COLORADO PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

Hull and Associates, P.C.
Certified Public Accountants
780 Simms Street, Suite 200
Golden, Colorado 80401

COLORADO PUBLIC TELEVISION, INC.
Denver, Colorado

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Colorado Public Television, Inc.
Denver, Colorado

We have audited the accompanying financial statements of Colorado Public Television, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities 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 required 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 Colorado Public Television, Inc. as of September 30, 2013 and 2012, 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 Matter
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules of functional expenses beginning on page 20 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Hull & Associates, PC

Hull & Associates, P.C.
Certified Public Accountants

Golden, Colorado
February 10, 2014

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 14,466	$ 17,844
Accounts receivable, net	148,663	296,125
Grants receivable	0	24,075
Pledges receivable	17,100	4,484
Prepaid and other	123,918	109,655
Total current assets	304,147	452,183
Property and equipment, net	2,730,530	2,958,504
Other assets		
Other investments	89,336	57,020
Certificates of deposit	208,099	274,133
Endowment funds, Board designated	3,891,457	3,527,644
Endowment funds, permanent	248,836	218,437
	4,437,728	4,077,234
Total assets	$ 7,472,405	$ 7,487,921
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 206,571	$ 357,808
Accrued payroll and payroll taxes	58,673	71,381
Customer deposits	54,371	52,553
Deferred grant revenue	15,000	0
Other liabilities, current portion	45,000	25,000
Note payable, current portion	25,774	25,685
Line of credit	200,000	193,500
Total current liabilities	605,389	725,927
Long term liabilities		
Note payable, net of current portion	185,668	203,370
Other liabilities, net of current portion	60,000	65,000
Total long term liabilities	245,668	268,370
Total liabilities	851,057	994,297
Net assets		
Unrestricted		
Undesignated, available for operations	2,105,569	2,181,162
Designated	208,099	274,133
Board designated endowment	3,891,457	3,527,644
Total unrestricted	6,205,125	5,982,939
Temporarily restricted	231,364	325,826
Permanently restricted	184,859	184,859
Total net assets	6,621,348	6,493,624
Total liabilities and net assets	$ 7,472,405	$ 7,487,921

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2013 and 2012

	2013	2012
Changes in unrestricted net assets:		
Revenues:		
Membership revenue	$ 1,450,919	$ 1,411,869
Special events	855,692	742,259
Lease revenue, excess capacity	567,594	551,074
Community service grants	503,360	564,270
Contributions and grants	444,998	354,507
Rental income	86,191	85,844
Production and other	61,212	68,856
In-kind contributions	42,368	20,500
Miscellaneous income	15,380	18,952
Interest income	73,039	74,250
Gain on sale of investments	6,108	1,664
Unrealized gain on investments	526,867	555,111
Total unrestricted revenues	4,633,728	4,449,156
Net assets released from restrictions:		
Satisfaction of program and other restrictions	251,288	239,438
Satisfaction of equipment acquisition restrictions	31,665	55,685
Total net assets released from restrictions	282,953	295,123
Total unrestricted revenues, and other support	4,916,681	4,744,279
Expenses and transfer		
Program services:		
Programming and production	1,008,878	981,622
Broadcasting	746,208	775,862
Public information and promotion	248,107	239,552
Total program services	2,003,193	1,997,036
Supporting services:		
Management and general	867,991	858,546
Fundraising and membership development	1,662,967	1,452,731
Underwriting and grant solicitation	160,344	166,644
Total supporting services	2,691,302	2,477,921
Total expenses	4,694,495	4,474,957
Increase in unrestricted net assets	222,186	269,322
Changes in temporarily restricted net assets		
Production	39,741	122,580
Other grants and contributions	148,750	196,900
Net assets released from restrictions	(282,953)	(295,123)
Increase (decrease) in temporarily restricted net assets	(94,462)	24,357
Increase in net assets	127,724	293,679
Net assets at beginning of year	6,493,624	6,199,945
Net assets at end of year	$ 6,621,348	$ 6,493,624

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Increase in net assets:	$ 127,724	$ 293,679
Adjustments to reconcile change in net assets		
to net cash provided (used) by operating activities:		
Depreciation and amortization	243,890	241,533
(Increase) decrease in bad debt provision	3,250	(6,788)
Gain on sale of investments	(6,250)	(1,747)
Loss on disposition of assets	142	12,979
Unrealized gain on investments	(526,867)	(555,111)
Change in operating assets and liabilities:		
Accounts receivable	144,212	(105,382)
Grants receivable	24,075	(24,075)
Pledges receivable	(12,616)	(1,676)
Prepaid expenses	(14,263)	18,265
Accounts payable and accrued liabilities	(151,237)	113,681
Accrued payroll and payroll taxes	(12,708)	4,599
Other liabilities	15,000	15,000
Customer deposits	1,818	48,053
Deferred grant revenue	15,000	0
Net cash provided (used) by operating activities	(148,830)	53,010
Cash flows from investing activities:		
Purchase of property and equipment	(15,917)	(102,967)
Acquisition of investments	(73,036)	(74,247)
Sale of investments	277,834	144,577
Five Points Media Center Holding Company	(31,971)	(20,206)
Redemption of IREA account	(345)	(1,370)
Net cash provided (used) by investing activities	156,565	(54,213)
Cash flows from financing activities:		
Payments on note payable	(17,613)	(16,924)
Line of credit, net borrowing	6,500	(463)
Net cash used by financing activities	(11,113)	(17,387)
Net decrease in cash	(3,378)	(18,590)
Cash and cash equivalents, beginning of year	17,844	36,434
Cash and cash equivalents, end of year	$ 14,466	$ 17,844
Supplemental disclosures:		
Interest paid during the year	$ 13,416	$ 15,916
Donated investment securities	$ 2,386	1,632

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

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

Note 1. Organization

Colorado Public Television, Inc. (the Corporation) is a nonprofit corporation. The Corporation was organized to acquire, produce, and distribute educational video, audio, film, print and online materials. To distribute these materials the Corporation operates a noncommercial public television station (KBDI-TV) in the Denver metropolitan area and throughout Colorado. It holds and operates several broadcast licenses from the Federal Communications Commission for the purpose of public service, noncommercial educational transmission, including digital Channel 13 and Educational Broadcasting Service channels C1, C2, and C3 (WHR521) plus several other translator and relay signal facilities. Funds for operations come primarily from annual grants, contributions and membership, and are subject to change on an annual basis.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of Colorado Public Television, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. The significant accounting policies that follow are provided to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statement presentation follows the provisions of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards for Not-for-Profit Organizations. Under these provisions, the Corporation 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.

The Corporation 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Advertising Costs

The Corporation's policy is to charge advertising costs to expenses as they are incurred.

Allowance for Bad Debts

The Corporation provides an allowance for bad debts for underwriting receivables.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers all checking accounts, deposits and short-term debt securities purchased with maturity of three months or less to be cash equivalents.

Commissions

The Corporation has agreements with individuals to solicit and acquire funds for special events and program underwriting. The agreements provide for payment of commissions to the individuals based on varying percentages of funds received. Such commissions are included in the salary expense for the Corporation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates.

Significant estimates in these financial statements include collectibility of receivables, allowance for bad debts, fair value of non-cash donations, estimated useful lives of property and equipment, valuation of other investments and functional expenses.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services that have benefited, based on total personnel costs or other systematic basis.

Fair Values of Financial Instruments

For certain of the Corporation's financial instruments, including cash and cash equivalents, accounts receivables, accounts payable and accrued expenses payable, the carrying amounts approximate fair value due to their short maturities.

Impairment of Long-Lived Assets

In the event that facts and circumstances indicate that the cost of property and equipment or other assets may be impaired, an evaluation of the recoverability would be performed. If an evaluation were required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required.

Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). During the years ended September 30, 2013 and 2012, the Corporation rented excess office space in its building. This rental income generated unrelated business income. No income taxes were due as a result of this income in prior years through 2012. Management estimates that there will be no liability in 2013 and therefore no liability was accrued. Management does not believe that the Organization holds any uncertain tax positions.

Property taxes have been accrued based on the prior year actual amounts.

In-Kind Contributions and Donated Services

In-kind contributions are recorded as revenue and expense at their estimated fair value at the date of donation. Such donations are reported as unrestricted support 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 restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

A large number of people have contributed significant amounts of time to the activities of the Corporation without compensation. The financial statements do not reflect the value of those contributed services because they are not measurable as required by financial accounting standards.

Pledges

The Corporation engages in fund-raising campaigns by offering some special television programs and on-air, mail and, electronic fund-raising appeals. These appeals encourage supporters to provide financial contributions to the Corporation to support programming services and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. Contributions and collected pledges are components of the unrestricted operating fund when their usage is not limited to specific activities of the Corporation. This usage is consistent with the appeals for contributions and pledges.

Certain fund-raising campaigns are for specific purposes. The amounts raised as a result of those campaigns are treated as temporarily restricted net assets until such time as the funds are expended for the intended purposes.

Production Revenue

The Corporation uses the percentage of completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

A substantial portion of current productions are funded by donations for specific programs. The donated amounts are treated as temporarily restricted net assets until related costs are incurred to produce the shows.

Program Underwriting

Revenue for program underwriting was recorded per contract terms either on a pro rata basis for the period covered or as underwriting announcements were aired. Payments received in advance of airing the underwriting spots are reflected in customer deposits on the Statements of Financial Position.

Property and Equipment

Property and equipment are recorded at cost, or in the case of donated property or equipment at estimated fair value determined as of the date of receipt. All purchases of property and equipment in excess of $500 are capitalized.

Depreciation is calculated by the straight-line method over the estimated lives of individual assets, which range from 3 to 99 years as follows:

Building	40 years
Land improvements	99 years
Building improvements	5-30 years
Transmission and production equipment	3-20 years
Office equipment, furniture and fixtures	3-5 years
Vehicles	5 years
Software	3-5 years
Leasehold improvements	18-20 years

Revenue Recognition

Unrestricted contributions, pledges, and grants are recognized as revenue in the Statements of Activities upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. Expenditures of unrestricted funds are recognized as expenses when expended or upon occurrence of the related liability.

Note 3. Cash

	2013	2012
Unrestricted		
Petty cash	$ 200	$ 200
Checking account (overdraft)	(3,299)	3,430
Money market accounts	3,825	476
	726	4,106
Temporarily restricted		
Cash in checking account	13,740	13,738
Total cash and cash equivalents	$ 14,466	$ 17,844

Note 4. Accounts receivable

Accounts receivable consist of the following:

	2013	2012
Underwriting	$ 18,820	$ 17,409
Production & Distribution	5,626	16,104
Endowment distribution	60,659	41,859
Events proceeds	14,711	165,669
Other	6,119	10,489
Lease revenue (Note 15)	47,530	46,146
	153,465	297,676
Less allowance for bad debts	4,802	1,551
Net accounts receivable	$ 148,663	$ 296,125

Note 5. Pledges Receivable

Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received. However, uncollected pledges are not enforceable against contributors. Pledges receivable are the remaining amounts estimated to be collectible for pledges made during the later part of the fiscal years ended September 30, 2013 and 2012. The amounts are based upon an average historical pledge collection rate of 90% and 92% for the years ending September 30, 2013 and 2012. The collection rate percentage is applied to the gross pledges, the amounts collected then subtracted to arrive at the pledges receivable. Membership pledges receivable were $17,100 and $4,484 as of September 30, 2013 and 2012. All amounts in membership pledges receivable are expected to be collected in one year and management does not have an allowance for doubtful accounts on pledges.

Note 6. Investments

Investments consist of certificates of deposit, equity funds, bond funds and, an endowment fund. All are presented in the financial statements at fair value based on quoted prices in active markets or on third-party reported net asset values for pooled investments (all Level 1 measurements). Market risk could occur and is dependent on the future changes in market prices of the various investments held. There were no transfers between levels during the year.

The certificates of deposit are designated for use by the Board of Directors of the Corporation (see Note 11). The interest earned on the certificates of deposit was $939 and $2,270 for the years ended September 30, 2013 and 2012, respectively. The other investments are held in board and donor designated endowment funds; the investment income is reported with other endowment information in Note 12.

Investments are composed of the following for the years ended September 30, 2013 and 2012, respectively:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	$ 208,099	$ 208,099	$ 274,133	$ 274,133
The Common Fund - multi-strategy funds	3,496,049	3,891,457	3,371,088	3,527,644
Community First Foundation - endowment fund	184,859	248,836	184,859	218,437
	$ 3,889,007	$ 4,348,392	$ 3,830,080	$ 4,020,214

Note 7. Other Investments

Other investments are as follows:

	2013	2012
IREA capital account	$ 28,171	$ 27,826
Investment in FPMCH (Note 8)	61,165	29,194
	$ 89,336	$ 57,020

The IREA income as of September 30, 2013 and 2012 was respectively $720 and $1,370.

Note 8. Property and Equipment

Property and equipment are stated at cost and consist of the following:

	2013	2012
Land	$ 425,253	$ 425,253
Land improvements	17,307	17,307
Building	1,917,808	1,907,808
Building improvements	161,755	161,755
Production equipment	540,860	539,360
Transmission equipment	2,259,806	2,275,158
Office furniture and equipment	142,341	142,341
Vehicles	7,873	7,873
Software	79,985	79,985
Leasehold improvements	40,111	40,111
	5,593,099	5,596,951
Less accumulated depreciation and amortization	2,862,569	2,638,447
Net totals	$ 2,730,530	$ 2,958,504

Depreciation and amortization expense was $243,890 and $241,533 as of September 30, 2013 and 2012.

Property and equipment include certain major items acquired with grants from the Public Telecommunications Facilities Program (PTFP) funded projects. The federal government maintains a reversionary interest in the items acquired for a period of ten years subsequent to the grant award (See Note 13). As of September 30, 2013 and 2012, PTFP had a lien on equipment with a net book value of $300,691 and $369,173.

In 2006, the Corporation and Denver Educational Broadcasting (KUVO) formed a non-profit corporation, Five Points Media Center Holdings, Inc. (FPMCH). This entity purchased the building at 2900 Welton Street, Denver, Colorado on December 14, 2006. The purchase price was funded solely by the assumption of an existing note on the building, payable to the City & County of Denver (Note 10). The fair market value of the building was appraised and the Corporation recorded their share as reflected above on the Building line item. Subsequent to the purchase, the building was divided into condominium units with the Corporation and KUVO each owning their respective shares (68.7% and 31.3%). The difference between the purchase price and the appraised fair market value was recognized in 2007 as an in-kind donation from the seller, Five Points Media Center Corporation, prorated based on these percentages. Each condominium owner is liable for their pro-rata share of the note payable (Note 10), however the assumed note was not legally split between the parties. In addition, the Corporation purchased KUVO's share of the third floor space for $100,000 (Note 9). FPMCH is responsible for management of the 2900 Welton Street property.

Note 9. Other Liabilities

As part of the 2006 purchase of the condominium units at 2900 Welton Street (Note 8), the Corporation owed KUVO $100,000 for the Corporation's purchase of KUVO's share of the third floor space. Terms of the payment are $50,000 to be paid as an annual credit on operating expenses equal to $5,000 per year for 10 years and a non-interest bearing obligation to pay KUVO $50,000 at the end of ten years or when the Corporation sells its space, whichever comes first, with no penalty for prepayment prior to the 10-year period. The balance due to KUVO as of September 30, 2013 and September 30, 2012 was $65,000 and $70,000 respectively. See also Note 10.

A working capital advance was provided to the Corporation by a private individual to assist in the production of a documentary film. An advance of $20,000 was granted in each of the years ended September 30, 2013 and 2012, for a total of $40,000. The funds are to be repaid when other underwriters for the project are secured. Should the project not secure adequate underwriting, all of the media associated with the project will become the property of said individual.

Note 10. Notes Payable

A line of credit is due to Key Bank. The note is dated October 1, 2007, for a total available amount of $200,000. Variable interest is allowable at 1.25% over prime rate, with interest due monthly and a rate of 4.5% as of September 30, 2013 and 2012. The line is collateralized by all real and personal property. No maturity date is stated on the promissory note; however the loan is due immediately upon the lender's demand. The balances outstanding on the line of credit were $200,000 and $193,500 as of September 30, 2013 and 2012.

The Corporation and KUVO assumed a promissory note due to the City & County of Denver through their interests in the Five Points Media Center Holdings, Inc. (FPMCH) and the transfer of the respective condominium units. The note retains the original terms, which are monthly principal and interest payments of $2,980, a stepped interest rate of between 3% and 5% and maturing December, 2023. The note balance at September 30, 2013 and September 30, 2012 was $307,775 and $333,413, of which $211,442 and $229,055, respectively are recorded on the Corporation's books which represents their 68.7% ownership interest in the building. The City & County of Denver had not split the note as of the audit date such that should KUVO default, the Corporation could be contingently liable for the full note balance. In 2013 KUVO's ownership was assumed by Rocky Mountain Public Broadcasting Network, Inc. (RMPBS) and all resulting assets and liabilities of KUVO are believed to have transferred to RMPBS although no legal notification had been received by the Corporation.

The future scheduled maturities of the notes payable are as follows for the years ending September 30:

2014	$ 229,073
2015	25,037
2016	26,318
2017	27,664
2018	29,079
Thereafter	77,570
	$ 414,741

Note 11. Net Assets - Unrestricted, Designated

As of September 30, 1999, the Corporation's Board of Directors designated funds from the Corporation's unrestricted net assets to be segregated for a capital reserve account available as a match for future grants. The amount was maintained in short term certificates of deposit with a total balance of $208,099 and $274,133 at September 30, 2013 and 2012.

Note 12. Endowment Funds

The Corporation's endowments consist of two funds established to support the Corporation. One endowment fund is designated by the Board of Directors to function as an endowment and the second is a donor-restricted endowment. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Corporation's board of directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Corporation 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 remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Corporation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Corporation
(7) The investment policies of the Corporation.

Board Designated Endowment Fund

The Corporation received a one-time lease payment of $3,500,000 during the year ended September 30, 2008. The Board of Directors designated these funds to be placed into an endowment fund to benefit the Corporation in future years. The assets are administered by an investment manager in pooled investment funds. The intent of the Board is that these funds be held in perpetuity and that distributions come from investment earnings only. These funds are shown as a separate line item of unrestricted net assets on the Statement of Financial Position as they are a board designated, rather than a donor restricted fund.

The investment policy is for long term growth with the goal of exceeding the Consumer Price Index by 5%. A market index will be selected by the Audit and Finance Committee of the Board as a benchmark and the risk tolerance will be determined by that index. The overall investment bias of the endowment will be towards equity-like investments. Up to 40% of the funds may be invested in long-term illiquid investments.

Distributions may be made to the Corporation monthly based on an annual percentage formula. The distribution will be the greater of 4.5% of the trailing 36 month average market value or, 4% of the funds current market value or, a separate determination of the Board of Directors. In the years ended September 30, 2013 and 2012, distributions of $194,445 and $129,516 were respectively taken.

Permanent Endowment Fund

The Colorado Public Television Endowment Fund was created during the year ended September 30, 2006. The Corporation was participating in the Community First Foundation Endowment Challenge Grant Program, under which contributions made by the Corporation during the period from April 1, 2006, through March 31, 2008, were matched by the Community First Foundation at a 50% match rate, to a maximum matching grant of $82,000. The purpose of the fund is to support the Corporation's programming.

The fund is a pooled investment fund maintained by the Community First Foundation but remains an asset of the Corporation. No variance power has been granted by the Corporation to the Community First Foundation as described in the Financial Accounting Standards for non-profit revenue recognition at 958-605-25.

Endowment Net Asset Composition by Type of Fund

As of September 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	0	33,578	184,859	218,437
Board Designated	3,527,644	0	0	3,527,644
Total Funds	**3,527,644**	**33,578**	**184,859**	**3,746,081**

As of September 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	0	63,977	184,859	248,836
Board Designated	3,891,457	0	0	3,891,457
Total Funds	**3,891,457**	**63,977**	**184,859**	**4,140,293**

Endowment Net Asset Changes for Fiscal Year Ended

As of September 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	3,076,293	671	184,859	3,261,823
Contributions	21,175	0	0	21,175
Investment return:				
Investment income	66,557	5,420	0	71,977
Net appreciation (realized and unrealized)	527,334	29,534	0	556,868
Total investment return	593,891	34,954	0	628,845
Appropriation of endowment assets for expenditure	(150,691)	0	0	(150,691)
Other Changes / Transfers				
Investment fees	(13,024)	(2,047)	0	(15,071)
Endowment net assets, end of year	3,527,644	33,578	184,859	3,746,081

As of September 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	3,527,644	33,578	184,859	3,746,081
Contributions	36,870	0	0	36,870
Investment return:				
Investment income	67,655	4,442	0	72,097
Net appreciation (realized and unrealized)	504,850	28,267	0	533,117
Total investment return	572,505	32,709	0	605,214
Appropriation of endowment assets for expenditure	(231,315)	0	0	(231,315)
Other Changes / Transfers				
Investment fees	(14,247)	(2,310)	0	(16,557)
Endowment net assets, end of year	3,891,457	63,977	184,859	4,140,293

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2013 and 2012

Note 13. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of September 30:

	2013	2012
Marion Gottesfeld Program Fund	$ 13,815	$ 13,813
Endowment building support	3,122	3,122
Programming and production	65,668	134,053
Gain on permanent endowment	63,977	33,578
Equipment, unamortized PTFP share	84,782	141,260
Totals	$ 231,364	$ 325,826

Equipment purchased with PTFP funds is amortized over the ten year PTFP reversionary interest. See Note 8.

The Corporation has a program production agreement with Rocky Mountain Investigative Reporting, LLC, for the production, broadcast, webcast and fiscal oversight of the series, "Colorado Public News". The temporarily restricted grants and contributions associated with this series are included in the programming and production totals above. The detail for this production for the years ended September 30, 2013 and 2012 is as follows:

	2013	2012
Prior year temporarily restricted funds available	$ 36,004	$ 33,856
Restricted funds received	133,045	153,060
	169,049	186,916
Less satisfaction of restrictions	143,032	150,912
Temporarily restricted net assets available for production	$ 26,017	$ 36,004

Note 14. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2013	2012
PTFP grant/equipment grants	$ 31,665	$ 55,685
Grants and contributions for program production	251,288	239,438
	$ 282,953	$ 295,123

Note 15. EBS Channel Lease

Lease revenues are amounts from a lease of three EBS channels for which the Corporation is the original licensee in the amounts of $567,594and $551,074 respectively for the years ended September 30, 2013 and 2012.

Note 16. Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private nonprofit organization that funds television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization. The grants may also be used to sustain activities begun with Community Service Grants awarded in prior years.

According to the Communications Act, funds may be used at the discretion of recipients. The Corporation used these funds for purposes relating primarily to production and acquisition of programming.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

The Corporation received and expended \$503,360 and \$564,270 in Community Service Grants during the years ended September 30, 2013 and 2012.

Note 17. Employee Benefit Plan

The Corporation offers a tax sheltered annuity, a 403(b) plan, through TIAA-CREF. Substantially all employees are eligible to participate after one year of employment. The amount of employer contribution is variable, based upon employee years of service and the amount of employee deferral. The employer contribution increases with years of service. The employer contribution for the years ended September 30, 2013 and 2012 was respectively \$107,892 and \$100,187.

The Corporation offers a supplemental tax sheltered annuity, a 403(b) plan, through TIAA-CREF in which all employees are eligible to participate after completion of thirty days of employment. The plan operates as a salary reduction plan only. There is no employer contribution.

Note 18. Commitments

The Corporation leased transmission sites and equipment under operating leases. There are three long term transmission site leases as described below and other office equipment leases with varying terms. A five year transmission site lease at a monthly rate at September 30, 2013 of \$6,415 and terminates March 2018; there is an annual escalation clause. A broadcast signal transmission lease terminates December 2016 at \$350 per month with an annual escalation clause. A five year transmission lease terminates February 2017 and is at a rate of \$900 per month.

Future minimum operating rental payments are as follows:

Year Ending September 30,	Operating
2014	$ 113,700
2015	95,335
2016	90,474
2017	85,864
2018	41,020
Thereafter	32,546
	$ 458,939

Operating lease expenses for 2013 and 2012 were respectively $75,459 and $88,285.

Note 19. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of temporary cash investments and trade accounts receivables. Trade receivables consist primarily of television show underwriting by various businesses and organizations. Concentrations of credit with respect to trade receivables are limited due to the large number of sponsors and their dispersion across different industries. However, the majority of the underwriting sponsors are from within the television station's broadcasting area. Trade receivables from underwriting were $18,820 at September 30, 2013 and $17,409 at September 30, 2012.

The Corporation maintains its cash balances in several financial institutions and a national money market mutual fund. The financial institution balances are insured by the Federal Deposit Insurance Corporation. At September 30, 2013 and 2012, the Corporation had no uninsured cash balances.

Note 20. Other Contingency

As part of the purchase of the real estate at 2900 Welton Street (Notes 8 and 10) a deed of trust was completed between the City and County of Denver and FPMCH in the amount of $500,000. The deed of trust provides for annual debt forgiveness of $50,000 for 10 years and is fully satisfied at the end of the 10 year period. The deed of trust is non recourse to the grantor, FPMCH. The balance at September 30, 2013 and 2012 was $200,000 and $250,000. The Corporation’s share of the deed of trust is equal to their 68.7% ownership interest in the building. Repayment of the unforgiven portion of the note would only occur if the building condominium units were to be sold prior to the end of the 10 year period. The deed of trust is not a legal note payable and has not been included in the liabilities of the Corporation’s financial statements.

Note 21. Subsequent Events

Management has considered subsequent events through February 10, 2014, the date on which the financial statements were available to be issued. The Corporation has shared ownership in real estate at 2900 Welton Street, Denver, Colorado, with Denver Educational Broadcasting (KUVO). KUVO and the Rocky Mountain Public Broadcasting Network, Inc. merged in 2013. The merger should not change the ownership interest in the building, but could have an effect upon the contingent liabilities with the outstanding agreements between KUVO and the Corporation (see Notes 8, 9, 10, and 20).

COLORADO PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2013

	Program Services				Supporting Services				
	Programming and Production	Broad-casting	Public Information and Promotion	Total Program Services	Manage-ment and General	Fund Raising and Membership	Underwriting and grant solicitation	Total Supporting Services	Total Expenses
Salaries, payroll taxes and employee benefits	$ 441,376	$ 303,609	$ 180,552	$ 925,537	$ 343,507	$ 238,893	$ 118,013	$ 700,413	$ 1,625,950
Retirement plan	18,956	16,273	8,473	43,702	23,585	34,333	6,272	64,190	107,892
Professional services	69,359	14,734	0	84,093	169,232	105,904	10,000	285,136	369,229
Acquisition mailing	0	0	0	0	0	17,870	0	17,870	17,870
Advertising	0	0	20,496	20,496	150	0	0	150	20,646
Bad debts	0	0	0	0	0	5,000	3,895	8,895	8,895
Bank charges	0	0	0	0	4,740	35,188	160	40,088	40,088
Depreciation and amortization	675	165,947	0	166,622	77,268	0	0	77,268	243,890
Dues and subscriptions	19,918	714	0	20,632	15,985	432	20,676	37,093	57,725
Equipment expense	3,232	71,990	0	75,222	10,035	0	0	10,035	85,257
Insurance	2,320	2,695	0	5,015	57,576	0	0	57,576	62,591
Interest	0	0	0	0	13,416	0	0	13,416	13,416
Investment expense	0	0	0	0	16,557	0	0	16,557	16,557
Occupancy and facility leases	0	115,989	0	115,989	53,517	0	0	53,517	169,506
Other	0	0	0	0	15,548	1,200	0	16,748	16,748
Postage and shipping	7	0	348	355	1,445	42,903	6	44,354	44,709
Premiums	0	0	0	0	0	349,787	0	349,787	349,787
Printing and graphics	0	0	0	0	0	27,782	0	27,782	27,782
Programming	442,369	0	0	442,369	0	2,939	0	2,939	445,308
Property taxes	0	0	0	0	7,195	0	0	7,195	7,195
Rental and maintenance of equipment	0	0	0	0	18,710	0	0	18,710	18,710
Special events	0	0	0	0	0	771,483	0	771,483	771,483
Supplies	4,994	0	0	4,994	18,509	4,775	42	23,326	28,320
Telemarketing	0	0	0	0	0	8,634	0	8,634	8,634
Telephone	0	5,204	404	5,608	17,666	0	0	17,666	23,274
Travel and training	1,205	14,533	928	16,666	3,350	9,337	1,280	13,967	30,633
Website and computer maintenance	4,467	34,520	36,906	75,893	0	6,507	0	6,507	82,400
Totals	$ 1,008,878	$ 746,208	$ 248,107	$ 2,003,193	$ 867,991	$ 1,662,967	$ 160,344	$ 2,691,302	$ 4,694,495

COLORADO PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2012

	Program Services				Supporting Services				
	Programming and Production	Broad-casting	Public Information and Promotion	Total Program Services	Manage-ment and General	Fund Raising and Membership	Underwriting and grant solicitation	Total Supporting Services	Total Expenses
Salaries, payroll taxes and employee benefits	$ 446,141	$ 337,181	$ 180,145	$ 963,467	$ 403,914	239,441	$ 108,004	$ 751,359	$ 1,714,826
Retirement plan	16,315	11,656	9,648	37,619	28,436	31,309	2,823	62,568	100,187
Professional services	77,679	26,604	0	104,283	88,652	95,444	8,500	192,596	296,879
Acquisition mailing	0	0	0	0	0	17,506	0	17,506	17,506
Advertising	0	0	5,884	5,884	0	0	11,750	11,750	17,634
Bad debts	0	0	0	0	0	0	15,295	15,295	15,295
Bank charges	0	0	0	0	8,028	34,222	664	42,914	42,914
Depreciation and amortization	667	160,680	0	161,347	80,186	0	0	80,186	241,533
Dues and subscriptions	18,792	300	0	19,092	14,303	0	19,440	33,743	52,835
Equipment expense	946	71,105	0	72,051	12,090	0	0	12,090	84,141
Insurance	2,293	2,653	0	4,946	54,649	0	0	54,649	59,595
Interest	0	0	0	0	15,916	0	0	15,916	15,916
Investment expense	0	0	0	0	15,071	0	0	15,071	15,071
Loss on disposition of assets	0	12,979	0	12,979	0	0	0	0	12,979
Occupancy and facility leases	0	107,737	0	107,737	56,373	0	0	56,373	164,110
Other	0	0	0	0	7,781	78	0	7,859	7,859
Postage and shipping	41	0	581	622	1,240	37,997		39,237	39,859
Premiums	0	0	0	0	0	274,638	0	274,638	274,638
Printing and graphics	0	0	1,105	1,105	1,498	36,532	0	38,030	39,135
Programming	406,253	0	0	406,253	0	7,925	0	7,925	414,178
Property taxes	0	0	0	0	5,409	0	0	5,409	5,409
Rental and maintenance of equipment	0	0	0	0	15,611	0	0	15,611	15,611
Special events	0	0	0	0	0	651,657	0	651,657	651,657
Supplies	6,064	0	416	6,480	17,426	3,234	50	20,710	27,190
Telemarketing	0	0	0	0	0	7,876	0	7,876	7,876
Telephone	0	3,755	1,132	4,887	20,351	0	0	20,351	25,238
Travel and training	1,286	4,485	519	6,290	11,612	6,179	118	17,909	24,199
Website and computer maintenance	5,145	36,727	40,122	81,994	0	8,693	0	8,693	90,687
Totals	$ 981,622	$ 775,862	$ 239,552	$ 1,997,036	$ 858,546	$ 1,452,731	$ 166,644	$ 2,477,921	$ 4,474,957