

COLORADO PUBLIC TELEVISION, INC.
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF CASH FLOWS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6-7
NOTES TO FINANCIAL STATEMENTS	8-28



12367 E. Cornell Ave.
Aurora, CO 80014

Tele: (303) 337-4288
Fax: (303) 337-4282

www.gc2cpa.com

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Colorado Public Television, Inc. (a Colorado nonprofit corporation), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colorado Public Television, Inc. as of September 30, 2020 and 2019, and the changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "GC2 Professional Services P.C.".

GC2 PROFESSIONAL SERVICES PC
Certified Public Accountants

Aurora, Colorado
November 30, 2020

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION

	SEPTEMBER 30, 2020			SEPTEMBER 30, 2019		
	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,958,796	\$ 0	\$ 1,958,796	\$ 1,698,467	\$ 0	\$ 1,698,467
Accounts receivable, net of allowance	74,958	0	74,958	305,375	0	305,375
Pledges and grants receivable	19,730	0	19,730	25,352	0	25,352
Prepaid and other	125,824	0	125,824	163,865	0	163,865
Total current assets	2,179,308	0	2,179,308	2,193,059	0	2,193,059
Property and equipment, at cost, net	2,687,690	0	2,687,690	2,904,896	0	2,904,896
Investments	4,945,203	282,592	5,227,795	4,748,471	261,824	5,010,295
Total assets	<u>\$ 9,812,201</u>	<u>\$ 282,592</u>	<u>\$ 10,094,793</u>	<u>\$ 9,846,426</u>	<u>\$ 261,824</u>	<u>\$ 10,108,250</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	\$ 72,653	\$ 0	\$ 72,653	\$ 152,332	\$ 0	\$ 152,332
Accrued expenses	190,893	0	190,893	177,151	0	177,151
Notes payable, current portion	108,758	0	108,758	105,592	0	105,592
Total current liabilities	372,304	0	372,304	435,075	0	435,075
Notes payable, net of current portion	254,019	0	254,019	361,609	0	361,609
Due to (from)	19,575	(19,575)	0	30,487	(30,487)	0
Net assets						
Undesignated	3,880,372	302,167	4,182,539	4,015,365	292,311	4,307,676
Designated						
Management capital reserves	503,420	0	503,420	432,188	0	432,188
Board reserve	4,782,511	0	4,782,511	4,571,702	0	4,571,702
	9,166,303	302,167	9,468,470	9,019,255	292,311	9,311,566
Total liabilities and net assets	<u>\$ 9,812,201</u>	<u>\$ 282,592</u>	<u>\$ 10,094,793</u>	<u>\$ 9,846,426</u>	<u>\$ 261,824</u>	<u>\$ 10,108,250</u>

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEAR ENDED SEPTEMBER 30, 2020			YEAR ENDED SEPTEMBER 30, 2019		
	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
SUPPORT AND REVENUE:						
Membership revenue	\$ 1,344,586	\$ 16,442	\$ 1,361,028	\$ 1,443,541	\$ 57,113	\$ 1,500,654
CPB grants	713,972	0	713,972	751,621	0	751,621
Lease revenue, excess capacity	689,429	0	689,429	669,097	0	669,097
Grants	636,786	0	636,786	294,552	0	294,552
Investment income	327,820	20,767	348,587	206,072	7,631	213,703
In-kind donations	340,388	0	340,388	53,837	0	53,837
Production income	159,216	0	159,216	131,836	0	131,836
Rental income	111,601	0	111,601	99,476	0	99,476
Gain on sale of fixed assets	9,844	0	9,844	0	0	0
Miscellaneous income	401	0	401	16,423	0	16,423
Project revenue	0	0	0	25,113	0	25,113
Special event revenue, net	(2,618)	0	(2,618)	937,704	0	937,704
Released from restriction	27,353	(27,353)	0	92,177	(92,177)	0
Total support and revenue	4,358,778	9,856	4,368,634	4,721,449	(27,433)	4,694,016
Expenses						
Programming and production	976,838	0	976,838	1,049,634	0	1,049,634
Broadcasting	909,079	0	909,079	842,431	0	842,431
Public information and promotion	701,352	0	701,352	257,996	0	257,996
Total program services	2,587,269	0	2,587,269	2,150,061	0	2,150,061
Management and general	658,020	0	658,020	660,389	0	660,389
Fundraising and membership	802,789	0	802,789	916,320	0	916,320
Underwriting and grant solicitation	163,652	0	163,652	681,380	0	681,380
Total supporting services	1,624,461	0	1,624,461	2,258,089	0	2,258,089
Total expenses	4,211,730	0	4,211,730	4,408,150	0	4,408,150
Change in net assets	147,048	9,856	156,904	313,299	(27,433)	285,866
Net assets, beginning	9,019,255	292,311	9,311,566	8,705,956	319,744	9,025,700
Net assets, ending	\$ 9,166,303	\$ 302,167	\$ 9,468,470	\$ 9,019,255	\$ 292,311	\$ 9,311,566

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS

	YEAR ENDED SEPTEMBER 30, 2020			YEAR ENDED SEPTEMBER 30, 2019		
	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:						
Change in Net Assets	\$ 147,048	\$ 9,856	\$ 156,904	\$ 313,299	\$ (27,433)	\$ 285,866
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation and amortization	337,255	0	337,255	267,139	1,174	268,313
(Gain) or Loss on sale of fixed asset	(9,844)	0	(9,844)	0	0	0
(Gain) or Loss on sale of investments	4,285	4,285	8,570	1,229	1,229	1,229
Unrealized (gain) loss on investments	(312,747)	(22,150)	(334,897)	(120,610)	(2,429)	(123,039)
Changes in operating assets and liabilities	208,143	0	208,143	38,871	0	38,871
Cash from (to) operations	<u>374,140</u>	<u>(8,009)</u>	<u>366,131</u>	<u>498,699</u>	<u>(27,459)</u>	<u>471,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of fixed assets	(121,345)	0	(121,345)	(433,539)	0	(433,539)
Proceeds from the sale of fixed assets	11,140	0	11,140	0	0	0
(Increase) decrease in investments	<u>111,730</u>	<u>(2,903)</u>	<u>108,827</u>	<u>146,420</u>	<u>36,225</u>	<u>182,645</u>
	<u>1,525</u>	<u>(2,903)</u>	<u>(1,378)</u>	<u>(287,119)</u>	<u>36,225</u>	<u>(250,894)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Payments on line of credit	0	0	0	0	0	0
Payments on notes payable	(104,424)	0	(104,424)	(99,435)	0	(99,435)
Proceeds from notes payable	0	0	0	65,060	0	65,060
Change in due to/from	<u>(10,912)</u>	<u>10,912</u>	<u>0</u>	<u>8,766</u>	<u>(8,766)</u>	<u>0</u>
	<u>(115,336)</u>	<u>10,912</u>	<u>(104,424)</u>	<u>(25,609)</u>	<u>(8,766)</u>	<u>(34,375)</u>
NET INCREASE (DECREASE) IN CASH	260,329	0	260,329	185,971	0	185,971
CASH, beginning	<u>1,698,467</u>	<u>0</u>	<u>1,698,467</u>	<u>1,512,496</u>	<u>0</u>	<u>1,512,496</u>
CASH, ending	<u>\$ 1,958,796</u>	<u>\$ 0</u>	<u>\$ 1,958,796</u>	<u>\$ 1,698,467</u>	<u>\$ 0</u>	<u>\$ 1,698,467</u>

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Programming and Production	Broadcasting	Public Information and Promotion	Total Program Services	Management and General	Fundraising and Membership	Underwriting and Grant Solicitation	Total Supporting Services	Total Expenses
Salaries, payroll taxes and benefits	\$ 419,411	\$ 475,773	\$ 147,088	\$ 1,042,272	\$ 362,921	\$ 271,438	\$ 96,260	\$ 730,619	\$ 1,772,891
Accounting and Legal	0	0	0	0	36,752	0	0	36,752	36,752
Acquisition content	321,818	0	0	321,818	0	0	0	0	321,818
Advertising-brand & messaging	0	0	19,156	19,156	0	0	0	0	19,156
Advertising-media buy	0	0	100,000	100,000	0	0	0	0	100,000
Advertising	0	0	17,085	17,085	0	0	35	35	17,120
Automotive expenses	0	365	0	365	0	1	0	1	366
Bank charges	0	0	0	0	5,170	40,387	2,284	47,841	47,841
Board expenses	0	0	0	0	897	0	0	897	897
Building expenses	28,481	13,980	831	43,292	102,004	26,658	4,113	132,775	176,067
Business development	300	43	0	343	679	108	56	843	1,186
Computer expenses	0	17,511	0	17,511	209	0	0	209	17,720
Contract services	0	36,696	0	36,696	0	16,195	0	16,195	52,891
Crew meals	371	0	0	371	0	79	0	79	450
Depreciation/amortization	66,009	180,656	10,685	257,350	63,332	14,917	1,656	79,905	337,255
Direct mail	0	0	0	0	0	110,365	0	110,365	110,365
Dues and Publications	4,785	1,613	111	6,509	15,535	0	21,457	36,992	43,501
Equipment maintenance	69	14,974	0	15,043	0	0	0	0	15,043
Equipment rental	0	0	0	0	4,570	0	0	4,570	4,570
Grant expenses	13,269	0	0	13,269	0	0	0	0	13,269
Insurance	3,357	11,309	0	14,666	18,713	0	0	18,713	33,379
Interest	0	0	0	0	19,028	0	0	19,028	19,028
Postage	87	375	0	462	1,026	13,130	0	14,156	14,618
Premiums	0	0	0	0	0	193,444	0	193,444	193,444
Production costs	84,974	0	0	84,974	0	0	0	0	84,974
Professional services	30,087	4,939	24,517	59,543	2,224	102,758	37,360	142,342	201,885
Rent	0	112,605	0	112,605	0	0	0	0	112,605
Repairs and maintenance	0	1,112	0	1,112	0	0	0	0	1,112
Supplies	644	0	0	644	10,628	8,398	6	19,032	19,676
Taxes-properety	0	0	0	0	7,361	0	0	7,361	7,361
Telephone	3,281	6,741	991	11,013	2,405	2,589	425	5,419	16,432
Trade/in-kind expenses	60	0	369,592	369,652	1,518	0	0	1,518	371,170
Travel and training	(165)	1,993	0	1,828	3,048	2,322	0	5,370	7,198
Utilities	0	28,394	0	28,394	0	0	0	0	28,394
Website	0	0	11,296	11,296	0	0	0	0	11,296
	<u>\$ 976,838</u>	<u>\$ 909,079</u>	<u>\$ 701,352</u>	<u>\$ 2,587,269</u>	<u>\$ 658,020</u>	<u>\$ 802,789</u>	<u>\$ 163,652</u>	<u>\$ 1,624,461</u>	<u>\$ 4,211,730</u>

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

COLORADO PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	Programming and Production	Broadcasting	Public Information and Promotion	Total Program Services	Management and General	Fundraising and Membership	Underwriting and Grant Solicitation	Total Supporting Services	Total Expenses
Salaries, payroll taxes and benefits	\$ 392,131	\$ 466,360	\$ 137,753	\$ 996,244	\$ 368,564	\$ 263,248	\$ 557,622	\$ 1,189,434	\$ 2,185,678
Accounting & Legal	0	0	0	0	35,028	0	0	35,028	35,028
Acquisition content	324,648	0	0	324,648	0	940	0	940	325,588
Advertising	0	0	16,908	16,908	0	0	0	0	16,908
Auto-gas/mileage	159	983	1	1,143	0	27	0	27	1,170
Bank charges	0	0	0	0	5,749	41,668	2,228	49,645	49,645
Board expenses	0	0	0	0	1,786	0	0	1,786	1,786
Building expenses	26,831	13,170	782	40,783	94,412	25,110	3,875	123,397	164,180
Business development	0	0	0	0	4,349	0	320	4,669	4,669
Computer-maint./hardware/software	117	16,505	0	16,622	180	0	0	180	16,802
Contract services	0	33,615	0	33,615	0	9,110	0	9,110	42,725
Crew meals	1,133	0	0	1,133	19	101	0	120	1,253
Depreciation/amortization	66,620	130,051	10,720	207,391	47,445	11,674	1,800	60,919	268,310
Direct mail	0	0	0	0	0	116,882	0	116,882	116,882
Dues & Publications	5,721	99	0	5,820	16,953	0	20,435	37,388	43,208
Equipment maintenance	0	25,292	0	25,292	0	0	0	0	25,292
Equipment rental	0	0	0	0	3,284	0	0	3,284	3,284
Grant expenses	29,672	0	4	29,676	0	0	0	0	29,676
Insurance	15,346	6,909	0	22,255	13,383	0	0	13,383	35,638
Interest (Bldg. & Note)	0	0	0	0	23,290	0	0	23,290	23,290
Miscellaneous	0	0	0	0	0	62	0	62	62
Postage	109	174	31	314	1,133	21,409	0	22,542	22,856
Premiums	0	0	0	0	0	331,471	0	331,471	331,471
Production costs	128,974	0	0	128,974	0	0	0	0	128,974
Professional services	44,503	3,266	30,402	78,171	3,096	77,662	44,465	125,223	203,394
Rent	0	102,768	0	102,768	0	0	0	0	102,768
Repairs and maintenance	0	408	0	408	0	0	0	0	408
Supplies	4,561	1,457	0	6,018	6,917	12,807	0	19,724	25,742
Taxes	0	0	0	0	19,834	0	0	19,834	19,834
Telephone	3,976	6,938	1,770	12,684	3,723	3,302	1,247	8,272	20,956
Trade/in-kind expenses	2,388	0	29,600	31,988	4,874	600	48,784	54,258	86,246
Travel and training	2,745	748	1,400	4,893	6,370	247	604	7,221	12,114
Utilities	0	33,688	0	33,688	0	0	0	0	33,688
Website	0	0	28,625	28,625	0	0	0	0	28,625
	<u>\$ 1,049,634</u>	<u>\$ 842,431</u>	<u>\$ 257,996</u>	<u>\$ 2,150,061</u>	<u>\$ 660,389</u>	<u>\$ 916,320</u>	<u>\$ 681,380</u>	<u>\$ 2,258,089</u>	<u>\$ 4,408,150</u>

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

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

Colorado Public Television, Inc. (the Organization) is a nonprofit corporation. The Organization was organized to acquire, produce, and distribute educational video, audio, film, print and online materials. To distribute these materials the Organization 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ADVERTISING – The Organization’s policy is to charge advertising costs to expenses as they are incurred.

ALLOWANCE FOR BAD DEBTS - The Organization uses the allowance method for bad debts. Under this method, an estimation of the uncollectible portion of receivables is offset against the receivable. As accounts are determined to be uncollectible, the receivable and the allowance account are reduced.

BASIS OF PRESENTATION – Financial statement presentation follows the recommendations of the Accounting Standards Codification (“ASC”) as found in ASC 958. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

1. **Net assets without donor restrictions:** Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.
2. **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS - For purposes of reporting cash flows, cash equivalents include demand accounts, money market accounts and highly liquid investments purchased with an original maturity of three months or less.

COMMISSIONS – The Organization 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 Organization.

CONTRIBUTIONS - Contributions, including unconditional promises to give, are recognized when notified of the contribution. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

DONATED SERVICES AND IN-KIND CONTRIBUTIONS - In accordance with ASC 958 contributions of services are recognized only if the services received either (a) create or enhance non-financial assets or (b) involve specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies donor restricted net assets to without donor restrictions net assets at that time.

EXPENSE RECOGNITION AND ALLOCATION - The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated either to management & general or fundraising.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

PLEDGES - The Organization 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 Organization 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 Organization. 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 AND PROGRAM UNDERWRITING - The Organization 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.

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 - Amounts capitalized as property and equipment, including additions and improvements to existing assets, are recorded at cost, or in the

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

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 \$2,000 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

Maintenance cost and repairs are expensed when incurred in the operating fund; renewals and betterments are capitalized. When assets are retired or otherwise disposed of, the respective costs and accumulated depreciation are removed from the accounts. The resulting gain or loss is included in the statement of operations for that period, except for non-monetary exchanges in which the basis of the asset acquired is adjusted for the gain or loss. Proceeds from the sale of assets, if unrestricted, are transferred to the operating fund, or if restricted, are transferred to the temporarily restricted fund for equipment acquisitions.

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.

TEMPORARILY RESTRICTED RESOURCES – The organization 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 operating net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings and equipment as operating support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

PERMANENTLY RESTRICTED RESOURCES – Permanently restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor’s restriction nor by the passage of time. The portion of the Organization’s donor-restricted endowment funds that must be maintained in perpetuity are classified as net asset with donor restriction, as is the Organization’s beneficial interest in a perpetual charitable trust held by an independent trustee.

USE OF 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 the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

VALUATION OF INVESTMENTS - Investments are initially recorded at original cost or original donated value. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

ACCOUNTING PRONOUNCEMENT ASU 2016-14 – On August 18, 2016, FASB (“Financial Accounting Standards Board”) issued ASU (“Accounting Standards Update”) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

ACCOUNTING PRONOUNCEMENT ASU 2018-08 – On June 21, 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this update to assist not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, or as exchange transactions subject to the other guidance and (2) determining whether a contribution is conditional. The Organization has adopted this standard effective for the year ended June 30, 2019.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 30, 2010, the date that the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the novel coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The Organization is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, results of its operations and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 3 - CONCENTRATION OF CREDIT RISK AND FINANCIAL INSTRUMENTS

CASH BALANCES - The Organization maintains cash balances at one financial institution located in the Denver metropolitan area. Accounts are insured by the Federal Deposit Insurance Organization up to \$250,000. From time to time throughout the year, the Organization's cash balances may exceed the FDIC limit. At September 30, 2020 and 2019, the Organization had uninsured balances of \$1,208,472 and \$1,000,305, respectively.

PUBLIC SUPPORT – The Organization earned \$713,972 of support from the Corporation for Public Broadcasting during the fiscal year ended September 30, 2020. This represents 16.3% of the total support and revenue of the Organization.

The Organization earned \$751,621 of support from the Corporation for Public Broadcasting during the fiscal year ended September 30, 2019. This represents 16.0% of the total support and revenue of the Organization.

LEASE REVENUE, EXCESS CAPACITY – The Organization earned \$689,429 of lease revenue of excess capacity during the fiscal year ended September 30, 2020. This represents 15.8% of the total support and revenue of the Organization.

The Organization earned \$669,097 of lease revenue of excess capacity during the fiscal year ended September 30, 2019. This represents 14.3% of the total support and revenue of the Organization.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is as follows:

	2020	2019
Demand deposit	\$ 530,535	\$ 243,984
Demand deposit w/interest	1,119,608	1,451,105
Money market*	308,330	0
Stock clearing	0	3,150
Petty cash	<u>323</u>	<u>228</u>
Total	<u>\$ 1,958,796</u>	<u>\$ 1,698,467</u>

*The Organization, through its bank, sweeps funds into a Goldman Sachs Financial Square Treasury Obligations Fund (the Fund”). The Fund is invested in a combination of U.S. Treasury debt, U.S. Government Agency debt and repurchase agreements of those types of securities. The Fund seeks preservation of capital, daily liquidity and maximum current income. The Fund is not insured or guaranteed by the FDIC or any other government agency.

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of the fixed assets and the respective accumulated depreciation as of September 30, 2020 is as follows:

Description	Cost Basis	Accumulated Depreciation
Land	\$ 425,253	\$ 0
Land improvements	17,307	7,328
Building	1,701,012	577,770
Building improvements	462,072	409,888
Production equipment	381,487	234,749
Transmission equipment	2,049,907	1,223,497
Office equipment, furniture and fixtures	175,395	156,940
Software	181,465	96,036
Leasehold improvements	<u>35,530</u>	<u>35,530</u>
Totals	<u>\$ 5,429,428</u>	<u>\$ 2,741,738</u>

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

A summary of the fixed assets and the respective accumulated depreciation as of September 30, 2019 is as follows:

Description	Cost Basis	Accumulated Depreciation
Land	\$ 425,253	\$ 0
Land improvements	17,307	7,153
Building	1,701,012	534,707
Building improvements	462,072	394,907
Production equipment	376,538	180,208
Transmission equipment	2,593,314	1,707,914
Office equipment, furniture and fixtures	171,129	144,267
Software	182,754	55,327
Leasehold improvements	<u>35,530</u>	<u>35,530</u>
Totals	<u>\$ 5,964,909</u>	<u>\$ 3,060,013</u>

NOTE 6 – LINE OF CREDIT

The Organization has a line of credit with Inbank. The note agreement is dated January 16, 2020 and provides for draws up to \$350,000, with a maturity date of January 14, 2021. The interest rate is based upon the Prime Rate as published in the Wall Street Journal Money Section (the “index”) less 0.500 percentage points. The net interest rate as of September 30, 2020 is 2.75%. Interest is payable monthly and the line is collateralized by all personal property. There is no balance outstanding as of September 30, 2020.

The Organization had a line of credit with BOKF, NA. The note agreement was dated October 17, 2018 and provided for draws up to \$150,000, with a maturity date of October 16, 2019. The interest rate was 6.0%, was payable monthly and the line was collateralized by all personal property. There was no balance outstanding as of September 30, 2019.

NOTE 7 – SMALL BUSINESS ADMINISTRATION LOANS

The Organization received from the Small Business Administration (“SBA”) two loans to supplement payroll and other costs due to the COVID-19 pandemic. The Organization received a Paycheck Protection Program loan (“PPP”) in the amount of \$323,442 and an Economic Injury Disaster Loan (“EIDL”) in the amount of \$10,000 for a total of \$333,442.

The Organization is accounting for these loans under ASC 958 as donor restricted grants. The Organization has submitted its applications for forgiveness of the two loans to the

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

SBA before the end of the FYE 2020. Because any forgiveness of the EIDL loan reduces the amount of forgiveness of the PPP loan, the Organization has included in the statement of activities a grant in the amount of \$323,442 and recorded the \$10,000 that will not be forgiven as an accrued expense at September 30, 2020, as it is managements intent to fully pay this amount to the bank.

NOTE 8 – RECEIVABLES

A summary of accounts receivables is as follows:

Description	2020	2019
Events	\$ 0	\$ 180,350
Lease – excess capacity	57,736	56,030
Underwriting	13,770	26,672
Production	4,800	4,990
Other	<u>202</u>	<u>39,380</u>
Total before allowance account	76,508	307,425
Allowance for doubtful accounts	<u>(1,550)</u>	<u>(2,050)</u>
Accounts receivables, net	<u>\$ 74,958</u>	<u>\$ 305,375</u>

A summary of pledges and grants receivable is as follows:

Description	2020	2019
Campaign pledges	\$ 19,730	\$ 25,352
Grants receivable	<u>0</u>	<u>0</u>
Total before allowance account	19,730	25,352
Allowance for doubtful accounts	<u>0</u>	<u>0</u>
Pledges and grants receivables, net	<u>\$ 19,730</u>	<u>\$ 25,352</u>

Campaign/membership pledges including unconditional promises to give and membership receipts are recognized as revenue in the period the pledge is made. However, uncollected pledges are not enforceable against contributors. Pledges receivable are the remaining amounts estimated to be collectible for pledges made during the latter part of the fiscal years ended September 30, 2020 and 2019. The amounts are based upon an average historical pledge collection rate of approximately 78.1% and 81.4%, respectively. The collection rate percentage is applied to the gross pledges, the amounts collected then

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

subtracted to arrive at the pledges receivable. 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 9 – FIVE POINTS MEDIA CENTER HOLDINGS, INC.

In 2006, the Organization and Denver Educational Broadcasting (a/k/a “KUVO”) formed a non-profit Organization, 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. The fair market value of the building was appraised and the Organizations recorded their share as reflected above on the Building line item. In March, 2007, the building was divided into condominium units as FPMCH filed a “Condominium Declaration” to convert the property at 2900 Welton Street into a Condominium Association. In May, 2007, FPMCH issued special warranty deeds to the Organization and KUVO to document their respective ownership shares in the Condominium Association 68.7% and 31.3%, respectively.

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 Organization, prorated based on these percentages. Each condominium owner is liable for their pro-rata share of the note payable, however the assumed note was not legally split between the parties. In addition, the Organization purchased KUVO's share of the third floor space for \$100,000. FPMCH is responsible for management of the 2900 Welton Street property.

NOTE 10 - LONG-TERM DEBT

The Organization 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 requires a monthly principal and interest payments of \$3,209, an interest rate of 5% and matures December, 2023. The note balance at September 30, 2020 and 2019 was \$112,740 and \$144,738, respectively. The balances as of September 30, 2020 and 2019 in the amount of \$77,452 and \$99,435, respectively, which are recorded on the Organization's books represents their 68.7% ownership interest in the building.

Because the City & County of Denver has not split the note between the two parties and should KUVO default, the Organization 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.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

The Organization entered into an equipment loan line of credit to purchase transmission equipment. At September 30, 2019, the loan balance was \$367,766. During FYE 2019, the Organization converted the line of credit into an installment loan agreement. During FYE 2020, the loan was re-financed in the amount of \$340,447, bears interest at 4.2%, requires monthly payments of \$8,011, is secured by equipment and matures in November 2023.

A summary of the future maturities for all note's payable are as follows:

Fiscal year ended September 30,	
2021	\$ 108,758
2022	113,659
2023	119,109
2024+	<u>21,251</u>
	<u>362,777</u>
Less: current portion	<u>108,758</u>
Long-term portion	<u>\$ 254,019</u>

NOTE 11 – BOARD DESIGNATED ASSETS

BOARD RESERVE: The Organization 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 segregated into a separate fund to benefit the Organization in future years. As required by Generally Accepted Accounting Principles, net assets 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. Because the Board of Directors created this fund, it is classified as unrestricted and named as Board Reserve.

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 Infrastructure Operations 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.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

Distributions may be made to the Organization monthly based on an annual percentage formula. The distribution will be the greatest of 4.5% of the trailing 36month average market value or, 4% of the funds current market value or, a separate determination of the Board of Directors.

The following is a summary of the transactions for the years ended September 30, 2020 and 2019:

	2020	2019
Beginning balance, at cost	\$ 2,258,026	\$ 2,394,178
Additional contributions	0	0
Investment income	17,559	84,037
Distributions	(102,349)	(203,569)
Investment fees	<u>(17,148)</u>	<u>(16,620)</u>
Ending balance at cost	2,156,088	2,258,026
Unrealized gain	<u>2,626,423</u>	<u>2,313,676</u>
Ending balance, at fair market value	<u>\$ 4,782,511</u>	<u>\$ 4,571,702</u>

MANAGEMENT CAPITAL RESERVES: As of September 30, 1999, the Organization's Management designated funds from the Organization's unrestricted net assets to be segregated for a capital reserve account available as a match for future grants. The Management has since allowed these funds to be held in the checking account of the Organization and has permitted other uses, as approved by senior management. The balance of the Management designated capital reserve funds at September 30, 2020 and 2019 is \$503,420 and \$432,188, respectively.

NOTE 12 - INCOME TAXES

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3); consequently, no provision or liability for income taxes has been provided in the accompanying financial statements.

The Organization has adopted provisions of ASC 740-10, "Accounting for Uncertainty in Income Taxes" which prescribes when to recognize and how to measure the financial statement effects, if any, of income tax positions taken or expected to be taken on its income tax returns, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

The Organization undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10. Management does not believe there to be any uncertain tax positions and has thus not recorded any related provision.

The Organization's tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of September 30, 2020, the tax years subject to examination include FYE 2017 through FYE 2019.

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Organization offers a tax sheltered annuity, a 403(b) plan, through TIAA. 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, 2020 and 2019 was \$80,459 and \$89,696, respectively.

The Organization offers a supplemental tax-sheltered annuity, a 403(b) plan, through TIAA 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 14 – PERMANENTLY RESTRICTED ASSETS

The Organization'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 Organization 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 Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Fair value endowment funds below original gift: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

As described above, the Board has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. The original gift is defined by the Organization as (a) the original value of the initial gifts donated to all donor-restricted endowments, (b) the original value of any subsequent gifts to donor-restricted endowments, and (c) the original value of accumulations to donor-restricted endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, if the value of a donor-restricted endowment fund falls below 75% of its original gift, the Board will cease applying the spending rate to the fund until its value exceeds the original gift.

Investment and Spending Policies: The Organization has adopted a Money Management and Investment Policy with an overall objective of preserving and protecting assets while earning an appropriate rate of return.

The Colorado Public Television Endowment Fund was created during the year ended September 30, 2006. The Organization was participating in the Community First Foundation Endowment Challenge Grant Program, under which contributions made by the Organization 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 Organization's programming. The corpus of the fund is composed of what the Organization raised (\$123,240) and the Community First Foundation match (\$61,620) which totaled \$184,860.

The fund is a pooled investment fund maintained by the Community First Foundation but remains an asset of the Organization. No variance power has been granted by the Organization to the Community First Foundation as described in the Financial Accounting Standards for non-profit revenue recognition at ASC 958-605-25. All the accumulated income, less expenses and distributions of the fund is accounted for in the temporarily restricted fund.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Organization has entered into three transmission site leases. These leases terminate between January, 2022 through March, 2023. The base monthly rent at September 30, 2018 is \$8,348. Two of the leases requires an annual rent increase of 3% per year .

Future minimum operating rental payments are as follows:

Fiscal year ended September 30,

2021	\$ 107,237
2022	102,932
2023	<u>48,966</u>
	<u>\$ 259,135</u>

NOTE 16 - INVESTMENTS

At September 30, 2020, investments consisted of the following:

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
The Common Fund –			
Multi-strategy funds	\$ 2,156,088	\$ 4,782,511	\$ 2,626,423
Community First Foundation	212,919	282,591	69,672
Annuities held	127,757	127,757	0
IREA capital stock	<u>34,936</u>	<u>34,936</u>	<u>0</u>
	<u>\$ 2,531,700</u>	<u>\$ 5,227,795</u>	<u>\$ 2,696,095</u>

At September 30, 2019, investments consisted of the following:

DESCRIPTION	COST	FAIR VALUE	UNREALIZED GAIN (LOSS)
The Common Fund –			
Multi-strategy funds	\$ 2,258,026	\$ 4,571,702	\$ 2,313,676
Community First Foundation	214,301	261,824	47,523
Annuities held	141,834	141,834	0
IREA capital stock	<u>34,935</u>	<u>34,935</u>	<u>0</u>
	<u>\$ 2,649,096</u>	<u>\$ 5,010,295</u>	<u>\$ 2,361,199</u>

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – CASH FLOWS

At September 30, 2019, the changes in certain assets and liabilities reported in the statement of cash flows are as follows:

DESCRIPTION	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION
Current assets (increase) decrease		
Accounts receivable	\$ 560,417	\$ 0
Pledges & grants receivable	5,622	0
Prepays and other	38,041	0
Current liabilities increase (decrease)		
Accounts payable	(79,679)	0
Accrued expenses	13,942	0
Other liabilities	<u>(200)</u>	<u>0</u>
	<u>\$ 208,143</u>	<u>\$ 0</u>

At September 30, 2019, the changes in certain assets and liabilities reported in the statement of cash flows are as follows:

DESCRIPTION	WITHOUT DONOR RESTRICTION	WITH DONOR RESTRICTION
Current assets (increase) decrease		
Accounts receivable	\$ (21,223)	\$ 0
Pledges & grants receivable	(1)	0
Prepays and other	8,214	0
Current liabilities increase (decrease)		
Accounts payable	40,316	0
Accrued expenses	9,727	0
Other liabilities	<u>1,838</u>	<u>0</u>
	<u>\$ 38,871</u>	<u>\$ 0</u>

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 18 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end:	
Cash and cash equivalents	\$ 1,958,796
Receivables	74,958
Pledges and grants receivable	19,730
Investments	<u>5,227,795</u>
	7,281,279
Less those unavailable for general expenditures within one year, due to:	
Restricted investments	<u>282,592</u>
Financial assets available to meet cash needs For general expenditures within one year	<u>\$ 6,998,687</u>

As part of the Organization’s liquidity management, it invests cash in excess of daily requirements in either a demand deposit account that pays interest or a money market account. The amount invested as of September 30, 2020 is \$1,427,938.

NOTE 19 – LEASE REVENUE – EXCESS CAPACITY

The Organization is the original licensee of three Educational Broadband Service (“EBS”) channels. These channels are leased on a long-term basis under a lease agreement. Due to a confidentiality agreement, the terms of the lease are not allowed to be disclosed.

NOTE 20 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2:

Inputs to the valuation methodologies include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurements. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019.

Equities and fixed income securities: Valued at fair value by using the average of the open, high, low and close for the day as reported to the public.

IREA capital stock: The Organization receives a valuation of the shares held from IREA annually.

Annuities: The annuities are carried at the net present value of the cash payments over the remaining life of the contract.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

The following table sets forth by level, with the fair value hierarchy, Organization's investments assets at fair value as of September 30, 2019:

Quoted Prices

	In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserv- able Inputs (Level 3)	Total
	_____	_____	_____	_____
Pooled funds	\$ 5,065,102	\$ 0	\$ 0	\$ 5,065,102
IREA capital stock			127,757	127,757
Annuities held	<u>0</u>	<u>0</u>	<u>34,936</u>	<u>34,936</u>
 Total	 <u>\$ 5,065,102</u>	 <u>\$ 0</u>	 <u>\$ 162,693</u>	 <u>\$ 5,227,795</u>

NOTE 21 – CORPORATION FOR PUBLIC BROADCASTING 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 Organization 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 Organization received and expended \$513,972 and \$550,697 in Community Service Grants ("CSG") during the years ended September 30, 2020 and 2019, respectively.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

In addition to the CSG above for FYE 2020, the Organization received a \$200,000 grant to supplement lost revenue due to Covid-19.

In addition to the CSG above for FYE 2019, the Organization has received \$200,924 in grant funds for the acquisition and installation of various broadcasting equipment.

COLORADO PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 22 – TEMPORARILY RESTRICTED ASSETS

A summary of the changes in the temporarily restricted assets for the year ended September 30, 2020 is as follows:

Purpose	Beginning	Additions	Released	Ending
Building support	\$ 1,597	\$ 0	\$ 0	\$ 1,597
Programming and productions	28,890	16,441	27,353	17,978
Net gain from Community First Endowment	<u>76,964</u>	<u>20,768</u>	<u>0</u>	<u>97,732</u>
Totals	<u>\$ 107,451</u>	<u>\$ 37,209</u>	<u>\$ 27,353</u>	<u>\$ 117,307</u>

A summary of the changes in the temporarily restricted assets for the year ended September 30, 2019 is as follows:

Purpose	Beginning	Additions	Released	Ending
Building support	\$ 1,597	\$ 0	\$ 0	\$ 1,597
Programming and productions	20,124	57,113	48,347	28,890
Net gain from Community First Endowment	111,989	7,631	42,656	76,964
Equipment, unamortized PTFP share	<u>1,174</u>	<u>0</u>	<u>1,174</u>	<u>0</u>
Totals	<u>\$ 134,884</u>	<u>\$ 64,744</u>	<u>\$ 92,177</u>	<u>\$ 107,451</u>