,345	-	90	1,142	-	3,978	129,207
Travel, parking, and mileage	70,397	25,349	6,941	21,636	16,208	7,759	2,143	150,433	-	-	769	20	1,725	891	3,405	153,838
Insurance	28,368	-	-	66,520	1,193	-	-	96,081	-	-	-	-	-	-	-	96,081
Telephone and connectivity	8,493	106,805	-	16,632	1,909	1,278	-	135,117	-	22,142	-	-	125	100	22,367	157,484
Interest	-	14	-	31,535	4,174	-	-	35,723	-	1,028	-	3,558	-	-	4,586	40,309
Training and meetings	53,058	32,479	5,383	49,324	33,451	15,007	6,948	195,650	499	107	-	89	58,234	482	59,411	255,061
Repairs and maintenance	378	133,380	-	-	-	-	-	133,758	-	32,873	-	-	-	-	32,873	166,631
Special events	279	50	-	5,501	12,505	2,379	-	20,714	288	-	15	-	473	-	776	21,490
Recruiting	2,138	-	20	1,359	-	-	-	3,517	-	-	-	-	-	-	-	3,517
Indirect costs	6,542	-	-	-	-	-	-	6,542	-	-	-	-	-	-	-	6,542
Bad debt	36,906	31,598	-	15,145	117	8,340	-	92,106	-	3,635	-	-	-	10,509	14,144	106,250
Total expenses before depreciation and amortization	4,961,719	2,837,416	427,714	1,448,647	3,941,373	533,883	190,097	14,340,849	578,594	218,057	25,177	86,923	476,844	46,353	1,431,948	15,772,797
Depreciation and amortization	67,915	390,759	452	30,614	38,253	692	-	528,685	82,331	12,885	-	11,150	1,261	1,825	109,452	638,137
Total expenses	\$ 5,029,634	\$ 3,228,175	\$ 428,166	\$ 1,479,261	\$ 3,979,626	\$ 534,575	\$ 190,097	\$14,869,534	\$ 660,925	\$ 230,942	\$ 25,177	\$ 98,073	\$ 478,105	\$ 48,178	\$ 1,541,400	\$16,410,934

**ROCKY MOUNTAIN PUBLIC MEDIA, INC.**

**Consolidating Statement of Functional Expenses  
For the Year Ended June 30, 2016**

	Rocky Mountain PBS								KUVO, LLC						Consolidated Total	
	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting	Building and Capital Campaign	Rocky Mountain PBS Total	Programming and Production	Broadcasting	Public Information	Management and General	Fundraising and Development	Underwriting		KUVO, LLC Total
Personnel and payroll taxes	\$ 2,259,044	\$ 934,905	\$ 236,228	\$ 748,353	\$ 1,009,884	\$ 568,771	\$ 5,533	\$ 5,762,718	\$ 441,578	\$ 46,233	\$ 39,778	\$ -	\$ 219,715	\$ 59,775	\$ 807,079	\$ 6,569,797
Program acquisitions	2,376,397	72	-	-	-	-	-	2,376,469	78,565	8,139	-	3,673	-	-	90,377	2,466,846
Professional services	654,746	50,226	114,447	290,067	1,035,839	49,043	123,466	2,317,834	16,603	58,080	2,626	826	24,015	-	102,150	2,419,984
Contributed goods and services	-	269,293	185	7,357	7,000	2,294	-	286,129	3,139	-	-	-	105,259	670	109,068	395,197
Mailing and shipping	3,239	3,717	279	3,051	746,638	284	109	757,317	-	372	-	11,894	31,067	-	43,333	800,650
Printing and duplicating	11,888	1,706	29,767	12,148	19,974	3,952	220	79,655	-	-	1,626	-	7,635	-	9,261	88,916
Building, distribution, and software	1,967	1,126,600	-	3,826	49,744	-	5,000	1,187,137	3,590	36,153	-	74,767	1,950	-	116,460	1,303,597
Subscriptions, dues, and licenses	53,160	31,740	1,831	41,850	82,573	1,000	100	212,254	-	316	-	9,454	5,695	-	15,465	227,719
Premiums, advertising, and promotions	23,203	2,106	71,416	-	525,316	-	-	622,041	-	-	986	750	29,464	-	31,200	653,241
Supplies and videotapes	21,677	53,958	11,337	11,819	13,188	891	87	112,957	1,220	7,320	1,570	2,006	2,651	-	14,767	127,724
Travel, parking, and mileage	100,090	20,511	4,842	12,814	11,501	8,293	1,066	159,117	952	-	-	150	2,983	372	4,457	163,574
Insurance	25,021	-	-	62,961	989	-	-	88,971	-	-	-	-	-	-	-	88,971
Telephone and connectivity	9,092	84,703	-	14,049	2,560	1,200	-	111,604	-	23,418	-	-	-	200	23,618	135,222
Interest	132	390	-	56,533	5,565	-	-	62,620	-	1,418	-	3,972	-	-	5,390	68,010
Training and meetings	28,218	21,763	3,009	28,930	46,391	8,505	1,327	138,143	1,109	-	131	559	10,854	164	12,817	150,960
Repairs and maintenance	490	118,932	-	-	-	-	-	119,422	-	16,466	-	-	-	-	16,466	135,888
Special events	1,372	3,331	-	3,648	19,190	6,597	-	34,138	1,229	-	-	329	54,554	-	56,112	90,250
Recruiting	2,622	2,001	-	-	79	-	-	4,702	39	-	-	-	-	-	39	4,741
Bad debt	250	11,469	-	-	-	44,196	-	55,915	-	-	-	-	-	3,889	3,889	59,804
Total expenses before depreciation and amortization	5,572,608	2,737,423	473,341	1,297,406	3,576,431	695,026	136,908	14,489,143	548,024	197,915	46,717	108,380	495,842	65,070	1,461,948	15,951,091
Depreciation and amortization	247,566	434,392	5,302	56,275	53,925	8,110	-	805,570	86,297	14,247	-	12,164	1,394	2,018	116,120	921,690
Total expenses	\$ 5,820,174	\$ 3,171,815	\$ 478,643	\$ 1,353,681	\$ 3,630,356	\$ 703,136	\$ 136,908	\$15,294,713	\$ 634,321	\$ 212,162	\$ 46,717	\$ 120,544	\$ 497,236	\$ 67,088	\$ 1,578,068	\$16,872,781