COLORADO PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014, 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, 2015 and 2014, 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
January 21, 2016

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 273,763	$ 196,360
Accounts receivable, net	259,794	151,654
Pledges receivable	26,629	50,625
Prepaid and other	109,560	213,487
Total current assets	669,746	612,126
Property and equipment, net	2,747,892	2,725,006
Other assets		
Other investments	128,418	123,282
Endowment funds, Board designated	3,698,586	3,937,699
Endowment funds, permanent	256,004	265,824
	4,083,008	4,326,805
Total assets	$ 7,500,646	$ 7,663,937
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 257,115	$ 168,242
Accrued payroll and payroll taxes	70,996	65,265
Customer deposits	11,424	32,800
Other liabilities, current portion	5,000	85,000
Note payable, current portion	26,208	24,933
Total current liabilities	370,743	376,240
Long term liabilities		
Note payable, net of current portion	150,407	168,839
Other liabilities, net of current portion	50,000	55,000
Total long term liabilities	200,407	223,839
Total liabilities	571,150	600,079
Net assets		
Unrestricted		
Undesignated, available for operations	2,630,979	2,537,476
Designated	206,522	136,000
Board designated endowment	3,698,586	3,937,699
Total unrestricted	6,536,087	6,611,175
Temporarily restricted	208,550	267,824
Permanently restricted	184,859	184,859
Total net assets	6,929,496	7,063,858
Total liabilities and net assets	$ 7,500,646	$ 7,663,937

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2015 and 2014

	2015	2014
Changes in unrestricted net assets:		
Revenues:		
Membership revenue	$ 1,528,774	$ 1,523,299
Special events	1,090,339	1,021,289
Lease revenue, excess capacity	601,993	584,622
Community service grants	573,966	541,585
Contributions and grants	378,327	373,025
Rental income	84,300	76,549
Production and other	100,313	49,795
In-kind contributions	20,108	34,030
Miscellaneous income	84,842	32,481
Insurance proceeds	20,000	0
Interest income	79,090	74,718
Gain on sale of investments	17,073	8,917
Unrealized gain (loss) on investments	(165,322)	487,105
Total unrestricted revenues	4,413,803	4,807,415
Net assets released from restrictions:		
Satisfaction of program and other restrictions	190,468	49,638
Satisfaction of equipment acquisition restrictions	29,053	31,665
Total net assets released from restrictions	219,521	81,303
Total unrestricted revenues, and other support	4,633,324	4,888,718
Expenses and transfer		
Program services:		
Programming and production	996,867	968,301
Broadcasting	762,222	717,893
Public information and promotion	261,663	228,388
Total program services	2,020,752	1,914,582
Supporting services:		
Management and general	753,133	687,409
Fundraising and membership development	1,787,666	1,706,877
Underwriting and grant solicitation	146,861	173,800
Total supporting services	2,687,660	2,568,086
Total expenses	4,708,412	4,482,668
Increase (decrease) in unrestricted net assets	(75,088)	406,050
Changes in temporarily restricted net assets		
Production	45,247	57,763
Other grants and contributions	115,000	60,000
Net assets released from restrictions	(219,521)	(81,303)
Increase (decrease) in temporarily restricted net assets	(59,274)	36,460
Increase (decrease) in net assets	(134,362)	442,510
Net assets at beginning of year	7,063,858	6,621,348
Net assets at end of year	$ 6,929,496	$ 7,063,858

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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Increase (decrease) in net assets:	$ (134,362)	$ 442,510
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
(Increase) decrease in bad debt provision	2,228	(491)
Depreciation and amortization	224,590	214,701
Loss on disposition of assets	5,584	721
Barter transactions	(39,557)	0
Gain on sale of investments	(17,073)	(8,917)
Unrealized (gain) loss on investments	165,322	(487,105)
Change in operating assets and liabilities:		
Accounts receivable	(110,368)	(2,500)
Pledges receivable	23,996	(33,525)
Prepaid expenses	103,927	(89,569)
Accounts payable and accrued liabilities	88,873	(38,329)
Accrued payroll and payroll taxes	5,731	6,592
Other liabilities	(85,000)	35,000
Customer deposits	(27,000)	(21,571)
Deferred revenue	5,624	(15,000)
Net cash provided by operating activities	212,515	2,517
Cash flows from investing activities:		
Purchase of property and equipment	(213,503)	(209,899)
Acquisition of investments	(79,090)	(74,714)
Sale of investments	179,774	715,606
Five Points Media Center Holding Company	(4,920)	(33,288)
Redemption of IREA account	(216)	(658)
Net cash provided (used) by investing activities	(117,955)	397,047
Cash flows from financing activities:		
Payments on note payable	(17,157)	(17,670)
Line of credit, net borrowing	0	(200,000)
Net cash used by financing activities	(17,157)	(217,670)
Net increase in cash	77,403	181,894
Cash and cash equivalents, beginning of year	196,360	14,466
Cash and cash equivalents, end of year	$ 273,763	$ 196,360
Supplemental disclosures:		
Interest paid during the year	$ 9,896	$ 10,268
Donated investment securities	$ 2,989	$ 2,536
Fixed asset sponsorship trades	$ 39,557	$ 0

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

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.

Accounts Receivable and Allowance for Bad Debts

The Corporation’s accounts receivable are described in Note 4 and are stated at the unpaid balance, less an allowance for bad debt. The Corporation provides for losses on accounts receivable using the allowance method. Management records an allowance for doubtful accounts receivable based on the estimated collectability of underwriting receivables and reviews the receivables on a periodic basis.

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 collectability of pledges and trade receivables, allowance for bad debts, fair value of non-cash donations, estimated useful lives of property and equipment, valuation of other investments, percentage of completion for production revenue recognition 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, 2015 and 2014, 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 2014. Management estimates that there will be no liability in 2015 and therefore no liability was accrued. Management does not believe that the Corporation 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 and Cash Equivalents

	2015	2014
Unrestricted		
Petty cash	$ 200	$ 200
Checking account	144,003	77,656
Money market accounts	129,560	118,504
	$ 273,763	$ 196,360

Note 4. Accounts Receivable

Accounts receivable consist of the following:

	2015	2014
Underwriting	$ 32,901	$ 23,798
Production & Distribution	61,092	4,240
Endowment distribution	33,914	41,838
Events proceeds	76,937	33,624
Other	6,776	3,509
Lease revenue (Note 15)	50,257	48,956
	261,877	155,965
Less allowance for bad debts	2,083	4,311
Net accounts receivable	$ 259,794	$ 151,654

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, 2015 and 2014. The amounts are based upon an average historical pledge collection rate of 86% and 85% for the years ending September 30, 2015 and 2014. 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 $26,629 and $50,625 as of September 30, 2015 and 2014. 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 and Fair Value Disclosures

The Corporation discloses information about fair value measurements in accordance with generally accepted accounting principles. The accounting principles define fair value, establish a framework for measurement and expand disclosures about fair value measurements. Fair value is defined as the price that the Corporation would receive upon selling an asset or settling a liability in an orderly transaction between market participants.

Accounting principles require disclosures that categorize assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement.

Level 1 inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs.

Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or the Corporation's assumptions about pricing by market participants.

Pooled investments are considered to be a Level 2 or a Level 3 input. An active market exists, but one that is less than daily in its transactional volume and there are no active market quotes available for the Level 2 assets. The shares in these pooled investments may be sold within 90 days of the measurement date and are recorded at their monthly share value based upon the underlying asset value. The Level 3 assets are held in a pooled fund for which the Corporation has no ability to transact shares; they are recorded at their monthly share value based upon the underlying asset value. There were no changes to the valuation techniques during either year presented. Market risk could occur and is dependent on the future changes in market prices of the various investments held. The Company recognizes any transfers between levels in the fair value hierarchy at the end of the reporting period.

The pooled investments are held in board and donor designated endowment funds; the investment income is reported with other endowment information in Note 12.

		Assets at Fair Value at September 30, 2014 using:		
Description		(Level 1)	(Level 2)	(Level 3)
Pooled investments	$ 4,203,523	$ 0	$ 3,937,699	$ 265,824

		Assets at Fair Value at September 30, 2015 using:		
Description		(Level 1)	(Level 2)	(Level 3)
Pooled investments	$ 3,954,590	$ 0	$ 3,698,586	$ 256,004

Investments are composed of the following for the years ended September 30, 2015 and 2014, respectively:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
The Common Fund - multi-strategy funds	$ 2,692,032	$ 3,698,586	$ 2,795,225	$ 3,937,699
Community First Foundation - endowment fund	184,859	256,004	184,859	265,824
	$ 2,876,891	$ 3,954,590	$ 2,980,084	$ 4,203,523

Note 7. Other Investments

Other investments are as follows:

	2015	2014
IREA capital account	$ 29,045	$ 28,829
Investment in FPMCH (Note 8)	99,373	94,453
	$ 128,418	$ 123,282

The IREA income as of September 30, 2015 and 2014 was respectively $1,387 and $2,133.

Note 8. Property and Equipment

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

	2015	2014
Land	$ 425,253	$ 425,253
Land improvements	17,307	17,307
Building	1,975,395	1,917,808
Building improvements	148,701	148,701
Production equipment	543,390	540,860
Transmission equipment	2,260,756	2,149,497
Office furniture and equipment	148,730	142,341
Vehicles	7,873	7,873
Software	79,985	79,985
Leasehold improvements	40,111	40,111
	5,647,501	5,469,736
Less accumulated depreciation and amortization	2,899,609	2,744,730
Net totals	$ 2,747,892	$ 2,725,006

Depreciation and amortization expense was $224,590 and $214,701as of September 30, 2015 and 2014.

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 (Note 13). As of September 30, 2015 and 2014, PTFP had a lien on equipment with a net book value of $91,975 and $145,621.

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 (December 31, 2016) 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, 2015 and September 30, 2014 was $55,000 and $60,000 respectively (Note 10).

A working capital advance was provided to the Corporation by a private individual to assist in the production of a documentary film. The total amount advanced was $95,000 and $80,000 in the years ended September 30, 2015 and 2014. All rights to the documentary film were given to this private individual in May 2015 in exchange for total forgiveness of all amounts owed by the Corporation. Revenue of $78,700 was recorded as miscellaneous income with the remaining $16,300 being recognized as production income in the year ended September 30, 2015.

Note 10. Notes Payable

The Corporation has a line of credit with 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, 2015 and 2014. 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 $0 as of September 30, 2015 and 2014.

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, 2015 and September 30, 2014, was $257,082 and $282,055, of which $176,615 and $193,772, respectively are recorded on the Corporation's books which represents their 68.7% ownership interest in the building. The City & County of Denver has not split the note between the two parties and 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 have transferred to RMPBS.

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

2016	$ 26,208
2017	27,549
2018	28,959
2019	30,440
2020	33,625
Thereafter	29,834
	$ 176,615

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 Board of Directors has since allowed these funds to be held in the checking account of the Corporation and has permitted other uses, as approved by them. The balance of the Board designated funds at September 30, 2015 and 2014, was $206,522 and $136,000.

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, 2015 and 2014, distributions of $173,022 and $512,293 were respectively taken. A larger distribution in the year ended September 30, 2014, was authorized by the Board of Directors for capital projects.

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, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	$ 0	$ 80,965	$ 184,859	$ 265,824
Board Designated	3,937,699	0	0	3,937,699
Total Funds	$ 3,937,699	$ 80,965	$ 184,859	$ 4,203,523

As of September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted	$ 0	$ 71,145	$ 184,859	$ 256,004
Board Designated	3,698,586	0	0	3,698,586
Total Funds	$ 3,698,586	$ 71,145	$ 184,859	$ 3,954,590

Endowment Net Asset Changes for Fiscal Year Ended

As of September 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,891,457	$ 63,977	$ 184,859	$ 4,140,293
Contributions	22,503	0	0	22,503
Investment return:				
Investment income	70,064	4,651	0	74,715
Net appreciation (realized and unrealized)	481,068	14,954	0	496,022
Total investment return	551,132	19,605	0	570,737
Appropriation of endowment assets for expenditure	(512,293)	0	0	(512,293)
Other Changes / Transfers				
Investment fees	(15,100)	(2,617)	0	(17,717)
Endowment net assets, end of year	$ 3,937,699	$ 80,965	$ 184,859	$ 4,203,523

As of September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 3,937,699	$ 80,965	$ 184,859	$ 4,203,523
Contributions	11,000	0	0	11,000
Investment return:				
Investment income	73,829	5,222	0	79,051
Net appreciation (realized and unrealized)	(135,920)	(12,330)	0	(148,250)
Total investment return	(62,091)	(7,108)	0	(69,199)
Appropriation of endowment assets for expenditure	(173,022)	0	0	(173,022)
Other Changes / Transfers				
Investment fees	(15,000)	(2,712)	0	(17,712)
Endowment net assets, end of year	$ 3,698,586	$ 71,145	$ 184,859	$ 3,954,590

Note 13. Temporarily Restricted Net Assets

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

	2015	2014
Marion Gottesfeld Program Fund	$ 5,843	$ 8,663
Endowment building support	3,122	3,122
Programming and production	79,566	97,145
Gain on permanent endowment	71,144	80,965
Equipment, unamortized PTFP share	48,875	77,929
	$ 208,550	$ 267,824

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

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.

	2015	2014
PTFP grant/equipment grants	$ 29,053	$ 31,665
Grants and contributions for program production	190,468	49,638
	$ 219,521	$ 81,303

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 $601,993 and $584,622 respectively for the years ended September 30, 2015 and 2014.

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 $573,966 and $541,585 in Community Service Grants during the years ended September 30, 2015 and 2014.

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, 2015 and 2014 was respectively $115,683 and $108,609.

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, 2015 of $6,085 and terminates March 2018 with an annual escalation clause. A broadcast signal transmission lease terminates December 2016 at $373 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
2016	$ 99,594
2017	91,013
2018	43,874
Thereafter	0
	$ 234,481

Operating lease expenses for 2015 and 2014 were respectively $95,875 and $93,219.

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 endowment distributions, event ticket sales and, 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 $32,901 at September 30, 2015 and $23,798 at September 30, 2014.

The Corporation maintains its cash balances in a single financial institution. The financial institution balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At September 30, 2015 and 2014, the Corporation had uninsured cash balances of $202,281 and $0.

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 an annual reduction 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, 2015 and 2014 was $100,000 and $150,000. 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 January 21, 2016, the date on which the financial statements were available to be issued. They do not believe there are any subsequent events to report.

COLORADO PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2015

	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	$ 419,947	$ 369,334	$ 141,763	$ 931,044	$ 333,362	$ 550,224	$ 115,886	$ 999,472	$ 1,930,516
Retirement plan	17,306	24,511	8,169	49,986	19,445	39,366	6,886	65,697	115,683
Professional services	54,314	41,010	700	96,024	87,226	108,786	13,353	209,365	305,389
Acquisition mailing	1,845	0	0	1,845	0	28,078	0	28,078	29,923
Advertising	70	0	10,837	10,907	361	0	4,200	4,561	15,468
Bad debts	0	0	0	0	0	0	1,736	1,736	1,736
Bank charges	0	0	0	0	1,470	44,015	828	46,313	46,313
Depreciation and amortization	431	155,310	0	155,741	68,849	0	0	68,849	224,590
Dues and subscriptions	27,073	0	0	27,073	14,199	0	1,900	16,099	43,172
Equipment expense	2,377	35,891	0	38,268	32,741	0	0	32,741	71,009
Insurance	2,500	2,764	0	5,264	41,328	0	0	41,328	46,592
Interest	0	0	0	0	9,896	0	0	9,896	9,896
Investment expense	0	0	0	0	17,703	0	0	17,703	17,703
Loss on disposition of assets	0	0	0	0	5,584	0	0	5,584	5,584
Occupancy and facility leases	0	125,528	0	125,528	51,417	0	0	51,417	176,945
Other	0	0	0	0	15,431	19	1,537	16,987	16,987
Postage and shipping	168	0	335	503	1,601	41,356	0	42,957	43,460
Premiums	0	0	0	0	0	336,073	0	336,073	336,073
Printing and graphics	0	0	0	0	506	37,026	0	37,532	37,532
Program expense	46,728	0	0	46,728	0	0	0	0	46,728
Programming	413,340	0	0	413,340	0	4,780	0	4,780	418,120
Property taxes	0	0	0	0	11,479	0	0	11,479	11,479
Rental and maintenance of equipment	0	0	0	0	0	0	0	0	0
Special events	0	0	0	0	0	590,381	0	590,381	590,381
Supplies	6,552	0	1,685	8,237	20,211	3,396	0	23,607	31,844
Telemarketing	0	0	0	0	0	2,968	0	2,968	2,968
Telephone	0	4,420	0	4,420	15,790	0	250	16,040	20,460
Travel and training	4,216	3,454	0	7,670	4,534	1,198	285	6,017	13,687
Website and computer maintenance	0	0	98,174	98,174	0	0	0	0	98,174
Totals	$ 996,867	$ 762,222	$ 261,663	$ 2,020,752	$ 753,133	$ 1,787,666	$ 146,861	$ 2,687,660	$ 4,708,412

COLORADO PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2014

	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	$ 407,201	$ 312,906	$ 143,749	$ 863,856	$ 280,234	248,581	$ 140,844	$ 669,659	$ 1,533,515
Retirement plan	19,990	19,039	7,988	47,017	17,051	37,262	7,279	61,592	108,609
Professional services	48,952	46,084	1,864	96,900	90,470	121,897	1,300	213,667	310,567
Acquisition mailing	0	0	0	0	0	21,478	0	21,478	21,478
Advertising	0	0	9,970	9,970	175	0	0	175	10,145
Bad debts	0	0	0	0	0	0	3,173	3,173	3,173
Bank charges	0	0	0	0	4,761	39,835	1,502	46,098	46,098
Depreciation and amortization	300	141,306	0	141,606	73,095	0	0	73,095	214,701
Dues and subscriptions	23,406	300	0	23,706	15,711	0	19,602	35,313	59,019
Equipment expense	3,456	59,871	0	63,327	29,435	0	0	29,435	92,762
Insurance	2,320	2,534	0	4,854	40,643	0	0	40,643	45,497
Interest	0	0	0	0	10,268	0	0	10,268	10,268
Investment expense	0	0	0	0	17,717	0	0	17,717	17,717
Loss on disposition of assets	0	0	0	0	816	0	0	816	816
Occupancy and facility leases	0	127,603	0	127,603	53,857	0	0	53,857	181,460
Other	0	0	0	0	10,010	56	48	10,114	10,114
Postage and shipping	17	0	317	334	1,195	37,451	0	38,646	38,980
Premiums	0	0	0	0	0	318,089	0	318,089	318,089
Printing and graphics	0	0	0	0	1,871	37,301	0	39,172	39,172
Programming	453,330	0	0	453,330	0	4,900	0	4,900	458,230
Property taxes	0	0	0	0	6,636	0	0	6,636	6,636
Special events	0	0	0	0	0	826,820	0	826,820	826,820
Supplies	4,318	0	0	4,318	13,810	3,890	0	17,700	22,018
Telemarketing	0	0	0	0	0	2,350	0	2,350	2,350
Telephone	0	5,591	47	5,638	15,781	0	0	15,781	21,419
Travel and training	4,712	2,659	184	7,555	3,873	6,967	52	10,892	18,447
Website and computer maintenance	299	0	64,269	64,568	0	0	0	0	64,568
Totals	$ 968,301	$ 717,893	$ 228,388	$ 1,914,582	$ 687,409	$ 1,706,877	$ 173,800	$ 2,568,086	$ 4,482,668